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March 2004

(foreword written December 2013 by Alan Freeman)

ABSTRACT

This article comprises our introduction to the book *The Politics of Empire: Globalization in Crisis* (Freeman and Kagarlitsky 2004) which we wrote jointly to introduce the articles in that volume, was the outcome of a seminar called in 2002 by the Transnational Institute to assess responses to ‘globalization’.

Alan Freeman has added a foreword to introduce the article to modern readers, for which he bears sole responsibility, including for any errors it introduces.

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World empire – or a world of empires?

FOREWORD (DECEMBER 2013)

This introduction to the book *The Politics of Empire: Globalization in Crisis* (Freeman and Kagarlitsky 2004) which we wrote jointly to introduce the articles in that volume, was the outcome of a seminar called in 2002 by the Transnational Institute to assess responses to ‘globalization’.

Not only the left, but the academic world, was still struggling with a world order emerging from the ascendancy of neoconservatism in the US and a fierce new period of almost no-holds-barred great-power military onslaughts, hot on the heels of two decades of the almost uninterrupted dissolution of all those national and state economic instruments which had protected the world’s poorest peoples from the untrammelled world freedom of capital.

The left – though not the academic world – was also struggling theoretically to free itself from a stranglehold of concepts and theories that had flourished in the almost complete absence of a theoretical framework adequate to understand this tumultuous new order. The theoretical disintegration of Marxist scholarship which had been under way for many years, both East and West, was thrown in sharp relief by the collapse of the Soviet Union. In their place, in a process that threatens to produce an academic system not merely commercialised but almost voluntarily enslaved to its funders, swirled a wealth of theories of the world order which had become more or less direct, indeed transparent, creations of its governing institutions. We are only now witnessing the fruits of this surrender in the utter inability of the economics profession to provide the slightest warning or even diagnosis, let alone prognosis, for the economic crash of 2007 and the ensuing depression.

In this situation, it might be said, the most consistent critics of the emergent if unstable post-9/11 world order retained their moral compass, but little else. The articles in our little volume voiced many of the essential moral stances that are indispensable for the construction of a world that lives by the values it believes in. Today many have become commonplace, honoured in acceptance even if disavowed in the breach, and we are proud to have facilitated the publication of a single volume that brought them all together: horror at the great powers routine recourse to military measures as the solution to every problem; a growing if late awareness that crushing inequality was not just a relic of the past but a defining feature of the present; numbing realization that the concept of justice was now absent not merely from international political discourse but from the emerging schism between the national treatment of Mafiosi politicians on the one hand and the pathologised poor on the other; indignant awareness of the treacherous collapse of liberal and even left opposition to these transgressions; and, above all, a keen awareness that traditional sources

of resistance on which the postwar left had placed its hopes were for the most part exhausted or defeated.

However, not surprisingly given the general theoretical turmoil of the time, the seminar, and the book which emerged from it, reflected every conceivable theoretical reaction to 'globalization' except political endorsement, across a spectrum from writers who insisted it was just another name for imperialism to those who maintained it was the defining feature of the new reality. In those days, even with a US president in power who had already dropped the term from official discourse, both academia and the left were still struggling in the grip of a concept which, if one even accepted that it existed, placed dissenters in the impossible position of either endorsing it, and swallowing all the 'consequences', or opposing it and casting themselves as Luddites.

We, the editors, were charged with bringing this volume into being because we took a different and at that time highly minoritarian view: we argued that whatever globalization was, and whether or not it existed, it was falling apart. No new stable world order was under construction, no 'end of history' was in sight. The problem of dissent and resistance, we argued, was not to find a way to defeat the globalisers, but to recognise that their project was already doomed, and had doomed itself, because of the contradictions inherent in both the political and economic projects that the globalisers sought to promulgate.

As we put it in the opening paragraphs of this introduction, "globalisation, as we know it, might not just be unjust: it might also be unsustainable."

If one is in a coach, careering down a highway that none of the passengers desires to travel along, with a mad driver at the wheel, the instinctive reaction is either to find a way to put the brake on, to twist the wheel to get off the road at whatever cost, or to burst open the door in the hope of escaping with at least one or two limbs intact. These reactions to 'globalization' are rightly perceived, as they were in 2002, as suicidal – just as the proselytisers of 'globalization' wished them to appear. But if the highway leads off the edge of a cliff, and the driver is hellbent on self-destruction, a very different role for dissent emerges: the primary problem is to save the passengers (and if possible, the coach) from the crash: to be precise, to chart a way out of the chaos which begins when the driver loses his nerve, and find a better roadmap – not to mention another driver - before the descent begins.

We had not yet reached the conclusion that the very imposition of the concept of 'globalization' – with its accompanying message that the state was dead, and that no option remained but to surrender to the market – was itself merely part of a wide counter-revolution, not only political and economic but also intellectual, in which crisis-ridden US and (under their tutelage) European and Japanese governing circles mobilized their courtiers and jesters alike to respond soothingly to an ever-more evident underlying reality: that a stable world order could not be sustained under the existing system of states and the world economy they had built around themselves. The very idea that a global market in which national states played no role could carry all apocalyptically before it was

a cruel but assiduously-nurtured myth. This we recognised, though in a period in which ‘globalization’ was considered by most an unchallenged reality, and in a collaborative book whose starting assumption was the existence of this reality, we did not at that time frontally challenge the most fundamental assumption of all – that globalization existed at all outside the minds of its advocates.

We did however recognise that the concept itself was inadequate for the task of building an alternative. In this introduction, we tried, from our two sides of the recently-dismantled Iron Curtain, to set out a different roadmap, a different understanding of the true nature of the world. We set out to clarify the contradictions inherent in the neoliberal market model; to establish that far from losing the basis of its existence, the nation-state was very much alive; to establish the limits of US power, and the potential power at the disposal of those against whom US power was being directed, if they chose to convert resistance into a rational strategy for constructing a different world.

The common slogan of the time was ‘another world is possible.’ In this introduction, more relevant with every passing day, we set out the case that another world was necessary.

WORLD EMPIRE – OR A WORLD OF EMPIRES?

On February 17th 2002, the Transnational Institute (TNI) called a weekend seminar in Amsterdam to discuss perspectives for what is variously known as the movement for global justice, the movement against anti-corporate globalisation, or simply the anti-globalisation movement.¹ The result is this unique synthesis, the product of two years of collective work and discussion between prominent writers and activists in global justice and peace movements spanning five continents.

From a refreshingly wide range of views two clear points of consensus emerged. First, ‘globalisation’, as commonly understood, had entered a phase of crisis. A two-decade-long process of expansion of the world market, marked by accelerated financial deregulation and multilateral agreements overseen by supranational organisations, notably the International Monetary Fund (IMF), the World Bank, and the World Trade Organisation (WTO), was in deep trouble.

Second, this crisis was structural. It was not temporary and did not appear reversible. It stemmed, participants agreed, from deep-seated problems within the globalisation process itself. At the very least, globalisation had run up against some fairly heavy difficulties. More significantly, there was no clear indication that its supporters could resolve these difficulties.

Here was a new message: globalisation, as we know it, might not just be unjust: it might also be unsustainable. Doubts were surfacing, no longer about whether it was desirable but whether, as originally proposed, it was even possible. Many argued that new events augured the end of globalisation, some that it had never really existed. Wherever the actual

truth lay, global justice movements and peace movements clearly faced a new stage of history and needed to make an in-depth appraisal of the tasks facing them.

The discussion gave rise to this work. We want to express three debts of gratitude: to the Economic Research Centre of the Middle East Technical University in Ankara which funded two joint sessions at its Sixth International Conference; to the Global Studies Association and University of California, Santa Barbara who co-organised the Critical Globalisation Studies conference in May 2003, and to the organisers of a unique conference in June 2003 on the initiative of the Moscow Institute for Globalisation studies which witnessed a path-breaking dialogue between Russian and Eurasian activists and writers, and the Communist Party of the Federation of Russia.

The result is unique: a contribution to understanding which has arisen from engagement. The writers set out to dissect what is actually going on in the world today; to understand ‘where globalisation is at’ – why and to what extent it has failed, what its results have been, where the whole process is now leading, and what prospects and challenges this implies for all who seek Global Justice.

It is therefore no activists’ manual; it contains no instructions or manifestos. It was, however, produced neither in an armchair nor a bank. Its authors are active in movements across the world against the impact of corporate globalisation. This is the authentic voice of a confident and experienced movement for change.

1.1 THE WORLD AFTER 9/11

To understand the issues which the authors attempted to grapple with, it is useful remember what was going on at the time. In February 2002 evidence of crisis was not hard to find. As Bello and Malig testify, globalisation’s early triumphalism was already in retreat.² The 1997 Asian crisis was only five years away, and the aftershocks of Argentina’s financial and political collapse were roiling round the world. The dotcom bubble had burst, and Standard and Poor’s 500 index of US stock market prices was already down 26 per cent from its August 2001 peak³.

Corporate globalisation’s supermodels had woken up with uglier faces than they took to the party: on 9th January 2002, four months after Enron filed for Chapter 11 bankruptcy, the US Justice Department launched a formal criminal investigation into the conduct of Enron directors, and on 19th January the White House formally acknowledged that Dick Cheney had helped Enron secure payment on a \$64 million debt arising from an Indian energy project. Two months later Anderson officials were to be formally indicted for having “knowingly, intentionally and corruptly” persuaded employees to shred Enron-related documents.

Globalisation was in trouble on another front, unforeseen in Fukuyama’s rosy vision of the end of history. The war in Afghanistan was under way and the axis of evil had been

named. By the time of our Ankara conference it was clear that the US was going to invade Iraq come what may. A new, uncertain, and warlike world was emerging from the ashes of 9/11.

The Bush administration's bellicose stance was raising ever bigger question marks about the USA's true relation to the international institutions in whose name it had so far acted. Whether it had ever subordinated itself to supranational institutions is a question that has provoked hot debates reflected in this book. With the Iraq war it literally crossed the Rubicon. It became clear that the US government would pursue the policies it had decided on, with or without a coalition, and with or without the international institutions. If multilateralism was not dead in the water, it was certainly closer to drowning than waving.

When the world backed the USA, as it did in 2002, then the semblance of multilateral action persisted. When it did not, as in 2003, not even the semblance remained. Moreover the USA had shown, in the unilateral protection shown to its steel producers, that it was prepared to be just as partisan in the economic sphere. Given its enormous political, military and economic weight, what real power did this leave in the hands of the IMF, WTO and the World Bank – not to mention the United Nations and its myriad satellites?

Multilateralism in question

The extent of multilateralism has been in hot dispute ever since globalisation began. This matters: throughout its short intellectual history the concept of globalisation has straddled two domains, the political and economic. At the economic level it is almost indisputable that the 'extent of the market' has got bigger with time. But although it is often convenient for the proponents of 'globalisation' to reduce it to the economic level when defending it, the idea usually includes another and more contestable assertion: that the national state is no longer a sustainable or viable vehicle for the world market economy.⁴ Therefore, it is argued, the IMF, World Bank, and WTO should not be regarded as a conscious choice, which one may support or reject, but as an inevitable consequence of underlying economic developments. Consequently, it matters 'who really decides'. If the IMF dictates the policy of the US state, then we have at least prototypically true multilateralism. But if in practice the US state dictates the policy of the IMF, we have unilateralism in multilateral clothing.

At least two interpretations of the relevant events have co-existed for some time, and still do. One standpoint is what we will here call formal globalisation theory – the body of academic writings, whether supportive or critical of the outcome – which have sought or claim to provide a new analytical framework to explain the changes in world governance of the past three decades.⁵ From this viewpoint, these changes expressed long term processes which have made it increasingly difficult for nation-states to act alone or in defiance of international institutions. True multilateralism is from this standpoint an economic *fait accompli*; the new world political and financial institutions are merely a recognition of necessity.

National states in this view were either losing their power, or operating more and more as vehicles for stateless multinationals or international classes. As Held and McGrew⁶ puts it “At the heart of the globalist thesis is the conviction that globalization is transforming the nature and form of political power today. Globalists argue that the right of most states to rule within circumscribed territories – their sovereignty – is on the edge of transformation, as is the practical nature of this entitlement – the actual capacity of states to rule.” From this viewpoint, from 1980 onwards capital had simply recognised the necessity underlying the impotence of the national state in the face of the world market, by creating the appropriate international political institutions.

Robinson in this book thus argues that in the 1970s, capital accumulation had already entered a crisis which it could only solve by ‘going global’; by creating a transnational state apparatus, a “loose but increasingly coherent network comprised of supranational political and economic institutions and national state apparatuses that have been penetrated and transformed by transnational forces.” The nation-state system is therefore “no longer the organizing principle of capitalism. National states as components of a larger [Transnational State] structure now tend to serve the interests of global over national accumulation processes.”

The USA – agent or agency?

The alternative view, coming from within what we will call the classical anti-imperialist left, was cogently expressed by Gowan:⁷ “[globalisation] has been not in the least a spontaneous outcome of organic economic or technological processes, but a deeply political result of political choices made by successive governments of one state: the United States.” From this standpoint the new international institutions were from the outset created by, shaped by, and subordinate to a conscious alliance between Washington, the world’s most powerful political entity, and Wall Street, the world’s most powerful economic entity. Following what Todaro⁸ has called the ‘neo-classical counterrevolution’ the World Bank, the IMF, and subsequently the WTO fell under the control of a specific political bloc animated from within the state apparatus of the United States of America. The weakness of ‘the nation state’ observed by the globalisation theorists was merely a weakness of all other existing states vis-à-vis the enormous and unprecedented concentration of power and wealth in this one particular state.

Neither view is entirely incompatible either with the process that preceded 9/11, nor with the events that unfolded after it. On the one hand, the fact that international institutions exist does not prove the globalisation thesis, and neither does the fact some nation-states have weakened relative to these institutions. This could equally happen because other nations have become stronger. Multilateral or transnational governmental systems may function as nothing but a transmission belt for national ambitions and have often done so. If a nation complies with an international directive – as interwar Germany did for several years after the Versailles Treaty – this may only signify that other nations have imposed

these directives on them. This does not change if the powerful nations choose to exercise their power in the name of an international agency. Despite its present ambiguity, the United States – which created the League of Nations – has a long history of promoting its aims through international institutions. Not least, it found this a convenient way to reign in the imperial ambitions of its older European rivals.

On the other hand, one may accept that the US state has ceased to function under the direction of the international institutions, and at the same time argue that it is really just a convenient agent for the international interests it represents. During the whole period of the ‘Plan Cavallo’, while the peso was pegged to the dollar, the whole sum of international lending to Argentina was equal and opposite to the outflow of dollars held by Argentine nationals whose allegiance to world financial markets clearly outweighed any national commitment.⁹ Financial deregulation brought about an extraordinary rise in international liquidity. This has made it much easier for wealthy nationals to liberate themselves from the fortunes of their country of residence and operate on a truly world scale. These dollar capitalists need an international order that can defend their interests as much as any burger-munching mid-Westerner, and in countries such as Colombia – not to mention Venezuela – they have every interest in both encouraging and shaping unilateral US actions. Ghosh documents the important role played by ‘non-resident Indians’ in the formation of Indian state policy, and the contribution of writers such as Bhagwati to the globalising agenda itself is well known.

That said, what really matters is not where things are, but in what direction they are going. There is not really much evidence that the United States is becoming *less* sovereign than it was, say, thirty years ago. What can be learned from this fact? The issue is not the past but the future. Can the nation-state be abolished, or substantively undermined, either through the complete supersession of class – in liberal variants – or by the capitalist class itself, in the more Marxist-influenced variants? Or can it only be accomplished by a working class agency as the classical Marxists believed – or is a world freed of national barriers simply impossible?

Can capital dispense with the territorial state?

This in turn boils down to the question: are there functions of the nation-state which are actually indispensable to capital? Savran, in this volume, argues that under capitalism “traits that derive from the very essence of statehood such as a national currency, the existence of a public finance system, a specific labour relations regime and an overall economic structure distinguish the economic territory of each nation-state from the others.” From this standpoint, no matter how much capital would prefer to function independent of nation-states, the national state provides things it cannot do without. Transnational governance under capitalism is therefore ultimately impossible.

Can such conflicting interpretations coexist within a single response to globalisation? Is there any real consensus, or is the opposition to corporate globalisation nothing more than

a coalition of the grumpy, papering over its differences to unite by throwing sand in the wheels of progress? We would argue that both the consensus and the differences are essential to a truly coherent understanding, because both analyses recognise essential aspects of today's reality. It is *both* true that existing national states cannot function as before, *and* that the international institutions have failed to replace them. This is what we mean by structural crisis: a set of problems to which there is no immediate stable solution.

The past thirty years have stretched the capacity of existing nation-states to function in world markets as an adequate agent of capital beyond tolerable limits, and this is the primary source of political instability in the world today. But, as post-9/11 events have shown, the new international institutions are equally incapable of serving as adequate instruments either of national capital or of world capital.

What we face, therefore, is a general crisis of all political relations including not just the nation but the international order that was supposed to replace or supplant it. We cannot know the outcome by appealing to abstract schemas, to visions of how a new capitalist order might function, if only the dreams of the globalisers were fulfilled and if only the Seattle and Genoa activists abandoned their obscurantist opposition. Nor can we know it by appealing either to a mythical pre-modern polity of independent small nations, or to a just but utopian alternative world order, regardless of the actual possibilities inherent in the world we now inhabit and independent of the real relation of forces. We can only know the future concretely, analysing the actual dynamic and direction of motion of events. If we do this right, we can also shape it.

The policies of the globalisers rest on an unproven doctrinal assertion: that globalisation, at least in its present form, offers a stable solution to the governance of the planet. As this book shows, this doctrine simply does not fit the facts. Whether or not the international institutions have strengthened in relation to the national ones, the fact of the matter is that they have not produced a stable political alternative. To the contrary, the accumulated evidence is that they are busily undermining the conditions for their own existence.

The decisive agreement between the contributors, born of long experience of the results of corporate globalisation, is that the present solutions on offer neither solve the problem, nor offer any comfort to humanity. Another world, therefore, is not just possible: it is necessary.

1.2 THE GLOBALISATION OF DIVERGENCE

This book opens a necessary debate by insisting that the discontents of globalisation are neither wilful, external, nor the result of bad management, but are produced by it and intrinsic to it. The problems of globalisation stem from globalisation itself: it is, in a word, unsustainable. The most basic reason for not buying into it is that it simply does not work.

This does not mean it is an empty concept; simply that it is not going where everyone thinks it is.

So where is it in fact going? In trying to assess this the next question is: where does its crisis come from? At the top of the list offered by the authors of this book, and perhaps at the root of the problems of globalisation, is that it is making the world more unequal. As Kagarlitsky puts it “It is a myth that free markets lead to homogenisation. In fact they lead to polarisation – between social classes, between countries, between regions.”

There is, *prima facie*, a fundamental contradiction between the idea that globalisation has no limits, and the fact that it is polarising the world. Polarisation – above all territorial polarisation – *is* the most basic limit on globalisation. When we talked about it, none of us could see how an unequal world could be a global one. In a way, this is the sticking point of the movement for global justice as a whole, and this is why we think this volume reflects and respects the experience of the movement.

What unites the very disparate movement against globalisation, as so far seen, is the old-fashioned Jacobin nostrum that freedom without equality is a nonsense. Not just because it is wrong, but because it is impossible. It is hard to see how any social process which mercilessly segregates the poor from the rich without limit can sustain itself as an integrated totality. The problem is not that globalisation is in some sense ‘at war’ with alien tendencies towards fragmentation as some writers express it, but that it produces fragmentation as it develops, as a part of its contradictory essence, setting up an organic internal limit which it is now running up against.¹⁰

This is not just a theoretical question. It is practical and immediate. There is a tight relation between territorial inequality and political instability, both in space and in time. Looking at a map of the world today, there is an almost one-to-one correlation between those regions in which territorial extremes are sharpest – beginning with the Middle East itself, the nemesis of globalisation and the cockpit of its self-destruction – and those in which military and civil conflicts are the most endemic, and liberal democracy the most remote. The number of military conflicts recognised as wars by the United Nations follows a rising curve which tracks, year by year, the rising curve of inequality on a world scale. The idea that territories whose average wealth is separated by factors of twenty, forty, eighty, and lately well over a hundred will submit calmly, indefinitely and without conflict to a single rule of law is breathtakingly utopian.

Region by region and case by case, the contributors to this volume chart how the globalisation process *itself* generated the instabilities at every level – social, regional, geopolitical; military, commercial, financial – which rendered global governance impossible.

Is global justice possible?

Does this mean that the authors of this book, and the movement for global justice in general, have given up or should give up on the idea of a just international order? The slogan ‘another world is possible’ has real content. It signifies that a just international order is an attainable goal which cannot be achieved by present means. The conclusion of the analysis above is that it cannot be achieved through the market, and above all, through the market in capital. In short, if you want a just global order, it cannot be a capitalist one.

Growing economic inequality, above all territorial inequality, is not imposed on the free market: it is a result of it. As documented in Pritchett’s¹¹ seminal article, it has been a secular tendency throughout the growth of the world market. It has also been going on for a very long time. At the dawn of the century (and the high tide of classical imperialism) the gap between the GDP per capita the poorest and richest nation was in the ratio of just 22 to one. By 1970 this had widened to 88 to one. By 2000 – that is, after the market had reached its greatest extent in history – it reached 267.¹² It is inconceivable that this process has any source other than the market itself.

Inequality has grown fastest where the market has advanced or the state has receded. Freeman, Robinson, and Ghosh document statistically, and all contributors recognise, globalisation’s most universal product is inequality. This sharply accelerated after 1980, and moreover its acceleration was most pronounced where existing state structures were dissolved, with the fall of the USSR. Notably it was most reduced within the European Community, precisely where a nascent territorial state is in formation.

Growing inequality is moreover quite unlike any other tendency in capitalism in that it is by and large not reversible. The ten-year business cycle is, in terminology first introduced by Kondratieff,¹³ a reversible process so that slump follows boom follows slump. Consequently, although slumps introduce many serious problems, these problems are usually eradicated or transformed in the boom phase.

Kondratieff, as Bello and Malig note, also argued that the long 40-70 year movements of the world market economy, in which periods of prolonged stagnation alternated with periods of accelerated *Belle Époque* growth, were reversible in this sense. A significant unstated assumption in Greenspan’s economic strategy is the idea that the USA can kickstart a new Kondratieff expansion and so jerk the world out of its economic torpor, solving the crisis of globalisation.

Even if this turns out to be true – an so far all evidence is to the contrary – inequality has never shown significant signs of reversing in either the upswing or the downswing of the Kondratieffs, and so a new Kondratieff is not a solution to the discontents of globalisation.¹⁴ To the contrary, the *Belle Époque* of the third Kondratieff upswing (1873-1893) actually coincided with the high tide of classical imperialism and culminated in the first World War. Divergence may accelerate and decelerate at times (although these seem to have not much relation to the timing of the Kondratieffs); the material basis for the

relative stability of the 'Golden Age' from 1947 to 1968 was a rapid rate of world growth combined with a slow rate of divergence. However, unlike overall growth, divergence may slow but never stops.

The accelerated extension of the world market has proceeded at one and the same time as a parallel acceleration in the rate of divergence, without solving the basic problem of world growth. Globalisation has been busily digging its own grave. This does not mean that globalisation can never happen, or that the nation-state must last forever. It does mean, however, that market-driven or corporate globalisation is a contradiction in terms. There may well be powerful historical tendencies towards the dissolution of national barriers, and the market has functioned as one of them. The issue, however, is whether the market can finish what it has started. The experience of the last twenty years suggests that it cannot.

1.3 ORIGINS OF THE AGE OF WAR

If there is such a thing as a globalisers' consensus, it goes something like this: globalisation is a long-standing and almost inevitable result of deep-rooted historical and technical processes – the compression of space and time, the information revolution, the world-wide organisation of production, the formation of the world market – which may be muted and modified, but which can only be stopped by, in effect, throwing history into reverse. Only one post-modern world, it seems, is possible.

From within this oddly teleological¹⁵ perspective there are only two basic policy options. One option is to stand in its path, and, in the words of Kurt Tucholsky, 'clearly say no'. But few globalising accounts really indicate how saying 'no' can lead anywhere. Indeed, if calling a halt to globalisation could lead anywhere, it would seem to vitiate most of the globalist argument. The only course is therefore to act on the assumption that globalisation is inevitable, with or without reservations, and try to direct it into something mildly better, perhaps offsetting its most glaring social defects with Third-Way policies and poverty-eradication programmes.

This stark vision has a mesmerising influence on political debates in the third world as the chapters in this book testify. However the evidence is stark. The actual net effect of opening capital markets to the North has been to drain them. Out of 28 emerging country stock markets listed by the Wall Street Journal, in dollar terms only three – Hungary, Brasil, and China – stood higher by the year 2000 than they were in 1992.¹⁶ Even the simple arithmetic does not add up to a practical method of staying afloat: in 1992, debt service payments by the developing countries totalled \$179 billion and net financial inflows were \$128 billion. By 2000, debt service payments had reached \$330 billion while net financial inflows had dwindled to \$86 billion.¹⁷ The function of financial liberalisation was never to send capital from the North to the South, but quite the reverse: the US economy, with a balance of payments deficit running, as of February 2004, at an annual

rate of \$517 billion and rising, has run like a vacuum-cleaner through the savings of the world.

Those success stories which can be found are nearly always exceptions that prove the rule. The runaway success of the Chinese economy, as Freeman points out, has precious little to do with globalisation and far more to do with policies that place China squarely outside the standard IMF framework. The much-maligned Malaysian response to the 1997 crisis, in clamping down on capital movements and reverting to strict controls, proved a far more effective rescue package than any IMF prescription. Russia's 1997 debt default in fact laid the basis for a substantive of temporary economic recovery. As Ghosh points out, even the qualified successes of Indian capital flowed from India's good fortune in failing to become a major target of international capital movements. With little capital flowing in, fortunately, little flowed out.

The evidence is that on present terms and conditions, globalisation is injurious to health. So why have so many third world governments gone along with it? The ideology of the globalisers has played a role, and the authors of this book display a justified scepticism towards it. Academic globalisation theory also bears a measure of responsibility for unleashing, *de facto*, a deterministic and unilateral account of world development offering few alternative choices for third world nations except to lie back and make the best of it.

This idea that there is no alternative is clearly false even under present circumstances, as China and Cuba demonstrate in different ways. Nevertheless, with the collapse of the Soviet Union, many protective mechanisms previously available to third world countries vanished, and they stood alone and exposed both to the world market and the political offensive of the globalisers. There is thus an underlying material basis for the globalist argument. The alternatives were always there, but they involved hard choices and exposed the country concerned to great risks, both internal and external, as the case of Venezuela shows. However, the globalisation argument has always lacked somewhat in the historical specificity department. The dilemma facing third world countries was not eternal. If, as we believe, a new historical situation is emerging, then although the challenges may be harsh – probably even harsher than before – the range of options is also far wider.

No ideology takes root without a material basis. Two historically specific factors operated to batter down third world resistance to the globalising political offensive. The first was plain economic terror: debt and the threat of economic destabilisation. This was in turn preceded by a phase of direct political terror which is often conveniently omitted from bowdlerised accounts: the coup in Chile, the dictatorships of Argentina, Brasil, the Phillippines, Turkey and countless others created a social and political environment in which the IMF option appeared as the only alternative to ruthless military extinction.

These were the initial, and remain the most potent, weapons of mass persuasion. Many a government has co-operated not so much out of confidence that things would get better, as in the certainty that they could be made a lot worse.

The third world bourgeoisie - transnational or comprador?

Second, there is strong evidence that a 'transnational bourgeoisie' of some kind has real material existence, regardless of the framework in which one chooses to analyse it. The category of 'comprador bourgeoisie', which dependency theorists of the 1970s used to describe those of their own capitalists who accepted the subordination of their own country to foreign economic domination, no longer adequately captures the status of a new third-world layer integrated into world capitalism directly through the circuits of financial capital. Globalisation has fostered, and rapidly enriched, a corruptible minority which populates the political elites of most third world countries, and has elevated itself into prosperity independent of the fate of its country of origin.

This elite has played a substantive role in securing third world backing for IMF policies. It does not necessarily occupy stage centre, as the career of the evanescent Kemal Dervish testifies in Turkish politics – but it can always create a social base within the third world middle classes by promising special access to the favours of the capital-rich. It can offer alliances to keep a beleaguered party in power. It can summon new populists from the vasty deep of anonymity at breakneck speed, just in time, and just for long enough, to reconstitute a pro-globalisation bloc when all seemed lost – as Fujimori's chequered career testifies. It can hold the ring between national and international institutions. It enjoys the classic status of the intermediary, which is to be courted by both sides, and so it adopts the ideology which both sides listen to. Academic globalisation theory, combining inexhaustibly ambiguous discourse with inexorably unambiguous conclusions, has filled the gap to perfection.

The third-world state as transmission belt for external power

Yet, paradoxically, the outcome of the whole process is that the power of the international institutions was never in fact a power over third world governments but always only through them. It worked, in the last analysis, by securing their consent. Of course, the consent of the government is by no means the same as the consent of the people, and so this power always worked only as a power of co-option. In this sense the globalisers' analysis seems to hold good. On a world scale this is a *differentia specifica* of the third-world state; it is much more like an agency than an agent.

But the last two decades have seen this power erode to the point of non-existence. Argentina, the prototypical graveyard of IMF hegemony, worked its way during 2002 through four presidents in less months, and when a president who appeared willing to stand up to the IMF was finally elected, recorded opinion polls of 85 per cent and upwards in his support.

Freeman therefore argues that world governance has actually consisted not of a transnational polity but a world governing bloc: an alliance with Washington and Wall Street at its head and Europe and Japan as supporting cast, accompanied by a train of more

or less reluctant subordinate third world governments. At every decisive juncture when a nation has set its own policies in defiance of international strictures – the Russian debt default, Malaysia's response to the Asian crisis, China's ongoing strategy, Cuba's dogged independence or Argentina's robust response to the IMF and its creditors alike – the nation has in fact prevailed over the international institutions and no way has been found to bring a determined nation to heel except direct political intervention by destabilisation, or by war. Indeed, in large measure this lies behind the United States' frustration with the institutions and the resolve of the Bush Administration to impose by force what the institutions have failed to secure by other means.

The erosion of the social basis for governmental consent

Consent, in a nutshell, has evaporated. Country by country and people by people, it is becoming impossible to establish stable governments that implement IMF policies. The ability to do this has been eroded by the corrosive and grinding social impact of the relentless rise in inequality provoked by market-led globalisation itself.

Argentina, for years a darling of the international financial community, was in many ways a classic case. A discredited political elite found that it no longer possessed the social base to form a government. Nevertheless, and significantly, popular opposition was expressed at least initially as an inchoate rejection of all and every politician. Political stability, of a kind, came only when dark-horse president Kirchner stood up to the IMF and said no, Argentina will place its own growth first, and will pay the debt only out of this growth.

The failure of consent does not necessarily take the form of coherent, stable or indeed pleasant alternatives. In Central Asia or Central Africa, descent into political barbarity has merely followed in the wake of the economic barbarisation of the global economy, which has simply dissolved the social fabric which any civilised order demands. With supreme irony, this is precisely what creates the excuse for external intervention.

All this simply illustrates how dangerous it is to substitute a utopian vision for a concrete analysis of reality. What earthly reason is there to suppose that if the nation-state falls, it must be replaced by anything at all other than chaos and old night, let alone a new international order? It should not be forgotten that the nation state is more than just a sovereign body; it is an integrated one. It holds the social fabric together. It sits at all the levers: from money and guns, through policing and education, down to social provision, traffic and even pest control. It can deploy any of these instruments in support of any other. It places them in such an intimate relation with each other that their connections persist long after central direction is removed or changed. One of the forgotten functions of bureaucracy is, that when all is said and done, however badly and with whatever corrupt self-interest, it makes things work. It provides indispensable conditions for the reproduction of the whole of society, not just bank accounts and academic reputations.

The IMF, the World Bank, and the WTO – or for that matter, the transnational corporation – have no such integrated capability. They are narrowly-focussed and single-function bodies, specialised and professional (and frequently, therefore, very wrong) in what they do, and they neither take responsibility for, nor involve themselves in administering, anything not directly related to their immediate job.

The continental imperative

This is precisely why the Europeans are so busily engaged in constructing all the apparatus of a nation-state at the European level, including a pan-European military capacity. *Simply* controlling money or trade, or for that matter *simply* controlling social policy, is no way to run a society. The EEC is not ‘another’ international institution like the WTO; it is an exercise in constructing a new nation state with an integrated capability to make laws, execute them, and enforce them. The fact that European capital seeks a new nation, and not a strengthened non-national transnational polity, speaks volumes for the limits of the existing transnational organisations.

Hence the only functional political mechanism actually available to the IMF and the WTO was to secure territorial governments of some kind which, no matter how weak or coerced they were, consented to and implemented what the international organisations wanted of them. And this was their limitation. A. J. P. Taylor once remarked, in discussing the diplomatic history of nineteenth-century Europe, that a puppet state always has ultimate power over the puppeteer, because it can always threaten to collapse. Generations of English politicians found this to their cost in the North of Ireland. In the same way, the fate of the international organisations is far more intertwined with the stability of national governments that the globalisers seem to recognise, which accounts for some of the World Bank’s more agonised recent discussions.

Without a territorial basis in national governments which translate their instructions into living policies which maintain and reproduce society day by day, the writ of these international bodies simply does not run. A law from which an entire territory can secede is not a law at all, which accounts for the paradoxical fact that nation-states the world over are the most vehement opponents of self-determination.¹⁸

At the end of the day all these issues, at least as far as capital is concerned, reduce to one: the international organisations do not dispose of means of enforcement. In particular, they do not dispose of force itself. The IMF does not have an army: the IMF’s army is called the United States of America.

History until now shows that whatever capital cannot obtain by consent, it will secure by force. The imperative of force arises from the dissolution of consent. This goes to the heart of the contradictions of globalisation. In the last analysis, just as it is because globalisation has destabilised the nation-state that force is becoming the primary instrument for world

capital, it is because it must resort to force that world capital needs the nation-state to deliver it.

Hudson's chapter on the US nuclear war drive therefore constitutes the key link in an anti-globalist understanding adequate to respond to the next stage of the offensive. The movements for peace and global justice are from now on twins. On the one hand, the only lasting basis for economic justice is if the USA is unable to impose its objectives by force. On the other hand, it is the economic injustice in the world that is fuelling the drive to war. It will be very important to develop a mutual understanding of this relation.

The US war drive, going well beyond what it is now doing in Iraq, up to and including its clear and announced intention to deploy nuclear weapons, is not the deluded fantasy of a Strangelove but a considered and well-prepared response to the emerging new world situation. It is a part of a concerted strategic drive to ensure that whatever the international institutions fail to deliver by jaw, the Pentagon can secure by war.

But for this very reason, it is not a product of strength but of weakness: it has come about because globalisation has failed to secure territorial governments which can impose the policies on which the US's existence depends. With the failure of consent, the curtain falls on the age of globalisation, and opens on the age of war.

1.4 ENTER THE NEW IMPERIALISM

War, Clausewitz tells us, is politics pursued by other means. What are the political objectives of the Bush administration? What does the USA hope to gain from it?

Early in 2002 few used the word 'imperialism' to describe the modern world, even in the movement for global justice, let alone the world of respectable academic publication. The language of Lenin – literally common coin when English pennies bore the legend 'Queen Victoria, Empress of India' – was frowned on in most academic disciplines, and foreign to a generation of activists separated by eighty years from the first 'war to end wars', from the overt colonialism of the great powers, and from the experience of revolutionary Russia. Today in 2003, it is already commonplace to speculate that we might return to those times. When the European Stability Initiative (ESI) produced a report likening Bosnia to a European Raj, and its 'high representative', Liberal Democrat former leader Paddy Ashdown, to a 'liberal imperialist Indian Viceroy', there was only a minor scandal.¹⁹ By 2002 the emerging doctrine of 'failed states' had already sanctioned the idea of a new imperial mission, implying that a growing range of countries – how many is never stated – were not fit to govern themselves and, implicitly, should be governed by someone else. Serious attempts to float this mission as the underpinning of a new world policy were already filtering through into the media from such as Robert Cooper, Tony Blair's respected advisor, and from the now better-known websites of the New American Century. As the *Wall Street Journal* reported on 15 July 2003:

A decade ago, being against empire would have been like being against rape. To all but the perverse few who cheered for the wrong side in Star Wars movies, “empire” was a dirty word. Today, it has re-emerged, newly laundered. The most aggressive advocates are “neoconservatives” such as William Kristol, publisher of *The Weekly Standard*, who said on Fox television recently that “if people want to say we’re an imperial power, fine.” Or Max Boot, a veteran of this paper’s editorial page, who wrote shortly after Sept. 11, 2001, that “Afghanistan and other troubled lands today cry out for the sort of enlightened foreign administration once provided by self-confident Englishmen in jodhpurs and pith helmets.”

Left-leaning foreign-policy thinkers have taken up the battle cry as well, saying they disagree less with the ends of the neoconservatives than their means. They want empire, but administered through multilateral institutions. Robert Cooper, director-general for external affairs at the European Union and a senior adviser to British Prime Minister Tony Blair, calls for a “new kind of imperialism” by which Western states, perhaps acting under the guidance of the United Nations, take political responsibility for zones of disorder. Ivo Daalder and James Lindsay at the Brookings Institution, a more-liberal leaning think tank here, write: “The real debate is not whether to have an empire, but what kind.”

We are all, it seems, imperialists now.

The global justice movement is more and more receptive to the idea that the world is entering a new, overtly conflictual, and possibly overtly colonial, stage. More problematic is whether the concept of globalisation was always, in fact, nothing more than a form of concealment for a reality better described as, simply, imperialism.

Sungur Savran, dealing with the pivotal relation between Europe and the Middle East, and Jayati Ghosh, dealing with the Asian continent, directly refer to globalisation as an imperialist project. At the Santa Barbara conference Tariq Ali spelled out in even stronger terms a view which many delegates shared:

I have a confession to make to this conference. I loathe the word globalisation and always have done because I have always felt it is a mask. David Harvey spelt that out this morning and I must say I agree with him. What is this globalisation? It’s a new form of capitalist exploitation which has been with us for some time, disrupted in the twentieth century for seventy years and it’s back to business – of course in a totally different way.²⁰

A reversal has occurred. Five years ago it was revanchist, doctrinaire or downright quirky to inject the word ‘imperialism’ into a serious conversation about the present state of the world. So rapidly has the intellectual crisis unfolded that – not for the first time – an idea that five years ago was marginalized and often ridiculed, which was placed on the agenda by radicals of the left and the right, has moved to centre stage, so that the radicals are in advance of the mainstream intelligentsia in discussion and assessing it.

Empire – return or continuity?

It is always a relief to use the language one prefers, and it makes for clarity. However, just because a word has come back into usage, it cannot be assumed that everyone uses it to mean the same thing, or that it validly describes a reality that may in fact have moved on.

The different meanings assigned to the word 'imperialism' need to be teased out, not only to ensure a fruitful dialogue, but much more importantly, to get at the truth.

From the standpoint of the radical right and the liberal left, imperialism is a reversion to a previous state of affairs, which existed in the heyday of the great powers but came to an abrupt end, or at least started petering out, in 1918. The nations of the third world are part of a now free and independent polity of in which they may be economic inferiors, they are at least political equals.

As far as the right are concerned this independence is excessive and must be curtailed, because a growing list of these nations are delinquent and have lost the right to freedom. They are acquiring weapons of mass destruction, fostering dictators, harbouring terrorists, and generally threatening the American way of life. Therefore, the civilised nations should reign in, or override, this freedom because it is a threat to the freedom of everyone else. As far as the liberal left are concerned this should not be done because it means finishing with the basic rule of international law, which is rooted in the sovereignty of nations.

In this more mainstream usage, imperialism is a previous state of affairs and the debate is whether it is coming back, or alternatively, whether it is a good thing for it to come back.

From the standpoint of the classical anti-imperialist tradition, imperialism never went away. It just mutated from an overtly colonial form to another, variously called neo-colonial or dependent. The freedom of the third world nations is a sham, a purely formal freedom. The third world state is dependent, severely circumscribed in its freedom of action, and above all, economically shackled to the North. Direct military occupation is therefore just another mode of domination, which makes transparent what was previously obscured from view. 'Imperialism' therefore describes the whole stage of history through which we are now living, in continuity with Lenin's own usage: 'Imperialism, the latest stage of capitalism'. It is implicitly assumed that no subsequent, and still later stage has been reached – we are merely living through various mutations of the stage which started around 1873.

This intellectual tradition has hitherto been marginalized but cannot be omitted from an integrated understanding of the new stage of world history. One of the purposes for this book is to set the framework for a genuine encounter, within the parameters of the movements for global justice and peace, between this intellectual tradition and the newer ideas of the present generation.

A second purpose is to point out, sharply, the need for a more serious academic recognition of the theoretical contribution of the classical anti-imperialist tradition. This tradition has been, in plain words, suppressed. The ideas of the great political leaders of the past age – Hilferding, Lenin, Trotsky, Luxemburg, Kautsky himself, and many others – is treated not as subject but object. It is engaged in the same terms that historians more justifiably engage the ideas of Hitler, not to shed light on reality but to understand how a political movement came to achieve its objectives.

The movement for global justice can, and should, come to terms with its earlier heritage, absorb it, and learn from it. A proper synthesis between its own intellectual contribution and the classical anti-imperialist tradition is long overdue. It would in any case be stupid not to study the period of high empire with careful attention, if only in order to learn what might be coming down the sewers of history now that the blockages have been removed. But it is also important to recognise that the people who last wrote about empire were the people that lived through it, and moreover defeated it, at great and heroic cost and to the benefit of all of us. Their analysis is not just a body of doctrine but a living connection to a body of human experience.

Basis for a new intellectual synthesis

There are three problems to be dealt with. First, a genuine synthesis requires a genuine dialogue. Two apparently opposed views about the USA's relation to the new world order each bring our attention to different aspects of that world order precisely because it is a contradictory order. Simple rejections of anything that does not conform to a pre-formed doctrine are likely to lead to an understanding of the world that actually miss out or ignore vital aspects of it. Second, the world really has moved on in the intervening seventy years. Maybe the devil is only in the detail but if, as Tariq argues, it is back to business 'in a totally different way' then maybe it is not the same business. It is necessary to assess, dispassionately and objectively, and without loading too much on the meanings of words, what new elements have come into the world since the epoch of high imperialism, and what elements really have not changed at all.

Third, and most vexed for the left, is the process whereby theory has been reconstructed as doctrine, freezing it at a point in time and depriving it of all possibility of evolution. Whenever the left defends its theories by appealing to tradition, it emasculates them. The theory is true because empirically, it has stood the test of time, not because it was the property of a person, a party or even a country.

Worse still, whenever the left reduces theory to dogma, it participates in the suppression of its own heritage: it places itself in the position of standing guard over the tradition, declaring what is and what is not 'true' Leninism or 'true' Marxism and, in the process, placing a barrier between the movement and Lenin, and the movement and Marx. Almost no-one today is advised to read Marx in the original: instead, they must understand him only through the interpretations of the Marxists. The theoretical heritage of this past age is transmitted by '-ists'. The Marxists, Leninists, Trotskyists, in seeking to become guardians, have become jailors. Their interpretations are frequently shallow, flawed, and more vulnerable to the valid criticisms of the neoclassicals than the original work. Ironically, it is those who insist on the universality of their own particular reading of the classics, who often create the greatest obstacle to their acceptance.

Theory and history alike must be confronted in their original form. The original form of history is the form in which it is experienced, and the original form of theory is the form

in which it is written. The new generation should be allowed, therefore, to read, without prejudice, what Marx, Lenin and Trotsky – or for that matter Luxemburg, Kautsky Bukharin, Hilferding and their peers, and indeed liberals such as Hobson and Mark Twain – wrote in their own words, and apply it to their own experience, equally without prejudice.

History repeats itself: but it always does so with new elements. Whether or not globalisation is ‘simply another name for imperialism’, the world has moved on and we need to know what is coming next. If we want to make proper use of historical reasoning – for the editors, the lynchpin of a valid and integrated social science – we should try to identify the key elements of the past situation which still persist today, even though organised differently. What are the key elements which the classical anti-imperialist tradition considered to define its own stage of history? How relevant are they today? What matters is not the vast weight of interpretative dogma which surrounds these basic elements, but their simple, basic message. It is not what the left disputed, but what it agreed on, that matters.

The classical anti-imperialist consensus

There are, in our view three decisive elements of agreement within the classical anti-imperialist tradition:

- (1) The world is divided into two entirely types of country: dominated and dominant. These have acquired two fundamentally different kinds of nation state, each of which can only be fully understood through its relation to the other.
- (2) The domination of one nation by another is a product of capitalism. It is not an atavistic survival, for example of dynastic ambition, nor is it an alien imposition, for example by Christian fundamentalism.
- (3) Imperialism is a competitive system, and the struggle for territorial domination is simply the highest form of capitalist competition.

How do these propositions sit in relation to formal globalisation theory ? At the most abstract level, globalisation theory has a great deal more in common than it recognises with the ideas of the classical Marxists, for whom the world market was the fundamental economic reality, so that class both nationally and internationally was the underlying, essential basis of the nation and the state. In many important senses, the Communist Manifesto with its appeal to the “Workers of the World” was the planet’s first globalist project, as it went on to demonstrate in a very practical and effective form by creating two mass Internationals (the Second and Third) and in shaping the Internationalist ideals of the Russian revolution.

A confusing polarisation arises if Marxists are cast, or cast themselves, as the standard-bearers of the nation-state and the modern globalisers as its gravediggers. A sense of history is needed, and is sadly lacking in many globalist accounts. The twentieth century, Hobsbawm has noted, can ultimately be reduced to a world battle between the Russian

working class and the American capitalist class. Every battle produces two stories, two interpretations of history, corresponding to the viewpoints of the two protagonists. Twentieth Century international relations theory was dominated by the ideological struggle between two world projects, each arising from the needs of one side in this battle, and each attempting to deal with the fundamental limitations of the state system of the nineteenth century from the standpoint of its own class. The Communist tradition sought a 'transnational polity' based on the common international interest of people without property. The American tradition sought 'liberal democracy' comprised of independent sovereign nations. Each of them theorised, and to some extent mythologised, the real world they found from within their particular perspectives.

Liberalism, Marxism, and the interpenetration of opposites

Each project ran up, materially as well as theoretically, against the limitations of real history. The Communists were confined to a territorial state, the USSR – significantly, by no means a nation-state in the old sense, being formally a federation of nations within an integrated state. The dilemma of whether or how to construct 'socialism in one country' divided the Russian Communists from the very beginning, because socialism was by definition a world project. Territorially-confined socialism was a contradiction in terms, and even the victorious Stalin camp it was quite explicit that the Soviet system was to be extended world wide, the issues dividing the Communists being on the one hand how this should be done, and on the other what to do in the meantime within the Soviet Union.

At the same time American capital was in the process of deciding that it wasn't quite good enough to liberate the nations held by the old empires; it needed a sphere for its own world operations. When the Phillipines were annexed after they were freed from Spain there was a furious and forgotten debate in the USA. The 'anti-imperialist league' of Mark Twain and his many associates was influential enough that the Democrats ran with an anti-imperialist presidential candidate. The USA in general followed a systematic policy of governance through client states, not through direct rule. Yet two world wars later, it was a global power with troops in more countries than any other nation on the planet.

Thus on the one hand history imposed a national form on the world's most committed globalisers, and on the other it handed a global role to the world's most committed nationalists. The entire modern development of the nation took place not in an abstract political space but in a world dominated by the conflict between these two projects. No capitalist nation concluded a successful colonial agenda as long as the USSR existed, but neither did the USSR transcend its territorial form. A technical agreement resulted – as recently as 1943, it should be remembered – from the tripolar equilibrium between the USA, the USSR and 'Old Europe', and the third world itself set the seal on this diplomats' world map in a postwar revolutionary and anti-colonial upsurge which trebled the extent of the non-capitalist world. The agreement was a formal decolonisation, an acceptance of

the independent nation state as the generally recognised legal form sanctioned in international law and treaties.

Contradictions of Westphalian Mythology

This system is usually described in international relations theory as the ‘Westphalian system’. The Peace of Westphalia, in 1648, settled the end of the religious wars launched by the Protestant Reformation. It (and the Treaty of Augsburg, to which IR theory pays less attention) gave birth to the concept of sovereignty by established the right of the ‘sovereign’ to determine the religion of his subjects, and his formal independence both from the Holy Roman Emperor and from the Catholic church. Rosenberg²¹ argues that

[f]or international theory, however, (and to some extent in the fields of international law and political theory too)... [the Westphalian System’s] iconic significance extends far beyond any historical term in which its detailed and highly complicated legal and territorial provisions much have continued to apply. Looking back from the twentieth-century world of bordered, sovereign states, Westphalia appears instead as a turning point in world history: the point at which sovereignty (however embryonically conceived or unevenly implemented) began to be consolidated as the organisational principle of a European states-system which would later expand across the planet. Viewed in this light, the Peace of Westphalia reappears as the original dispensation of geopolitical modernity itself. And the present-day international system composed as it still legally is of sovereign, independent states, is therefore often referred to as ‘the Westphalian system’

From the standpoint of the classical anti-imperialist tradition this is mythical. Except for Europe and America and possibly Japan, nation-states did not exist in most of the world until the mid-twentieth century and the dominant world organisational form in the nineteenth century was the Empire. The present system of national states has existed only since 1947 and at that only partially, and it resulted from a stalemate between two projects which completely contradicted it: on the one hand the US role as the *de facto* leader of world capital, and on the other hand the status of the USSR as the *de facto* leader of the world working class.

The key intellectual principle of liberal democracy sits in more or less direct contradiction with the view of classical anti-imperialism. Critical attitudes are also to be found among many writers on globalisation, to which we will return. But we want to draw attention to a specific view which classical anti-imperialism developed, eighty years earlier, and which we consider to be one of the key insights to be brought centre stage in anti-globalisation thinking. This is the great simplifying proposition which has stood the test of time: that the world of nation states is divided into two fundamentally different types in a definite relation to one another: dominating and dominated.

This is not the same as saying that the world is unjust, or that it is divided into rich and poor, North and South; it says much more. It is a statement about power. It says that the rich nations *rule* the poor nations. Moreover, this is *why* they are rich. The sovereignty of

the rich and the sovereignty of the poor are not, therefore, identical. The first is *unconditional and absolute* and the second is *conditional and relative*.

This distinction oozes from every crevice of actual international relations. Weapons of Mass Destruction were the justification, but not at all the core principle underlying the UK and USA's decision to attack Iraq. These nations applied an already-operative doctrine of pre-emptive military intervention – the right to intervene to neutralise a threat which does not yet exist. And who judges whether this threat exists? Certainly not the conquered. It is the sole right of the conquerors. One need only imagine the reaction of the Great Powers if, for example, some coalition of third world powers decided to apply this principle to the USA, to see that it is a principle which can only be operated by one part of the world which reserves to itself the unconditional right to invade the other half.

Nominal sovereignty

We hope we can summarise the liberal democratic reaction, with the injustice that all simplifications inflict, as being something like this: whilst, in the past, the great empires occupied and ruled great territories, they have now withdrawn and so the age of empires has ended. Whatever once existed, there is now a world polity of independent and sovereign nations. How can a sovereign country be ruled if it is not occupied?

The idea that a nation can be subordinate, though formally free, should not be alien to globalisation theory. It has been saying this for the last twenty years. It has concentrated all its attention, however, on the transnational institutions which, it claims, are eroding the power of the national state so that although this state appears sovereign, in fact it is not. It needs to be recognised that, however apologetic it may be in many variants, globalisation theory originates in a break with the Westphalian view. However a theoretical leap is needed. If the power of a nation state can be eroded by an international institution as globalisation theory recognises, why can't it be eroded by another national state as classical anti-imperialism maintains?

Against this, as far as we can see, formal globalisation theory has no defence. It has dug its own theoretical grave. *Once it is conceded* that national sovereignty may be eroded from without, it is also conceded that the classical analysis of imperialism has a perfectly valid case. For, if national states can be overridden by supranational institutions, then using every argument in the globalist book, they can also be overridden by other national states. The issue is then empirical. If we concede that many nations have seen many of their essential functions and powers eroded at the expense of external constraints and influences, is it in fact the case that they have been subordinate mainly to the pressures and influences of supranational institutions – or to those from other states, most importantly, the dominant states? And did the third-world nation state ever actually possess the freedom and the independence of the first-world state in any case?

As Rosenberg argues, globalisation theory seems to attempt its break with liberalism by accepting the Westphalian myth as an adequate description of modernity, but then arguing that post-modernity has left it behind.

This does not accord with history. The advanced country nation state never confined its sphere of influence to its own borders. The European 'great powers' became nation states only in and through colonisation. The English, French, Dutch, Spanish and Portuguese nations were born in and through a historical process of conquest. They acquired national identity on their own territory only through domination outside it. The later advanced nations, particularly Italy and Germany, but not forgetting Japan, were compelled into such a drive for overseas expansion that their battle with the earlier powers brought about two world wars.

The third world nations on the other hand went through a completely different process of formation; either they were formed in the battle for independence as in Latin America, Asia, and in the exceptional Middle Eastern case of Turkey, or they were butchered into existence by Great Power settlements, drawing arbitrary lines on maps of the world.

What did decolonisation really achieve

But did 'formal' decolonisation really bring about genuine political independence and put paid to the global ambitions of the superpowers? It is not, we think, an accident that the third world contributors to this volume are the most insistent that the globalised world is an imperial one: this fact simply conforms to direct daily experience outside the charmed circles of Western economic fortresses.

Indeed, a great deal of the cynicism and scepticism which is to be found towards academic globalisation theory among third world activists arises because, it seems to them, Western political theory only seems to have discovered that the national state might not be as sovereign as liberalism maintained, was when some of the Western states themselves began losing some of their own sovereignty. Third world sovereignty never existed anyway.

This is dramatically illustrated in the dissolution of the apparent similarities between Chile and Britain. In the 1970s many formal analogies used to be made between the two countries. Each, on the surface, had a parliamentary regime and a reforming socialist party in power. In England, however, capital won over the chancellor: in Chile it shot the President.

Moreover the Chilean coup was directly sponsored by a foreign power, a power which regularly conducts its business in the third world by financing, supporting, and where necessary helping to power, governments that conform to its foreign policy requirements. Direct military occupation, destabilisation, coups and imposed dictatorships are a part of the daily story of most third world countries. The idea that a parliamentary interlude of a couple of decades constitutes a serious permanent transformation is viewed with justified

scepticism by those for whom jail, state- and paramilitary-sponsored murder, torture and foreign-backed dictators were a recent experience.²²

Why, then, is it so important to the great powers – above all, the USA – to secure governments that comply with their needs? It is here that the second proposition of the classical tradition also stands up well to the test of time. As Savran notes

Iraq taught certain sections of the international left what children already knew in predominantly Islamic countries, i.e. that the Bush administration was waging war for oil and hegemony. (Lest it be thought that I am engaging in pure rhetoric here, let me stress for the benefit of readers from non-Islamic countries that I am speaking quite literally: the majority of the population of Turkey, for instance, before and during the war on Afghanistan, was firmly of the opinion that this was a war for oil.)

The purpose of political domination is economic advantage. This is also one of the great facts of history which, in a certain sense, the movement for global justice has rescued in the face of academic disbelief. The movement for global justice arose because the everyday experience of millions of people is that every time the advanced powers got their way, things got worse.

There is a complex and unfinished debate to be had about the exact mechanism through which the North secures its economic advantages from the South, within both the classical anti-imperialist left and the movement for global justice, not to mention within official economics.²³ But without taking that debate here,²⁴ it is a pretty good working assumption that if the rich countries have got twenty times richer while the poor have got thirty percent poorer, and if the rich nation-states of the world are in a position to decide who runs the poor ones, then until the milk of human kindness runs up mountains, they will take decisions that ensure they continue to get richer.

1.5 EXIT GLOBALISATION, PURSUED BY AN EAGLE

We now turn to a second insight from globalisation theory which is relevant and which the classical anti-imperialist tradition needs to grapple with. namely the functional necessity of a world order. This, we think, is indeed one of the key new elements of the post-1945 world with which the anti-imperialist left has been trying, not always successfully, to grapple. It is also the aspect of post-1945 stability which is most threatened by the present crisis, and the key to understanding the dramatic nature of the changes we are now seeing.

In early imperial times, the great powers confined themselves to securing dominion over *one part* of the world. The British got the lion's share, with most of the map coloured red, but each of the others had its equivalent: the French in Africa, the Caribbean and Indo-China, the Portuguese in Southern Africa, Poor Little Belgium in the Congo, the Dutch in South-East Asia, and so on.

One of the great insights of American liberalism is that such a system of divided rule was politically unsustainable. It produced two wars, exhausted European capital and gave rise to Communism in nearly a quarter of the globe. The imperial relation does not reduce to simple private robbery. The market itself produces the rising inequality and clearly raises the average income of the rich countries at the expense of the poor. The function of the political order is to keep these largely unconscious mechanisms working; it is to secure the free functioning of the capital market, weighted of course in their own interest wherever possible, because that market, on a world scale, is what delivers their wealth.

What is required, if the system of domination is to sustain itself, is not just a set of private dominions but a world political order. The advanced countries need to maintain whatever it is that keeps the inequality rising and for this, they need not just a special private relation with a particular territory, but a general organisation of the world within which they can take advantage of their specialisations to extract the superprofits that keep them ahead of their subordinates. In short, the ideal form of organisation for the advanced nation-state is indeed ‘global apartheid’ – a system of strong and sovereign homeland nations given the run of a subdued but unitary world order outside the fortresses.

The irresolvable contradictions of ultra-imperialism

In consequence of the above, the system of advanced-country nation states needs a form of organisation which maintains the dominion of capital on a world scale. This could be stable only if it had no contradictions, that is, if the advanced nations could govern by mutual consent, sharing out surplus profit among themselves either by means of a stable political agreement, or in the self-regulating manner that, for example, ordinary profit is shared out by economic competition between capitalists. Such an arrangement was considered by Kautsky under the name of ‘ultra-imperialism’ and is the closest that the classical anti-imperialist tradition comes to formal globalisation theory.

It is, however, a catastrophic mistake to assume that because a political system is *necessary*, it is also *possible*. It is precisely because this has not been achieved that the imperialist epoch has been such a brutish one.

The US solution was to project itself as the organiser of this dominion on behalf of all the others, as what Ghosh calls the ‘Kindleberger leader’ of the great powers; a hegemonic leader which could police the world on behalf of all the so-called ‘free world’ in such a way that the remaining great powers would retain their advantage over the third world. In classical Marxist terms, it presented itself as the director-general of a super-imperialist world order. This was in turn close to what Kautsky termed ‘super-imperialism’. This was a new historical invention. The question of the age is whether this in turn is capable of stable self-reproduction, or whether it too contains within it contradictions that the USA cannot resolve.

The USA departed decisively from the conduct of the European great powers at the treaty of Versailles, whose reaction to Germany's defeat was to try and crush Germany out of existence, in effect to reduce it to a third world power. This stupidity, as Keynes insistently pointed out, played no small part in the rise of German Fascism; it meant that many Germans saw the choice facing them not as between fascism and democracy but between fascism and social destruction.

The USA to the contrary reconstructed Japan and Germany after the war and poured capital into Europe and Asia. It did so principally, of course, to stop the spread of Communism. But it could not do this without sustaining these countries themselves as great powers, for which purpose it had to maintain the set of relations *as a whole* between the advanced nations and the third world. It had to create, that is, a world political order.

In doing so it represented, for a while, capital as a whole. It even organised a kind of functional division of labour between the advanced nations. The World War II victor Britain was allocated the military and financial functions, that is, it was permitted to run a kind of empire but in junior partnership with the USA and according to the principles of US liberal democracy. The defeated powers, Japan and Germany, were constitutionally confined to barracks and utterly shorn of their empires but forced to undertake an 'intensive' capitalist development. Since they had almost no outlet for foreign adventures, their capitals concentrated on securing *technical supremacy* and became the workshops of the capitalist world, with prodigious rates of investment and significantly higher growth rates. Thus each of the advanced powers concentrated on monopolising a particular source of superprofit, a particular means of draining the third world of its surplus labour, from which all could draw benefit although the totality was organised by one particular nation.

It would seem, therefore, that of the three principal tenets of the classical anti-imperialist tradition, though numbers one and two check out, it is number three that has failed the test of time. Where are the great power conflicts? Where is the great power arms race? Where is the competition?

Enter Iraq.

The contradictions of superimperialism

We have so far identified only one of the elements leading to the break-up of the 'world globalisation bloc' which has overseen the world order since the early 1980s. This was the erosion of the social base for stable third-world polities capable of delivering compliant social organisation consistent with the domination of the advanced-country bloc. This erosion continued right through the two decades of globalisation. In the second decade, however, a completely new development set in *within* the governing bloc hitherto hegemonised by the USA.

Throughout the first decade of globalisation, the advanced countries as a whole pulled away from the third world and countries in transition, taking the so-called 'advancing'

countries with them. Moreover through most of this decade, the non-Americans continued to catch up with the Americans and, in particular, regional sub-economies in the German and Japanese zones of influence continued on a trajectory that was launched with the postwar division of labour referred to above. Both their GDP and their GDP per head expanded systematically faster than that of the USA, and their rates of investment – the driver of growth – also exceeded the USA's, in cases such as Korea reaching double or even treble the US rate. In the 1990s this stopped. Average growth in the USA continued at around 21 per cent over the decade, but South-East Asian growth fell from 70 per cent to 19 per cent. European growth, in real dollar terms, was actually negative.

The postwar division of labour had provoked a fundamental instability. US hegemony, just like Britain's in the previous imperial epoch, as always depended on its being able to maintain three interlocking functions of world policeman, world banker, and world technological leader. Its technological leadership, acquired over fifty years of relatively intensive development on a continental scale, provided it the huge export surpluses through which it funded the Marshall Plan, the Fourth Kondratieff Golden Age and the spectacular expansion of South-East Asia and Western Europe.

The inevitability of competitive imperialism

The USA has lost its technical leadership, as is clear from its intractable trade deficit. Post-globalisation economic stability therefore rested on, and was in large measure organised to secure, tremendous inflows of capital from the rest of the world to shore up the US deficit. This means that at the most basic level, the interests of the US state, and the interests of US financial capital, no longer coincide with those of advanced-country capital in general. The US is thus less and less able to exercise the role of hegemonic leader because it is less and less able to organise a world political order within which advanced-country capital as a whole can flourish. Policies which benefit one bloc act to the detriment of another; where there are winners, there are losers. Competition, always the most basic law of capitalist development, has once again become a player in world politics.

On the one hand the USA has experienced a permanent and intractable contradiction between its national interest and its global function of maintaining the world order, as a result of which both its functions as police-keeper and as world banker are increasingly managed in the private interest of its own economy.

On the other, its partner-rivals are being called on to accept a supporting role for the US economy, in the name of supporting its world leadership, which is ever more damaging to their own economies. US control over the financial institutions became ever more a private weapon not just to strengthen the hands of the Wall Street financial dealers and Hedge Fund managers, but as an instrument of statecraft specifically directed against countries which it increasingly perceived as a threat.

The financial crisis of 1997 laid this process bare. It is worth citing at length Gowan's²⁵ incisive account of events because it clarifies the extent to which the 'blind' operation of the market was consciously managed by a state whose objectives no longer reduced to simple world leadership:

those states which had succumbed to the pressures of the US government, the IMF and the Wall Street institutions to open their capital accounts and domestic financial sectors to some extent were allowing their economies and populations to enter a mortally dangerous trap: the inflows of the hot money and short-term loans arrived like manna from heaven, because they seemed to enable these states to evade the effects of currency from the Anglo-America financial centres. But it was not manna; it was bait. When the financial sectors of the region bit into it they were hooked, trapped in the sights of the US hedge funds, sitting ducks for financial warfare. The hedge funds struck, the lines of credit were wrenched back into London and New York, and economy after economy was dragged, writhing like a wounded animal, on to the operating table of the IMF and the US Treasury.

...those which had refused to bow to America pressure to dismantle their capital account controls escaped the onslaught because the hedge funds could not hit them. The factor that turned a state's failure of macroeconomic adjustment into a catastrophe was the degree to which the Asian development model had been breached by liberalisation of the capital account. Those countries which had largely kept their capital controls were protected from the financial attacks which followed: China, Taiwan, Vietnam and India. Those that had liberalised in the key areas found their macroeconomic management failures exploited by devastating speculative attacks...

The US Treasury was to view the crisis as an historic opportunity which, if seized, could transform the future of American capitalism, anchoring its dominance in the twenty-first century.

Europeans could only view with alarm a world financial system increasingly functioning as the partisan instrument of a single player. Great emphasis has been placed on the neo-liberal foundations of the Maastricht treaty with its enormous emphasis on price stability at the expense, essentially, of employment. Nevertheless the enormous stress on financial probity and currency stability had a second objective. On the day the Euro was launched, the European press outside of Britain was ecstatic – about the arrival of a rival to the dollar. By late 2002, fifty-six countries had adopted the Euro as currency of reference – including most of the Middle Eastern countries.²⁶ At the same time, the percentage of short-term obligations among capital inflows to the United States had reached 80 per cent.

1.6 ANOTHER WORLD IS INDISPENSIBLE

We are by no means predicting a reversion to full-blown colonialism or an immediate runup to World War III. However, two empirical facts must be noted, and incorporated into the whole way that we now think about the world.

First, if the present world order is in fact in continuity with classical imperialism – whose date of origin should probably be located in or around 1873 – and if, furthermore, we are content to accept 1789 as the date of the capitalist mode of production proper – that which Marx designated the ‘formal subsumption of the means of production by capital’ – then imperialism as such has now lasted longer than its pre-imperialist phase.

Second, we now face the world dominion of capital, to be sure in a relation with many other classes, but having now proved its political independence of all pre-capitalist classes after surviving over a century in its own right. We are no longer living in a system which can be treated as some kind of admixture of capitalism with something else, some kind of incomplete transition. This, folks, is it: this *is* world capitalism, and the way it survived was to become imperialist.²⁷

A racist subtext of much development theory, including unilinear Marxist variants, is the idea that dependency is a failure to become properly capitalist.²⁸ Gunder-Frank’s seminal *Development of Underdevelopment*²⁹ reconstituted a basic insight of classical anti-imperialism, that the underdevelopment of the dependent countries is a primary means by which capitalism in the dominant countries reproduces itself.

The fundamental question of world politics is whether the survival of capitalism is possible without imperialism.³⁰ We believe, and the evidence supports us, that it is not. If so, then there are a series of practical implications:

- (1) There is no *capitalist* alternative to imperialism. To put it another way, there is no justice without socialism. No matter how long and how difficult the road to socialism, and indeed no matter whether it is even possible, nothing else will put things right. The division of the world into two completely unequal halves, and the maintenance of this division by a world political tyranny, is not an option for capital but a condition of its existence.
- (2) Consequently, *peace* under capitalism is an impossibility. War is the unavoidable outcome of the division of the world into rich and poor, both because without it the poor cannot be forced to stay poor, and because the rich can never settle on a stable division of the world as a result of the competition between blocs of dominant capital.
- (3) There is no *partial* road to lasting justice. The entire existence of capitalism is bound up with the imperialist system, and it can afford no permanent accommodation with reforms or national experiments that call into question the division of the world into rich and poor. As Nicaragua and Chile demonstrate, imperialism does not heed calls to justice or appeals to its better nature. It does not *have* a better nature. If anything the more just and democratic the alternatives thrown up by popular resistance, the more determined are the great powers to crush them and the more barbaric the means adopted.

- (4) At the same time there is no *short* road to socialism. Imperialism has emerged relatively triumphant from a century of the most heroic sacrifices. It is clear that it can be defeated only by an opposite and greater force; such a force, however, does not at present exist and has to be constructed.

Utopianism, fatalism or realism?

The above does not, it has to be said, make life easy. The difficulty of the task facing the movement for global justice, arduous though it may be, is that it bears responsibility both in the day-to-day battle for justice and equality, and in the long-term battle to secure them for posterity. The fatalism which these difficulties engender is clear from David Harvey's recent work which in many ways expresses the potential lines of an emerging 'liberal consensus':

The danger is that anti-imperialist movements may become purely and wholeheartedly anti-modernist movements rather than seeking an alternative globalization and an alternative modernity that makes full use of the potential that capitalism has spawned.

There are multiple movements around the world in motion searching for some such alternative (as symbolized by the World Social Forum). These are full of interesting ideas and partial victories have been won. But I do not believe the anti-capitalist and anti-imperialist movement is currently strong enough or even adequately equipped, theoretically or practically, to undertake such a task. This then poses the question of what to do in the immediate present, in the face of a very dangerous political and economic situation.

In my own view, there is only one way in which capitalism can steady itself temporarily and draw back from a series of increasingly violent inter-imperialist confrontations, and that is through the orchestration of some sort of global "new" New Deal. This would require a considerable realignment of political and economic practices within the leading capitalist powers (the abandonment of neo-liberalism and the reconstruction of some sort of redistributive Keynesianism) as well as a coalition of capitalist powers ready to act in a more redistributive mode on the world stage (a Karl Kautsky kind of ultra-imperialism). For people on the left, the question is whether we would be prepared to support such a move (much as happened in leftist support for social democracy and new deal politics in earlier times) or to go against it as "mere reformism." I am inclined to support it (much as I support, albeit with reservations, what Luis Inacio Lula da Silva is doing in Brazil) as a temporary respite and as a breathing space within which to try to construct a more radical alternative.³¹

This reveals two conflicting (and often self-re-enforcing) trends within the movement for global justice, which we might term liberal utopianism and sectarian utopianism.

Sectarian utopianism arises from the danger, which Harvey justly points out, of acting as if large-scale social justice, or even an immediate strategic defeat for USA foreign policy, were immediately possible. We cannot but agree that "the anti-capitalist and anti-imperialist movement is [not] currently strong enough or even adequately equipped, theoretically or practically, to undertake such a task."

It is precisely because of this that the movement finds it has to take careful and cautious stock, at each given moment, of what can be achieved within the existing relation of forces. In particular, it is disastrous for anyone concerned with justice to *withdraw support* from processes which can end in realisable reforms or advances (not least, for example, any movement to curb IMF interference in the affairs of sovereign third world states) on the grounds that the processes are not led by socialists or do not result in a social justice. The most obvious example is the war in Iraq itself. Saddam Hussein was a barbaric dictator, but as most people in the world understood, an ouster conducted by the very powers which financed and armed him was an advance for nobody.

More subtly, the domestic policies of Mahathir Mohamad were authoritarian, repressive and corrupt – but this does not alter the fact that the government of Malaysia had every right to respond to the Asian crisis of 1997 by cutting off the flows of speculative capital, flying in the teeth of both IMF orthodoxy and US foreign policy. In such a confrontation, the movement for justice cannot make its opposition to the IMF conditional on the internal conduct of Mahathir.

An equally catastrophic utopianism is, however, to act on the basis that a *pacification* or *humanisation* of imperialism is a valid option. We therefore profoundly disagree that “the orchestration of some sort of global “new” New Deal” is a practical option. There is no more a ‘benign imperialism’ than a vegetarian tiger.

The most devastating indictment of the idea of a benign imperialism is the complete lack of historical evidence that it can ever happen. The phase of classical imperialism, lasting up to and including World War II, was – with due and equal account taken of its effects throughout the world – the most barbaric in world history. It brought the merciless devastation of the third world, wholesale battlefield and civilian slaughter in two successive wars, and, not least, the holocaust.

The methods of US imperialism under ‘Pax Americana’ are no more ‘civilised’ than its European precursors. It launched the nuclear age by deploying nuclear weapons against Japan, engaged in gratuitous and systematic bombing to economically devastate North Korea in the final stages of the war on that peninsula; made repeated military incursions in Latin America, the Middle East and Africa, and killed two million people in Vietnam.

It propped up the great majority of the most odious and repressive regimes in the world (four decades of support for apartheid South Africa, support for Franco, Salazar, successive Guatemalan regimes, Israel, the Shah of Iran, Pinochet, Marcos, Somoza, the Greek colonels, Saudi Arabia and until it became inconvenient, Saddam Hussein and indeed, Osama bin Laden themselves). Via the IMF and the WTO it is responsible for the deaths of millions of people, having reacted with supreme indifference to the crushing of billions by poverty and the deaths of tens of millions from preventable or containable diseases. It tolerates and actively fosters systematic domestic racism and judicial terror against its own black population, it is busily destroying the world environment, and uses aggressive military force against all those who oppose it. It moves daily closer to its stated

strategic goal of deploying battlefield and theatre nuclear weapons as an instrument of foreign policy.

A century of barbarity cannot in all conscience be reduced to a lack of moral fibre. It is not the result of a succession of electoral accidents but of the most profound economic imperatives.

But there is a second respect, perhaps the most important, in which a fatalistic judgement is catastrophically misleading: these actions of imperialism arise not from its strength but its weakness. The USA today is driven to intervene militarily because it can no longer sustain its rule peacefully. In turn, this failure arises from a deepseated and ineradicable weakness: *economically*, imperialism does not work. It does not regulate itself. It does not sustain social and political formations that are capable of perpetuating themselves indefinitely. No amount of weaponry can correct this; to the contrary, it makes it worse.

If the dominion of the United States, and imperialism in general, were so strong and eternal that left to its own devices, it could last indefinitely, then terrible as its consequences are, there would be little to be done about it and there would indeed be little alternative but to hold out for a little but of justice and seek the most minimal reforms.

The problem is that this dominion is not self-perpetuating. It constantly lays the foundations of its own destruction. The issue is, therefore, what comes out of this destructive process. On the one hand, if 'good people do nothing' then all the evidence is that things will continue to get worse, as the holocaust shows. On the other, it is precisely because imperialism ultimately cannot sustain its own rule that it can and will create the forces capable of replacing it with something better. Whether they do so is not an automatic outcome. We have a choice. Another world is possible, and another world is necessary, but it may not happen. It depends on what we do.

Alliances in the age of barbarism

It is the self-destructive aspect of imperialism which dictates the need for resistance. The discussion is not, in fact, about whether to pursue 'revolution' instead of reform or 'socialism' instead of redistribution and this counterposition is a vacuous one. A revolutionary is no more nor less than a reformist who does not give up. What distinguishes the world's great revolutionaries is not their immoderate demands ('bread, peace, land') but the fact that they took the measures necessary to them in an age when the existing institutions could no longer tolerate them. Conversely, anyone who rejects reform on the basis that it stands in the way of revolution is a simple sectarian.

Of course any move, no matter how minimal, which reduces the prospect of war by however small an amount, restores any measure of human rights to the racially or sexually oppressed, which raises the living standards of any wage worker anywhere by no matter how small an amount, deserves the full support of all who seek a better life. The problem is a different one: it is that almost all proposals for the 'structural reform' of imperialism

take the form in practice of a negotiation in which what is sacrificed is not the long-term goal of socialism but short-term goals of non-negotiable and often quite minimal reforms which form in fact the rock-bed of any unified practical movement.

It is one thing to say that, for example, the relation of forces makes it hard to halt the Bush camp in its tracks. It is another entirely to say that, in order to persuade it to draw back, the movement for justice should give up fighting racism, forget women's rights, abandon the trade unions to their lot, leave the Palestinians to their lot, drop any opposition to tearing up the Kyoto accords, or give up defending the IMF's victims in favour of 'shrunk' or 'fairer' structural adjustment, or tolerate some kind of watered-down US presence in any country it has illegally invaded.

There *is* no 'breathing space' to be had in this manner, and we hope that this kind of compromise is not what Harvey has in mind. This is, however, the real choice. The only points in world history at which movements have gained a breathing space from imperialism are those at which they have defeated it.

'Pax Americana' and the massive curtailment of European imperial ambition after 1945 was itself in no small measure due to the success of soviet forces. The victory of the Vietnamese did indeed buy a twenty-year 'breathing space' for the world during which the capacity of the United States to intervene with overt massive force was severely circumscribed. Were the peace movement to secure a halt or even a delay in the NMD programme, this would greatly relieve the pressures bearing down on both China and the rest of the third world where the consequences of a successful capacity for unilateral US nuclear intervention are almost unimaginable. A military withdrawal from Iraq without a colonial postwar settlement would make it immeasurably harder for the US to intervene effectively in other parts of the world.

Argentina's obstinate refusal (at the time of writing) to honour the largest sovereign debt in world history – not to mention the obstinate refusal of its people to accept any government that threatened to do so – did more to modify IMF and World Bank thinking on structural adjustment than two decades of earnest appeals to the good nature of the banking community.

The alliances which can and should be constructed on this premise cannot begin, of course, by sacrificing present reform to future socialism. That is an absurd equation: socialism can succeed only by emerging as the greatest force for reform. The evidence is, however, that alliances will need to be constructed on the fundamental premise that *no* imperialist intervention is progressive. There is no concession to be made to imperialism for the simple reason that nothing it does makes anything better.

Class, nation and region

This is precisely why the debates in this book, as well as the agreements, have practical implications. Regardless of particular national forms that are not only mutable but

mutating, before our eyes, the fundamental political division of the world is between two halves of its peoples: those that live in the so-called 'advanced countries' and the rest.

Does this perspective, inherited from the high point of opposition to the last phase of 'classical imperialism' imply that the division of the world into classes is no longer of any significance, or that geographical struggles have somehow transcended or overcome class struggles? No; it does however mean that, as the classical anti-imperialists insisted, the working class of the dominant and the dependent countries need a very different structure of alliances – because they live in two very different kinds of state.

In the third world social advance and national sovereignty are indissolubly linked. More or less any movement whose implications are to change the share of wealth to the benefit of the poor immediately run up against the opposition of world capital – in particular, with world financial capital, which is why the IMF is the *locus* of almost all movements of popular opposition. In standing up to this opposition, it is imperative for them that the state itself should be a part of the resistance. Of necessity, therefore, they find they must resist any external encroachment on the sovereignty of the nation, in the interests of democracy itself. This is because by and large, the third-world nation 'faces inwards'; its primary function is defensive. Without mitigating the defence all the poor and oppressed against all their own capitalists, working class movements of the third world have to defend the sovereignty of their state.

In the imperialist countries the story is very different. The 'sovereignty' of the US state is synonymous with that state's *external* power – with its oppression of the great majority of the world. Nor should it be supposed that because European and Japanese empires were so savagely reduced in 1945, that their national states, or the European Community, exist purely to regulate the internal affairs of their peoples. The WTO, IMF and world bank function as multinational instruments of third world suppression precisely because of, and through, the partnership of the Europeans and Japanese. Through the manipulation of Free Trade agreements and through such arrangements as the Lomé accords, these states manipulate the world market to their enormous advantage.

The classical position of anti-imperialism holds good without moderation. The working class and social movements of the imperialist countries have to take a *different* stance towards the sovereignty of their own nation, above all when the exercise of that sovereignty implies the military and economic suppression of the majority of the world's people.

Does the shape of modern world politics call for any modification of this position? In one important respect, yes. The trend of the twentieth century is towards the formation of continental powers; thus the sovereignty of the third-world nation as it now stands is in many respects insufficient for an adequate economic defence against world capital. If anything, the most difficult task facing third world movements is to bring about a consistent unification, at regional level, of nations that world capital constantly seeks to pit against each other; conversely the most difficult task facing movements in the

imperialist world is precisely the converse, to confront insistent attempts at larger and larger blocs of the oppressors extending even to quasi-formal annexations, be they through the endless expansion of fortress Europe, or through such entities as NAFTA and ALCA, and ensure that they do not become the instruments of 'global apartheid'.

Finally, does this vision of an apparently contradictory approach to 'the nation' in the two parts of the world imply the death of a common, 'proletarian' view that stands higher than all nations? We think not; we see it as merely the modern instantiation of an old, but still perfectly valid dictum of Marx: no nation that oppresses another can ever itself be free. In a world divided into oppressors and oppressed nations, this calls for a common endeavour by all who seek justice as precondition for the liberation of any: to end once for all this oppression of one by another, is the only stable basis for the emancipation of all, and the only truly possible 'other world'.

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¹ There is no multilateral agreement even on how to spell globalisation, let alone define it. In this introduction we try to reflect the usage that the movement has evolved: thus by 'globalisation', unless we say otherwise we mean the events of the last 20-30 years as defined above; by 'globalisers' we mean the committed advocates of all-out financial deregulation, and so on. To discuss academic theories we use phrases like 'formal globalisation theory' or 'globalisation theory as such'. However as will become clear, we take the defining difference of the past period to be not just the existence and growth of a global *economy* but the special role played by global *political institutions*, notably the WTO, IMF and World Bank.

² Albeit slowly: in its May 2000 World Economic Outlook the IMF felt moved to remark that "the remarkable strength of the U.S. economy and the robust growth now apparent in western Europe have provided key support for faster than expected recoveries in Asia, Latin America, and other emerging market regions. Determined actions by policymakers in the crisis-affected countries to deepen adjustment and reform efforts, together with support from the international community, have also been important. Directors considered that, at least in the near term, risks for global growth may well be on the upside."

³ Data from Schiller, R.J. (2000) *Irrational Exuberance*, NJ: Princeton University Press, and the *Financial Times*, daily share price indices.

⁴ which gives rise to the following, rather significant empirical question which is quite independent of the extent of global markets: why have multinational *institutions* appeared only now? If global politics are a mere product of market forces, and if the world-historical tendency of these forces is a unilateral extension of the world market at the expense of all national boundaries, then why did these institutions not come into being in 1893?

⁵ See for example Held, D. and Anthony McGrew (2000) *The Global Transformations Reader*. Cambridge: Polity and for a contrary view Rosenberg, J. (2000) *The Follies of Globalisation Theory*, London and New York: Verso

⁶ Held and McGrew, *op cit*, p105

⁷ Gowan. P (1999) *The global Gamble: Washington's Faustian Bid for World Dominance*. London and New York: Verso, p4

⁸ Todaro, M.P. (1994) *Economic Development* (London: Longman), p85

⁹ See for an excellent statistical presentation and political analysis Basualdo, E.M. and Matías Kulfas (2000), 'Fuga de capitales y endeudamiento externo en la Argentina', *Realidad Económica*. Buenos Aires: IADE (Instituto Argentina para el Desarrollo Económico), pp76-103.

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- ¹⁰ There are historical precedents. Harold James (James (2003), *The End of Globalization: Lessons from the Great Depression*. Cambridge, Massachusetts and London, England) suggests globalization in the Nineteenth Century sowed the seeds of its own destruction, leading to the Great Depression. One conclusion might be that globalisation in the Nineteenth Century was 'done wrong' or that the retreat from it was misguided, so that under a different policy framework, it would work. Another equally valid conclusion, better supported by the evidence, is that it does not work under any policy framework and this is why people retreat from it.
- ¹¹ Pritchett, L. (1997) 'Divergence, Big Time', *Journal of Economic Perspectives*, Summer 1997.
- ¹² See Freeman's chapter in this book. In 1980 the richest country was the USA (\$5,070 per head) and the poorest Bangladesh (\$57 per head) and in 2000 the richest was Luxemburg (\$45,917) and the poorest Guinea-Bissau (\$161). In 2000 the ratio between the average US citizen and the average Bangladeshi was 101.
- ¹³ For a detailed discussion of Kondratieff's distinction between reversible and irreversible processes, and between cycle and trend, and its seminal role in subsequent business cycle analysis, see Freeman, C. and Francisco Louçã (2001), *As Time Goes By: From the Industrial Revolutions to the Information Revolution*. Oxford: OUP, p77
- ¹⁴ Modelski and Thompson argue that Kondratieff waves are linked both the the rise and decline of globally-significant world industries, and to a cycle of rise and decline of world powers and a change in world political arrangements, referring to this as the hegemonic cycle. Modelski, G. and William R. Thompson (1996) *Leading Sectors and World Powers: The Coevolution of Global Economics and Politics*, Columbia: University of South Carolina Press.
- ¹⁵ The teleology is odd because globalisation theorists are generally so iconoclastic against the alleged 'single overriding dynamic of transformation' offered by classical theories (cf Giddens, A. (1990) *Consequences of Modernity*, Cambridge: CUP, cited in Rosenberg, J., *op cit*, p96). Shorn of the ifs and buts in which academics habitually shroud predictions, a surprising swathe of accounts of globalisation offer an almost millenarian determinism when it comes to the 'single overriding dynamic' of time-space compression, the information revolution, and rising tidal flow of almost everything.
- ¹⁶ *Wall Street Journal* dollar share indexes. On the same date the S&P500 had attained around 5 times its 1992 level. It never sank below three times this level.
- ¹⁷ *World Economic Outlook* May 2000
- ¹⁸ for their own peoples. They are generally, of course, extremely enthusiastic about self-determination for other nations' peoples, above all those of their rivals.
- ¹⁹ *The Economist* 26th July 26th 2003, page 29
- ²⁰ Speech at plenary session of the Conference on Critical Global Studies, University of Santa Barbara, May 2003
- ²¹ Rosenber, *op cit*, p280
- ²² Giddens, A. (2000) in *The Third Way and its Critics*, Cambridge: Polity, defends the Third Way in the UK on the basis that it is being applied worldwide, notably in Chile. Can one seriously imagine that the Chilean experience of 1974 had no impact on the Chilean programme of 2004? This ultimate decontextualisation implies that the two countries operate under the same, universal, worldwide constraints. It is precisely because the postwar left of the advanced countries never suffered the barbarous elimination of its entire capacity for political resistance that it has succeeded in an obstinate economic resistance which has so far secured it a distinctly better deal.

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- ²³ Thus the Samuelson factor-price theorem (Samuelson, Paul A. (1948): “International Trade and the Equalisation of Factor Prices,” *Economic Journal*, 58, pp. 163-84) established in the late 40s that on the basis of very standard economic assumptions, the prices of labour and capital in national economies would converge over time. Most standard textbooks on international economic theory begin by noticing that what really happens in the world is not explained by the theory; what follows is a long series of adaptations and modifications of the same basically false theory, to explain its failure. Any true science would long ago have treated such a basic conflict of fact with prediction as *prima facie* evidence that the entire foundation of the theory should be thrown out.
- ²⁴ The underlying issue is to understand how a profit greater than the average – which Marx termed a surplus profit – can be extracted in a systematic way by organising a specific relation between the capital of one country and the capital of another. Traditional ‘Marxism’ is incapable of theorising the mechanisms by which this occurs because it is confined to an equilibrium interpretation of Marx. From this standpoint permanent surplus profit, which is in reality an outcome of the dynamics of non-equilibrium growth, cannot logically exist. This rendered the last generation of theories of underdevelopment incapable of uncovering, in a logically coherent manner, the real basis for the economic subordination of dependent economies. See, for example, Freeman, A. (2003) ‘When things go wrong: the political economy of market breakdown’ in Zuege, A. (2003) and Richard Westra, *Value and the World Economy Today : Production, Finance and Globalization*. London: Palgrave., and papers on www.iwgv.org
- ²⁵ Gowan, *op cit*, 103-105
- ²⁶ Giacchè, V. (2001), ‘Perché la Guerra Fa Bene all’Economia (I)’, *Proteo*, Roma:CEDES, No.3, pp. 111-116
- ²⁷ This does not at all mean that the world is now neatly divided between capitalists and workers; to the contrary, the peasantry and petty-bourgeoisie combined probably still constitute a majority of the world’s population, and the third world possesses vast classes of the dispossessed. What we mean by this statement is that capitalism now *rules* more or less without reliance on any other propertied class. To put it another way, today’s third-world landlord is probably more likely to be Monsanto than Somoza
- ²⁸ Marxists can plead guilty to adopting, often uncritically, an enlightenment view of progress which supposes a unilateral movement through pre-capitalist formations whether feudal, ‘asiatic’ or composite, to capitalist, and then socialist. This was not the view of Marx: “The chapter on primitive accumulation does not claim to do more than trace the path by which, in Western Europe, the capitalist economic system emerged... He [my critic] insists on transforming my historical sketch of the genesis of capitalism in Western Europe into an historic-philosophical theory of the general path of development prescribed by fate to all nations, whatever the historical circumstances in which they find themselves’. ‘Marx to *Otchestvenniye Zapiski*, November 1877’ in Marx, K. and Friedrich Engels (1955) *Marx-Engels Selected Correspondence*. Moscow: Progress Publishers, p 292.
- ²⁹ Gunder-Frank, A. (1996) ‘The Development of Underdevelopment’ *Monthly Review Press* 1966.
- ³⁰ There is an interesting formal analogy with absolutist monarchy. Absolutism was the *form in which* feudalism perpetuated itself but also heightened its contradictions to their sharpest degree, preparing the way for revolutionary movements directed against the monarchy but which also finally swept away feudalism.
- ³¹ Interview with David Harvey by Nader Vossoughian concerning Harvey, D. (2003) *The New Imperialism*. Oxford: OUP. The interview is published in full on Vossoughian’s website at <http://agglutinations.com/archives/000013.html>