

Global Capitalism and American Empire

Leo Panitch & Sam Gindin

'American imperialism... has been made plausible and attractive in part by the insistence that it is not imperialistic.'

Harold Innis, 1948¹

I

The American empire is no longer concealed. In March 1999, the cover of the *New York Times Magazine* displayed a giant clenched fist painted in the stars and stripes of the US flag above the words: 'What The World Needs Now: For globalization to work, America can't be afraid to act like the almighty superpower that it is'. Thus was featured Thomas Friedman's 'Manifesto for a Fast World', which urged the United States to embrace its role as enforcer of the capitalist global order: '...the hidden hand of the market will never work without a hidden fist.... The hidden fist that keeps the world safe for Silicon Valley's technologies is called the United States Army, Air Force, Navy and Marine Corps.' Four years later, in January 2003, when there was no longer any point in pretending the fist was hidden, the whole cover of the *Magazine* featured an essay by Michael Ignatieff with the words, 'The American Empire: Get Used It': '...[W]hat word but "empire" describes the awesome thing that America is becoming? ...Being an imperial power... means enforcing such order as there is in the world and doing so in the American interest.'²

Of course, the American state's geopolitical strategists had already taken this tack. Among those closest to the Democratic Party wing of the state, Zbigniew Brzezinski did not mince words in his 1997 book, *The Grand Chessboard: American*

Primacy and Its Geostrategic Imperatives, asserting that ‘the three great imperatives of geo-political strategy are to prevent collusion and maintain security dependence amongst the vassals, to keep tributaries pliant, and to keep the barbarians from coming together.’³ In the same year the Republican intellectuals who eventually would write the Bush White House’s National Security Strategy founded the Project for a New American Century, with the goal of making imperial statecraft the explicit guiding principle of American policy.⁴

Most of what passes more generally for serious analysis in justifying the use of the term ‘empire’ in relation to the US today is really just an analogy, implicit or explicit, with imperial Rome. On the face of it, as with Brzezinski’s terminology, this is by no means absurd since ‘Romanization’ could indeed be

understood as the assimilation of the conquered nations to Roman culture and political worldview. The conquered became partners in running the empire. It was a selective process that applied directly only to the upper level of subject societies but it trickled down to all classes with benefits for some, negative consequences for others.... Roman supremacy was based on a masterful combination of violence and psychological persuasion – the harshest punishment for those who challenged it, the perception that their power knew no limits and that rewards were given to those who conformed.⁵

But an analogy is not a theory. The neglect of any serious political economy or pattern of historical determination that would explain the emergence and reproduction of today’s American empire, and the dimensions of structural oppression and exploitation pertaining to it, is striking. This serves as a poignant reminder of why it was Marxism that made the running in theorizing imperialism for most of the 20th century. Yet as a leading Indian Marxist, Prabhat Patnaik said in his essay ‘Whatever Happened to Imperialism?’, by 1990 the topic had ‘virtually disappeared from the pages of Marxist journals’ and even Marxists looked ‘bemused when the term is mentioned.’ The costs of

this were severe for the left. The concept of imperialism has always been especially important as much for its emotive and mobilizing qualities as for its analytic ones. Indeed, in Patnaik's view, rather than 'a theoretically self-conscious silence', it was the 'very fact that imperialism has become so adept at "managing" potential challenges to its hegemony [that] made us indifferent to its ubiquitous presence.'⁶ Yet the left's silence on imperialism also reflected severe analytic problems in the old Marxist theory of imperialism. Indeed, this was obvious by the beginning of the 1970s – the last time the concept of imperialism had much currency on the left - amidst complaints that the Marxist treatment of imperialism 'as an undifferentiated global product of a certain stage of capitalism' reflected its lack of 'any serious historical or sociological dimensions'.⁷ As Giovanni Arrighi noted in 1978, 'by the end of the 60s, what had once been the *pride* of Marxism – the theory of imperialism – had become a tower of Babel, in which not even Marxists knew any longer how to find their way.'⁸

The confusion was apparent in debates in the early 1970s over the location of contemporary capitalism's contradictions. There were those who focused almost exclusively on the 'third world', and made its resistance to imperialism bear all the weight as the source of transformation.⁹ Others emphasized increasing contradictions within the developed capitalist world, fostering the impression that American 'hegemony' was in decline. This became the prevalent view, and by the mid-1980s the notion that 'the erosion of American economic, political, and military power is unmistakable' grew into a commonplace.¹⁰ Although very few went back to that aspect of the old Marxist theory of inter-imperial rivalry that suggested a military trial of strength, an era of intense regional economic rivalry was expected. As Glyn and Sutcliffe put it, all

it was 'safe to predict' was that without a hegemonic power 'the world economy will continue without a clear leader...'¹¹

There was indeed no little irony in the fact that so many continued to turn away from what they thought was the old-fashioned notion of imperialism, just while the ground was being laid for its current renewed fashionability in the *New York Times*. Even after the 1990-91 Gulf War which, as Bruce Cumings pointed out, 'had the important goal of assuring American control of that resource which had been so insistently "present at the creation" in the 1940s, Middle Eastern oil', it was still the case that 'today you need an electron microscope to find "imperialism" used to describe the U.S. role in the world.' The Gulf War, he noted, 'went forward under a virtual obliteration of critical discourse egged on by a complacent media in what can only be called an atmosphere of liberal totalism.'¹² This continued through the 1990s, even while, as the recent book by the conservative Andrew Bacevich has amply documented, the Clinton Administration often outdid its Republican predecessors in mandating the use of force to quell resistance to the continuing aggressive American pursuit of 'an open and integrated international order based on the principles of democratic capitalism.' Beginning his book with an appropriate quote from Madeleine Albright in 1998 ('If we have to use force, it is because we are America. We are the indispensable nation.') Bacevich argues that this role in quelling resistance to economic globalization means 'not only the nurturing of military power but also its expenditure becomes integral to U.S. strategy.' The continuing avoidance of the term imperialism could not last: it was, at best, an astigmatism, and at worst 'an abiding preference for averting our eyes from the unflagging self-interest and large ambitions underlying all U.S. policy'.¹³

By the turn of the century, and most obviously once the authors of the Project for a New American Century were invested with power in Washington D.C., the term imperialism was finally back on every leftist's – and even a good many liberals' - lips. The popularity of Hardt and Negri's tome, *Empire*, had caught the new conjuncture, even before the second war on Iraq. But their insistence (reflecting the widespread notion that the power of all nation states had withered in the era of globalization) that '*the United States does not, and indeed no nation state can today, form the center of an imperialist project*' was itself bizarrely out of sync with the times.¹⁴

The left needs a new theorization of imperialism, one that will transcend the limitations of the old Marxist 'stagist' theory of inter-imperial rivalry, and allow for a full appreciation of the historical factors that led to the formation of a unique American informal empire. This will involve understanding how the American state developed the capacities to eventually incorporate its capitalist rivals, and oversee and police 'globalization' - i.e. the spread of capitalist social relations to every corner of the world. Central to this must be the question of what made plausible the American state's insistence that it was not imperialistic, and how this was put into practice and institutionalized; and, conversely, what today makes implausible the American state's insistence that it is not imperialistic, and what effects its lack of concealment might mean in terms of its attractiveness and its capacity to manage global capitalism and sustain its global empire.

There is a structural logic to capitalism that tends to its expansion and internationalization. This was famously captured in Marx's description in the Communist Manifesto of a future that stunningly matches our present: 'The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere. . . it creates a world after its own image.' But affirming Marx's prescience in this respect runs the risk of treating what is now called globalization as inevitable and irreversible. It must be remembered that Marx's words also seemed to apply at the end of the 19th century, when, as Karl Polanyi noted, '[o]nly a madman would have doubted that the international economic system was the axis of the material existence of the human race'.¹⁵ Yet, as Polanyi was concerned to explain, far from continuing uninterrupted, there were already indications that the international economic system of the time was in the early stages of dissolution, and would soon collapse via two horrific world wars and the implosion of the Great Depression.

The postwar reconstruction of the capitalist world order was a direct response on the part of the leading capitalist states to that earlier failure of globalization. Through the Bretton Woods infrastructure for a new liberal trading order, the dynamic logic of capitalist globalization was once again unleashed. During the brief post-war 'golden age' – through the acceleration of trade, the new degree of direct foreign investment, and the growing internationalization of finance – capitalist globalization was revived. And it was further invigorated through the neoliberal response to the economic crisis of the 1970s. The outcome of this crisis showed that the international effects of structural crises in accumulation are not predictable *a priori*. Of the three great structural crises of

capitalism, the first (post-1870s) accelerated inter-imperialist rivalry and led to World War One and Communist revolution, while the second crisis (the Great Depression) actually reversed capitalism's internationalizing trajectory. Yet the crisis of the early 1970s was followed by a *deepening, acceleration and extension* of capitalist globalization. Nor did this, while promoting inter-regional economic competition, produce anything like the old inter-imperial rivalry.

What this erratic trajectory from the 19th to the 21st century suggests is that the process of globalization is neither inevitable (as was conventionally assumed in the latter nineteenth century and as is generally assumed again today) nor impossible to sustain (as Lenin and Polanyi, in their different ways, both contended). The point is that we need to distinguish between the expansive tendency of capitalism and its actual history. A global capitalist order is always a contingent social construct: the actual development and continuity of such an order must be problematized. There is a tendency within Marxism, as in much bourgeois analysis, to write theory in the present tense. We must not theorize history in such a way that the trajectory of capitalism is seen as a simple derivative of abstract economic laws. Rather, as Philip McMichael has argued, we need to '*historicize theory* and problematize globalization as a relation immanent in capitalism, but with quite distinct material (social, political and environmental) relations across time and time-space... Globalization is not simply the unfolding of capitalist tendencies but a historically distinct project shaped, or complicated, by the contradictory relations of previous episodes of globalization.'¹⁶

Above all, the realization - or frustration - of capitalism's globalizing tendencies cannot be understood apart from the role play by the states that have historically

constituted the capitalist world. The rise of capitalism is inconceivable without the role that European states played in establishing the legal and infrastructural frameworks for property, contract, currency, competition and wage-labour within their own borders, while also generating the process of uneven development and the attendant construction of race in the modern world. This had gone so far by the mid to late 19th century that when capital expanded beyond the borders of a given European nation-state, it was by then hosted in the capitalist orders that had been – or were then just becoming – established by other states, or it expanded within a framework of formal or informal empire. Yet this was not enough to sustain capital's tendency to global expansion. No adequate means of overall global capitalist regulation existed, leaving the international economy and its patterns of accumulation fragmented, and thus fueling the inter-imperial rivalry that led to World War One.

The classical theories of imperialism developed at the time, from Hobson to Lenin, were founded on a theorization of capitalist economic stages and crises. This was a fundamental mistake that has, ever since, continued to plague proper understanding.¹⁷ The classical theories were defective in their historical reading of imperialism, in their treatment of the dynamics of capital accumulation, and in their elevation of a conjunctural moment of inter-imperial rivalry to an immutable law of capitalist globalization. A distinctive capitalist imperialism did not suddenly arrive with the so-called monopoly or finance-capital stage of capitalism in the 19th late century, as we argue below. Moreover, the theory of crisis derived from the classical understanding of this period was mistakenly used to explain capitalism's expansionist tendencies. If capitalists looked to the export of capital as well as trade in foreign markets, it was not so

much because centralization and concentration of capital had ushered in a new stage marked by the falling rate of profit, overaccumulation and/or underconsumption. Rather, akin to the process that had earlier led individual units of capital to move out of their original location in a given village or town, it was the accelerated competitive pressures and opportunities, and the attendant strategies and emerging capacities of a developing capitalism, that pushed and facilitated the international expansionism of the late 19th and early 20th centuries.

The classical theorists of imperialism also failed to adequately apprehend the spatial dimensions of this internationalization. They made too much of the export of goods and capital to what we now call the ‘third world’ - the latter’s very underdevelopment limited its capacity to absorb such flows. And they failed to discern two key developments in the leading capitalist countries themselves. Rather than an exhaustion of consumption possibilities within the leading capitalist countries – a premise based on what Lenin’s pamphlet *Imperialism* called ‘the semi-starvation level of existence of the masses’ - capitalism was then characterized by emergent working class formations able to achieve increasing levels of private and public consumption.¹⁸ And rather than the concentration of capital in these countries limiting the introduction of new products so that ‘capital cannot find a field for profitable investment’,¹⁹ the very unevenness of on-going competition and technological development was introducing new prospects for internal accumulation – there was a deepening of capital at home, not only its spreading abroad.

Far from being the highest stage of capitalism, what these theorists were observing was (as is now obvious) a relatively *early* phase of capitalism. This was so not

just in terms of consumption patterns, financial flows and competition, but in terms of the limited degree of foreign direct investment at the time, and the very rudimentary means that had been developed for managing the contradictions associated with capitalism's internationalization to this point. Unfortunately, many Marxists continued to use the same kind of theory to understand every manifestation of imperialism over the subsequent century.

It was, however, in their reductionist and instrumental treatment of the state that these theorists were especially defective.²⁰ Imperialism is not reducible to an economic explanation even if economic forces are always a large part of it. We need, in this respect, to keep imperialism and capitalism as two distinct concepts. Competition amongst capitalists in the international arena, unequal exchange and uneven development are all aspects of capitalism itself, and their relationship to imperialism can only be apprehended through the theorization of the state. When states pave the way for their capital's expansion abroad, or even when they follow and manage that expansion, this can only be understood in terms of these states' relatively autonomous role in maintaining social order and securing the conditions of capital accumulation; and we must therefore factor state administrative capacities as well as class, cultural and military determinations into the explanation of the imperial aspect of this role.

Capitalist imperialism needs to be understood through an extension of the theory of the capitalist state, rather than derived directly from the theory of economic stages or crises. And such a theory needs to be open to the possibility not only of inter-imperial rivalry, and not only the conjunctural predominance of one imperial state, but also the structural penetration by one imperial state of former rivals. This precisely means we

need to historicize the theory, beginning by breaking with the conventional notion that the nature of modern imperialism was once and for all determined by the kinds of economic rivalries attending the stage of industrial concentration and financialization associated with turn-of-the-century ‘monopoly capital’.

In fact, the transition to the modern form of imperialism may be located in the British state’s articulation of its old mercantile formal empire with the informal empire it spawned in the mid-19th century during the era of ‘free trade’. Schumpeter’s theory of imperialism as reflecting the atavistic role within capitalism of pre-capitalist exploiting and warrior classes, and both Kautsky’s and Lenin’s conception that mid-19th century British industrial capital and its policy of free trade reflected a ‘pure’ capitalism antithetical or at least ‘indifferent’ to imperial expansion,²¹ all derived from too crude an understanding of the separation of the economic from the political under capitalism. This lay at the root of the notion that the replacement of the era of free competition by the era of finance capital had ended that separation, leading to imperialist expansion, rivalry and war among the leading capitalist states.

Like contemporary discussions of globalization in the context of neoliberal ‘free market’ policies, the classical Marxist accounts of the 19th century era of free trade and its succession by the era of inter-imperial rivalry also confusingly counterposed ‘states’ and ‘markets’. In both cases there is a failure to appreciate the crucial role of the state in making ‘free markets’ happen and work. Just as the emergence of so-called ‘laissez faire’ under mid-19th century industrial capitalism entailed a highly active state to effect the formal separation of the polity and economy, and to define and police the domestic social relations of a fully capitalist order, so did the external policy of free trade entail an

extension of the imperial role along all of these dimensions of the first state that ‘created a form of imperialism driven by the logic of capitalism’.²²

As Gallagher and Robinson showed 50 years ago, in a seminal essay entitled ‘The Imperialism of Free Trade’, the conventional notion (shared by Kautsky, Lenin and Schumpeter) that British free trade and imperialism did not mix was belied by occupations and annexations, the addition of new colonies, and especially the importance of India to the Empire, between the 1840s and the 1870s. It was belied even more by the immense extension, for both economic and strategic reasons, of Britain’s ‘informal empire’ via foreign investment, bilateral trade, ‘friendship’ treaties and gunboat diplomacy, so that ‘mercantilist techniques of formal empire were being employed in the mid-Victorian age at the same time as informal techniques of free trade were being used in Latin America. It is for this reason that attempts to make phases of imperialism correspond directly to phases in the economic growth of the metropolitan economy are likely to prove in vain...’²³ Gallagher and Robinson defined imperialism in terms of a *variable political function* ‘of integrating new regions into the expanding economy; its character is largely decided by the various and changing relationships between the political and economic elements of expansion in any particular region and time.’

...In other words, it is the politics as well as the economics of the informal empire which we have to include in the account... The type of political lien between the expanding economy and its formal and informal dependencies... has tended to vary with the economic value of the territory, the strength of its political structure, the readiness of its rulers to collaborate with British commercial and strategic purposes, the ability of the native society to undergo economic change without external control, the extent to which domestic and foreign political situations permitted British intervention, and, finally, how far European rivals allowed British policy a free hand.²⁴

This is not to say there are not important differences between informal and formal empire. Informal empire requires the economic and cultural penetration of other states to be sustained by political and military coordination with other independent governments. The main factor that determined the shift to the extension of formal empires after the 1880s was not the inadequacy of Britain's relationship with its own informal empire, nor the emergence of the stage of monopoly or 'finance capital', but rather Britain's inability to incorporate the newly emerging capitalist powers of Germany, the US and Japan into 'free trade imperialism'. Various factors determined this, including pre-capitalist social forces that did indeed remain important in some of these countries, nationalist sentiments that accompanied the development of capitalist nation-states, strategic responses to domestic class struggle as well geo-political and military rivalries, and especially the limited capacities of the British state - reflecting also the growing separation between British financial and industrial capital - to prevent these states trying to overturn the consequences of uneven development. What ensued was the rush for colonies and the increasing organization of trade competition via modes of tariff-regulation (serving as the main tax base of these states as well as protective devices for nascent industrial bourgeoisies and working classes). In this context, the international institutional apparatuses of diplomacy and alliances, British naval supremacy and the Gold Standard were too fragile to even guarantee equal treatment of foreign capital with national capital within each state (the key prerequisite of capitalist globalization), let alone to mediate the conflicts and manage the contradictions associated with the development of global capitalism by the late 19th century.

No less than Lenin, by 1914 Kautsky had accepted, following Hilferding's *Finance Capital*, that 'a brutal and violent' form of imperialist competition was 'a product of highly developed industrial capitalism.'²⁵ Kautsky was right to perceive, however, that even if inter-imperial rivalry had led to war between the major capitalist powers, this was not an inevitable characteristic of capitalist globalization. What so incensed Lenin, with his proclivity for over-politicizing theory, was that Kautsky thought that all the major capitalist ruling classes, after 'having learned the lesson of the world war', might eventually come to revive capitalist globalization through a collaborative 'ultra-imperialism' in face of the increasing strength of an industrial proletariat that nevertheless still fell short of the capacity to effect a socialist transformation. But Kautsky himself made his case for the possibility of 'the translation of cartellization into foreign policy' reductively, that is, by conceiving his notion of ultraimperialism 'from a purely economic standpoint' as he repeatedly put it, rather than in terms of any serious theory of the state. Moreover, had Kautsky put greater stress on his earlier perception (in 1911) that 'the United States is the country that shows us our social future in capitalism', and discerned the capacity of the newly emerging informal American empire for eventually penetrating and coordinating the other leading capitalist powers, rather than anticipating an equal alliance amongst them, he might have been closer to the mark in terms of what finally actually happened after 1945. But what could hardly yet be clearly foreseen were the developments, both inside the American social formation and state as well as internationally, that allowed a biographer of Dean Acheson to later write 'only the US had the power to grab hold of history and make it conform.'²⁶

III

The central place the United States now occupies within global capitalism rests on a particular convergence of structure and history. In the abstract, we can identify specific institutions as reflecting the structural power of capitalism. But what blocks such institutions from emerging and what, if anything, opens the door to their development, is a matter of historical conjunctures. The crucial phase in the reconstruction of global capitalism - after the earlier breakdowns and before the reconstitution of the last quarter of the twentieth century – occurred during and after World War Two. It was only after (and as a state-learned response to) the disasters of Depression and the Second World War that capitalist globalization obtained a new life. This depended, however, on the emergence and uneven historical evolution of a set of structures developed under the leadership of a unique *agent*: the American imperial state.

The role the United States came to play in world capitalism was not inevitable but nor was it merely accidental: it was not a matter of teleology but of capitalist history. The capacity it developed to ‘conjugate’ its *particular* power with the *general* task of coordination’ in a manner that reflected ‘the particular matrix of its own social history’, as Perry Anderson has recently put it, was founded on ‘the attractive power of US models of production and culture... increasingly unified in the sphere of consumption.’ Coming together here were, on the one hand, the invention in the US of the modern corporate form, ‘scientific management’ of the labour process, and assembly-line mass production; and, on the other, Hollywood-style ‘narrative and visual schemas stripped to their most abstract’, appealing to and aggregating waves of immigrants through the ‘dramatic simplification and repetition’.²⁷ The dynamism of American capitalism and its worldwide

appeal combined with the universalistic language of American liberal democratic ideology to underpin a capacity for informal empire far beyond that of the 19th century British one. Moreover, by spawning the modern multinational corporation, with foreign direct investment in production and services going beyond portfolio investment in relation to railways and mining, the American informal empire was to prove much more penetrative of other social formations

Yet it was not only the economic and cultural formation of American capitalism, but also the formation of the American state that facilitated a new informal empire. Against Anderson's impression that the American state's constitutional structures lack the 'carrying power' of its economic and cultural ones (by virtue of being 'moored to eighteenth century arrangements')²⁸ stands Thomas Jefferson's observation in 1809 that 'no constitution was ever before as well-calculated for extensive empire and self-government.'²⁹ Hardt and Negri were right to trace the pre-figuration of what they call 'Empire' today back to the American's constitution's incorporation of Madisonian 'network power'.³⁰ This entailed not only checks and balances within the state apparatus, but the notion that the greater plurality of interests incorporated within an extensive and expansive state would guarantee that the masses would have no common motive or capacity to come together to check the ruling class.³¹ Yet far from anticipating the sort of decentred and amorphous power that Hardt and Negri imagine characterizes the US historically (and 'Empire' today), the constitutional framework of the new American state gave great powers to the central government to expand trade and make war. As early as 1783, what George Washington already spoke of ambitiously as 'a rising empire'³² was captured in the Federalist Paper XI image of 'one great American system superior to the

control of all transatlantic force or influence and able to dictate the terms of connection between the old and the new world!³³

The notion of empire employed here was conceived, of course, in relation to the other mercantile empires of the 18th century. But the state which emerged out of the ambitions of the ‘expansionist colonial elite’,³⁴ with Northern merchants (supported by artisans and commercial farmers) and the Southern plantation-owners allying against Britain’s formal mercantile empire, evinced from its beginnings a trajectory leading to capitalist development and informal empire. The initial form this took was through territorial expansion westward, largely through extermination of the native population, and blatant exploitation not only of the black slave population but also debt-ridden subsistence farmers and, from at least the 1820s on, an emerging industrial working class. But the fact that the new American state could conceive itself as embodying republican liberty, and be widely admired for it, was largely bound up with the link between ‘extensive empire and self-government’ embedded in the federal constitution. ‘The American empire would not be mercantilist but in still another respect something new under the sun: the West was not to be colonies but states.’³⁵

Among the political units of the federation, ‘state rights’ were no mirage: they reflected the two different types of social relations - slave and free - that composed each successive wave of new states and by 1830 limited the activist economic role of the federal state. After the domestic inter-state struggles that eventually led to civil war, the defeat of the plantocracy and the dissolution of slavery, the federal constitution provided the framework for the unfettered domination of an industrial capitalism with the largest domestic market in the world, obviating any temptation towards formal imperialism via

territorial conquest abroad.³⁶ The outcome of the Civil War allowed for a reconstruction of the relationship between financial and industrial capital and the federal state, inclining state administrative capacities and policies away from mercantilism and towards extended capitalist reproduction.³⁷ Herein lies the significance that Anderson himself attaches to the evolving juridical form of the American state, whereby ‘unencumbered property rights, untrammelled litigation, the invention of the corporation’ led to

‘what Polanyi most feared, a juridical system disembedding the market as far as possible from ties of custom, tradition or solidarity, whose very abstraction from them later proved - American firms like American films – exportable and reproducible across the world, in a way that no other competitor could quite match. The steady transformation of international merchant law and arbitration in conformity with US standards is witness to the process.’³⁸

The expansionist tendencies of American capitalism in the latter half of the 19th century (reflecting pressures from domestic commercial farmers as much as from the industrialists and financiers of the post-civil war era) were even more inclined to take informal forms than had British capitalism, even though they were not based on a policy of free trade. The modalities were initially similar, and they began long before the Spanish-American War of 1898, which is usually dated as the start of external US imperial expansion. This was amply documented in a paper boldly called ‘An Indicator of Informal Empire’ prepared for the Center of Naval Analysis: between 1869 and 1897 the US Navy made no less than 5,980 ports of call to protect American commercial shipping in Argentina, Brazil Chile, Nicaragua, Panama, Columbia and elsewhere in Latin America.³⁹ Yet the establishment of colonies in Puerto Rico and the Philippines and the annexation of Hawaii ‘was a deviation ... from the typical economic, political and ideological forms of domination already characteristic of American imperialism.’⁴⁰ Rather, it was through American foreign direct investment and the modern corporate

form - epitomized by the Singer Company establishing itself as the first multinational corporation by jumping the Canadian tariff barrier to establish a subsidiary to produce sewing machines for prosperous Ontario wheat farmers - that the American informal empire soon took shape in a manner quite distinct from the British one.⁴¹

The articulation of the new informal American empire with military intervention was expressed by Theodore Roosevelt in 1904 in terms of the exercise of ‘international police power’, in the absence of other means of international control, to the end of establishing regimes that know ‘how to act with reasonable efficiency and decency in social and political matters’ and to ensure that each such regime ‘keeps order and pays its obligations’: “[A] nation desirous both of securing respect for itself and of doing good to others [Teddy Roosevelt declared, in language that has now been made very familiar again] must have a force adequate for the work which it feels is allotted to it as its part of the general world duty... A great free people owes to itself and to all mankind not to sink into helplessness before the powers of evil.’⁴²

The American state’s genius for presenting its informal empire in terms of the framework of universal rights reached its apogee under Woodrow Wilson. It also reached, with his Presidency, the apogee of hypocrisy, especially at the Paris Peace Conference, where Keynes concluded Wilson was ‘the greatest fraud on earth’.⁴³ Indeed, it was not only the US Congress’s isolationist tendencies, but the incapacity of the American presidential, as well as treasury and military apparatus, that determined the failure of the United States to take responsibility for leading European reconstruction after World War One. The administrative and regulatory expansion of the American state under the impact of corporate liberalism in the progressive era,⁴⁴ and the spread of

American direct investment through the 1920s (highlighted by General Motor's purchase of Opel immediately before the Great Depression, completing the 'virtual division' of the German auto industry between GM and Ford⁴⁵) were significant developments. Yet it was only during the New Deal, amidst a collapse of global capitalism to which the American policies had no little contributed, and in response to the remarkable domestic working class mobilizations, that the US state really began to develop the modern planning capacities that would, once they were redeployed in World War II, transform and vastly extend America's informal imperialism.⁴⁶

Amidst the ongoing depression-era class struggles these capacities were limited by 'political fragmentation, expressed especially in executive-congressional conflict, combined with deepening tensions between business and government...'⁴⁷ America's entry into World War Two, however, which 'upended and re-oriented both national politics and business-government relations' not only resolved 'the statebuilding impasse of the late 1930s' but also provided 'the essential underpinnings for postwar U.S. governance.' As Brian Waddell goes on to summarize his outstanding study of the transition from the state-building of the Depression to that of World War II:

The requirements of total war... revived corporate political leverage, allowing corporate executives inside and outside the state extensive influence over wartime mobilization policies... Assertive corporate executives and military officials formed a very effective wartime alliance that not only blocked any augmentation of the New Dealer authority but also organized a powerful alternative to the New Deal. International activism displaced and supplanted New Deal domestic activism.

Thus was the stage finally set for a vastly extended and much more powerful informal US empire outside its own hemisphere.

IV

The shift of ‘U.S. state capacities towards realizing internationally-interventionist goals versus domestically-interventionist ones’⁴⁸ (with much of the heavy lifting being done in the new conjuncture, at least inside the US Treasury, by key New Dealers themselves) was crucial to the revival of capitalism’s globalizing tendencies after World War Two. This not only took place through the wartime reconstruction of the American state, but also (and much more radically) the postwar reconstruction of all the states at the core of the old inter-imperial rivalry. And it also took place alongside - and indeed leading to - the multiplication of new states out of their old colonial empires. Among the various dimensions of this new relationship between capitalism and imperialism, the most important was that *the densest imperial networks and institutional linkages, which had earlier run north-south between imperial states and their formal or informal colonies, now came to run between the US and the other major capitalist states.*

What Britain’s informal empire had been unable to manage (indeed hardly to even contemplate) in the 19th century now was accomplished by the American informal empire, which succeeded in integrating all the other capitalist powers into an effective system of coordination under its aegis. Even apart from the U.S. military occupations, the devastation of the European and Japanese economies and the weak political legitimacy of their ruling classes at the war’s end created a historically unprecedented opportunity which the American state was now ready and willing to exploit. In these conditions, moreover, the expansion of the informal American empire after World War Two was hardly a one-way (let alone solely coercive) imposition – it was often more properly characterized by the phrase ‘imperialism by invitation’.⁴⁹

However important was the development of the national security state apparatus and the geostrategic planning that framed the division of the world with the USSR at Yalta and led to the long Cold War,⁵⁰ no less important was the close attention the Treasury and State Department paid during the war to plans for relaunching a coordinated liberal trading regime and a rule-based financial order. This was accomplished by manipulating its main allies' debtor status, the complete domination of the dollar as world currency and the fact that the 50% of world production was now accounted for by the U.S. economy. The American state had studied and learned well from the lesson of its post-World War One incapacity to combine liberal internationalist rhetoric with an institutional commitment to manage an international capitalist order. Through the very intricate joint planning by the British and American Treasuries during the war⁵¹ - i.e. through the process that led to Bretton Woods - the Americans ensured that the British were not only 'accepting some obligation to modify their domestic policy in light of its international effects on stability', but also the liquidation of the British Empire by 'throwing Britain into the arms of America as a supplicant, and therefore subordinate; a subordination masked by the illusion of a "special relationship" which continues to this day'.⁵²

But it was by no means only the dollars at its disposal that were decisive here, nor was Britain the only object of America's new informal empire. The thinking behind this was not always hidden in secret memorandums. A pamphlet inserted in *Fortune* magazine in May 1942 on 'The U.S. in a New World: Relations with Britain' set out a program for the 'integration of the American and British economic systems as the foundation for a wider postwar integration':

... if a world order is to arise out of this war, it is realistic to believe that it will not spring full-blown from a conference of fifty states held at given date to draw up a World Constitution. It is more likely to be the gradual outgrowth of the wartime procedures now being developed... If the U.S. rejects a lone-wolf imperialism and faces the fact that a League of Nations or some other universal parliament cannot be set up in the near future... [this] does not prevent America from approaching Britain with a proposal for economic integration as a first step towards general a reconstruction procedure. Unless we can reach a meeting of minds with Britain and the Dominions on these questions it is utopian to expect wider agreement among all the United Nations.⁵³

This pamphlet was accompanied by a lengthy collective statement⁵⁴ by the editors of *Fortune* and *Time* and *Life* magazines which began with the premise that ‘America will emerge as the strongest single power in the postwar world, and...it is therefore up to it to decide what kind of postwar world it wants.’ They called, in this context, for ‘mutual trust between the businessman and his government’ after the tensions of the New Deal so that government could exercise its responsibilities both ‘to use its fiscal policy as a balance wheel, and to use its legislative and administrative power to promote and foster private enterprise, by removing barriers to its natural expansion...’ This would produce ‘an expansionist context in which tariffs, subsidies, monopolies, restrictive labor rules, plantation feudalism, poll taxes, technological backwardness, obsolete tax laws, and all other barriers to further expansion can be removed.’ While recognizing that ‘the uprising of [the] international proletariat... the most significant fact of the last twenty years... means that complete international free trade, as Cobden used to preach it and Britain used to practice it, is no longer a an immediate political possibility’, nevertheless free trade between the US and the Britain would be ‘a jolt both economies need’ and on this basis ‘the area of freedom would spread – gradually through the British Dominions, through Latin America, perhaps someday through the world. For universal free trade, not bristling

nationalism, is the *ultimate* goal of a rational world.’ And in terms that were uncharacteristically direct, the editors called this a new imperialism:

Thus, a new American “imperialism,” if it is to be called that, will - or rather can – be quite different from the British type. It can also be different from the premature American type that followed our expansion in the Spanish war. American imperialism can afford to complete the work the British started; instead of salesmen and planters, its representatives can be brains and bulldozers, technicians and machine tools. American imperialism does not need extra-territoriality; it can get along better in Asia if the tuans and sahibs stay home... Nor is the U.S. afraid to help build up industrial rivals to its own power... because we know industrialization stimulates rather than limits international trade... This American imperialism sounds very abstemious and high-minded. It is nevertheless a feasible policy for America, because friendship, not food, is what we need most from the rest of the world.

The Bretton Woods conference towards the end of war confirmed as nothing else had yet done the immense managerial capacity the American state had developed to make this perspective a reality. The Commission responsible for establishing the IMF was chaired and tightly controlled by the ‘New Dealer’ Harry Dexter White for the American Treasury, and even though Keynes chaired the Commission responsible for planning what eventually became the World Bank, and though the various committees under him were also chaired by non-Americans, ‘they had American rapporteurs and secretaries, appointed and briefed by White’ who arranged for ‘a conference journal to be produced every day to keep everyone informed of the main decisions. At his disposal were ‘the mass of stenographers working day and night [and] the boy scouts acting as pages and distributors of papers’ – all written in a ‘legal language which made everything difficult to understand [amidst] the great variety of unintelligible tongues’. This was the ‘controlled Bedlam’ the American Treasury wanted in order to ‘make easier the imposition of a *fait accompli*.’ It was in this context that every delegation finally decided

‘it was better to run with the US Treasury than its disgruntled critics, “who [Keynes put it] do not know their own mind and have no power whatever to implement their promises.”’ The conference ended with Keynes’s tribute to a process in which 44 countries ‘had been learning to work together so that “the brotherhood of man will become more than a phrase.” The delegates applauded wildly. “The Star Spangled Banner” was played’.⁵⁵

With the IMF and World Bank headquarters established at American insistence in Washington, D.C., a pattern was set for international economic management among all the leading capitalist countries that continues to this day, one in which even when it is European or Japanese finance ministries and central banks which propose, it is the US Treasury and Federal Reserve that dispose.⁵⁶ The dense institutional linkages binding these states to the American empire were also institutionalized, of course, through the institutions of NATO, not to mention the hub-and-spokes networks binding each of the other leading capitalist states to the intelligence and security apparatuses of the US as part of the strategy of containment of Communism during the Cold War. These interacted with the economic networks, as well with new propaganda, intellectual and media networks, to explain, justify and promote the new imperial reality.

Most of those who stress the American state’s military and intelligence linkages with the coercive apparatuses of Europe and Japan tend to root this in the dynamics of the Cold War⁵⁷. There is of course no question that the Cold War and the later collapse of the Soviet Union were of historic significance, but this emphasis on the geopolitical context alone, does not capture the making of the new world order. The Cold War reinforced rather than shaped the newly emerging world, while the collapse of the Soviet Union –

whose significance we will return to in our conclusion - did not end the basis of American dominance within Europe.

What the concentration on the external military-intelligence-coercive apparatuses obscures is how far the American 'Protectorate System' (as Peter Gowan names it), was part of actually 'alter[ing] the character of the capitalist core.' For it entailed the 'internal transformation of social relations within the protectorates in the direction of the American "fordist" system of accumulation [that] opened up the possibility of a vast extension of their *internal markets*, with the working class not only as source of expanded surplus value but also an increasingly important consumption centre for *realizing* surplus value.'⁵⁸ While the new informal empire still provided room for the other core states to act as 'autonomous organizing centres of capital accumulation', the emulation of US technological and managerial 'fordist' forms (initially organized and channeled through the post-war joint 'productivity councils') was massively reinforced by the penetration of these states by American foreign direct investment. Here too, the core of the American imperial network shifted towards to the advanced capitalist countries, so that between 1950 and 1970 Latin America's share of total American FDI fell from 40 to under 20 percent, while Western Europe's more than doubled to match the Canadian share of over 30 percent.⁵⁹ It was hardly surprising that acute outside observers - from Raymond Aron to Nicos Poulantzas - saw in Europe a tendential 'Canadianization' as the model form of integration into that empire.⁶⁰

None of this meant, of course, that the north-south dimension of imperialism became unimportant. But it did mean that the other core capitalist countries' relationships with the third world, including their ex-colonies, were imbricated with American

informal imperial rule. The core capitalist countries might continue to benefit from the north-south divide, but any interventions (as Suez proved) had to be either American-initiated or at least have American approval. Only the American state could arrogate to itself the right to intervene against the sovereignty of other states (which it repeatedly did around the world) and only the American state reserved for itself the 'sovereign' right to reject international rules and norms when necessary; it is in this sense that only the American state was actively 'imperialist'.

Though informal imperial rule seemed to place the 'third world' and the core capitalist countries on the same political and economic footing, both the legacy of the old imperialism and the vast imbalance in resources between the Marshall Plan and third world development aid reproduced global inequalities. The space was afforded the European states to develop internal economic coherence and growing domestic markets in the post-war era (with the European economic integration also explicitly encouraged by the US precisely as a mechanism for the 'European rescue of the nation-state', in Alan Milward's apt formulation).⁶¹ But this contrasted with American impatience even with import-substitution industrialization strategies by states in the south, let alone their hostility to comprehensive and planned approaches to developing the kind of auto-centric economic base the advanced capitalist states had themselves guaranteed for themselves before embracing a liberal international economic order. (This, more than any geostrategic concerns of the kind that predominated in the American wars in Korea and Vietnam, determined the US state's involvement in the overthrow of secular nationalist and socialist governments from Iran to Chile.). The predictable result - given limits on the development of internal markets and the implications of all the third world states

competing to break into international markets - was that global inequalities increased, although a few third world states, such as South Korea, were able to use the space that the new empire afforded them for geostrategic reasons, to develop rapidly and narrow the gap.

Still, in general terms, the new informal form of imperial rule, not only in the advanced capitalist world but also in those regions of the third world where it held sway, was characterized by the penetration of borders, not their dissolution. It was not through the territorial expansion of formal empire, but rather through the reconstitution of states as integral elements of an informal American empire, that the global capitalist order was now organized and regulated. Nation states remained the primary vehicles through which (a) the social relations and institutions of class, property, currency, contract and markets were established and reproduced; and (b) the international accumulation of capital was carried out. The vast expansion of direct foreign investment worldwide, whatever the shifting regional shares of the total, meant that far from capital escaping the state, it expanded its dependence on *many* states. At the same time, capital as an effective social force within any given state now tended to include both foreign capital and domestic capital with international linkages and ambitions. Their interpenetration made the notion of distinct national bourgeoisies - let alone rivalries between them in any sense analogous to those that led to World War I - increasingly anachronistic.

A further dimension of the new relationship between capitalism and empire was the *internationalization of the state*, understood in terms of any given state's degree of internalization of the responsibility to manage its domestic capitalist order in way that contributes to managing the global capitalist order.⁶² For the American imperial state,

however, the internationalization of the state had a special quality. It entailed defining the American national interest in terms of acting not only on behalf of its own capitalist class but also on behalf of the extension and reproduction of global capitalism. The determination of what this required continued to reflect the particularity of the American state and social formation, but it was increasingly inflected towards a conception of the American states' role as that of ensuring the survival of 'free enterprise' in the US itself through its promotion of free enterprise and free trade internationally. This was classically articulated in President Truman's famous speech at Baylor University in March 1947 against isolationism:

Now, as in the year 1920, we have reached a turning point in history. National economies have been disrupted by the war. The future is uncertain everywhere. Economic policies are in a state of flux. In this atmosphere of doubt and hesitation, the decisive factor will be the type of leadership that the United States gives the world. We are the giant of the economic world. Whether we like it or not, the future pattern of economic relations depends upon us... Our foreign relations, political and economic, are indivisible.⁶³

The internationalization of the American state was fully encapsulated in the National Security Council document NSC-68 of 1950 which (although it remained 'Top Secret' until 1975) Kolko calls 'the most important of all postwar policy documents'. It articulated most clearly the goal of constructing a 'world environment in which the American system can survive and flourish... Even if there were no Soviet Union we would face the great problem... [that] the absence of order among nations is becoming less and less tolerable.'⁶⁴

This pattern of imperial rule was established in the post-war period of reconstruction, a period that, for all of the economic dynamism of ‘the golden age’, was inherently transitional. The very notion of ‘reconstruction’ posed the question of what might follow once the European and Japanese economies were rebuilt and became competitive with the American, and once the benign circumstances of the post-war years - so central to one of the most impressive periods of growth in world history - were exhausted.⁶⁵ Moreover, peasant and workers’ struggles and rising economic nationalism in the third world (in the wake of the decolonization of the old empires that the American state generally encouraged), and growing working class militancy in the core capitalist countries (under the conditions of near full-employment achieved by the 1960s), were bound to have an impact both on capital’s profits and on the institutions of the post-war institutional order.

In less than a generation, the contradictions inherent in the Bretton Woods agreement were exposed. By the time European currencies became fully convertible in 1958, almost all the premises of the 1944 agreement were already in question. The stable exchange rates established by that agreement depended on the capital controls that most countries other than the US maintained after the war.⁶⁶ Yet the very internationalization of trade and direct foreign investment that Bretton Woods promoted (along with domestic innovations and competition in mortgages, credit, investment banking and brokerage that strengthened the capacity of the financial sector within the United States) contributed to the restoration of a global financial market, the corresponding erosion of capital controls, and the vulnerability of fixed exchange rates.⁶⁷

Serious concerns over a return to the international economic fragmentation and collapse of the interwar period were voiced by the early sixties as the American economy went from creditor to debtor status, the dollar moved from a currency in desperately short supply to one in surplus, and the dollar-gold standard, which had been embedded in Bretton Woods, began to crumble.⁶⁸ In spite, however, of new tensions between the US and Europe and Japan, the past was not replayed. American dominance, never fundamentally challenged, would come to be reorganized on a new basis, and international integration was not rolled back but intensified. This reconstitution of the global order, like earlier developments within global capitalism, was not inevitable. What made it possible - what provided the American state the time and political space to renew its global ambitions - was that by the time of the crisis of the early seventies, American ideological and material penetration/integration of Europe and Japan was sufficiently pervasive to rule out any retreat from the international economy or any fundamental challenge to the leadership role of the American state.

The United States had, of course, established itself as the military protectorate of Europe and Japan, and this was maintained while both were increasingly making their way into American markets. But the crucial factor in cementing the new imperial bond was the centrality of foreign direct investment as the form taken by capital export and international integration in the post-war period. American corporations, in particular, were evolving into the hubs of increasingly dense host-country and cross-border networks amongst suppliers, financiers, and final markets (thereby further enhancing the liberalized trading order as a means of securing even tighter international networks of production). Even where the initial response to the growth of such American investment

was hostile, this generally gave way to competition to attract that investment, and then emulation to meet 'the American challenge' through counter-investments in the United States (but this hardly meant a reverse imperialism any more than the extensive Canadian investments in the US did).

Unlike trade, American FDI directly affected domestic class structures and state formations in the other core countries.⁶⁹ Tensions and alliances that emerged within domestic capitalist classes could no longer be understood in purely 'national' terms. German auto companies, for example, followed American auto companies in wanting European-wide markets; and they shared mutual concerns with the American companies inside Germany, such as over the cost of European steel. They had reason to be wary of policies that discriminated in favour of European companies but might, as a consequence, compromise the treatment of their own growing focus on markets and investments in the United States. And if instability in Latin America or other 'trouble spots' threatened their own international investments, they looked primarily to the American rather than their own state to defend them.

With American capital a social force within each European country, domestic capital tended to be 'dis-articulated' as a coherent and independent national bourgeoisie.⁷⁰ The likelihood that domestic capital might challenge American dominance - as opposed to renegotiating the terms of American leadership - was considerably diminished. Although the West European and Japanese economies had been rebuilt in the post-war period, the nature of their integration into the global economy tended to tie the successful reproduction of their own social formations to the rules and structures of the American-led global order. However much the European and Japanese states may have wanted to

renegotiate the arrangements struck in 1945, now that only 25% of world production was located in the U.S. proper, neither they nor their bourgeoisies were remotely interested in challenging the hegemony that the American informal empire did indeed establish over them. ‘The question for them’, as Poulantzas put it in the early seventies, ‘is rather to reorganize a hegemony that they still accept...what the battle is actually over is the share of the cake.’⁷¹ It was in this context that the internationalization of the state became particularly important. In the course of the protracted and often confused renegotiations in the 1970s of the terms that had, since the end of World War Two, bound Europe and Japan to the American empire, their nation states came to accept a responsibility for creating the *internal* conditions for sustained *international* accumulation (e.g. stable prices, constraints on labour militancy, national treatment of foreign investment, no restrictions on capital outflows). The real tendencies at work out of the crisis of the 1970s were ‘the internalized transformations of the national state itself, aimed at taking charge of the internationalization of public functions on capital’s behalf’.⁷² In this, nation states were not fading away, but adding to their responsibilities.

Not that they saw clearly what exactly needed to be done. The established structures of the post-1945 order did not, in themselves, provide a resolution to the generalized pressures on profit rates in the United States and Europe. They did not suggest how the U.S. might revive its economic base so as to consolidate its rule. Nor did they include an answer to how tensions and instabilities would be managed in a world in which the American state was not omnipotent but rather depended, for its rule, on working through other states. The contingent nature of the new order was evidenced by the fact that a ‘solution’ only emerged at the end of the seventies, two full decades after

the first signs of trouble, almost a decade after the dollar crisis of the early seventies, and after a sustained period of false starts, confusions, and uncertain experimentation.⁷³

The first and most crucial response of the Nixon administration, the dramatic end to the convertibility of the American dollar in 1971, restored the American state's economic autonomy in the face of a threatened rush to gold; and the subsequent devaluation of the American dollar did, at least temporarily, correct the American balance of trade deficit. Yet that response hardly qualified as a solution to the larger issues involved. The American state took advantage of its threatened but still dominant position to unilaterally defend its own economic base, but in the process it neither provided leadership in terms of putting forward a general solution to the problems facing all the developed capitalist economies, nor did it lay the basis for its own future dynamism.⁷⁴ By the end of the seventies, with the American economy facing a flight of capital (both domestic and foreign), a Presidential report to Congress (describing itself as 'the most comprehensive and detailed analysis of the competitive position of the United States') confirmed a steep decline in competitiveness – one that it advised *could* be corrected, but not without a radical reorientation in economic policy to address the persistence of domestic inflation and the need for greater access to savings so as to accelerate investment.⁷⁵

The concern with retaining capital and attracting new capital was especially crucial to what followed. The opening up of domestic and global capital markets was both an opportunity and a constraint for the American state. Liberalized finance held out the option of shifting an important aspect of competition to the very terrain on which the American economy potentially had its greatest advantages, yet those advantages could

not become an effective instrument of American power until other economic and political changes had occurred. The American state's ambivalence about how to deal with the growing strength of financial capital was reflected in its policies: capital controls were introduced in 1963, but were made open to significant 'exceptions'; the Euro-dollar market was a source of concern, but also recognized as making dollar holdings more attractive and subsequently encouraging the important recycling of petro-dollars to the third world. That the liberalization of finance enormously strengthened Wall Street through the 1970s and, as Dumenil and Levy have persuasively shown, proved crucial to the broader changes that followed,⁷⁶ should not however be seen as coming at the expense of industrial capital. What was involved was not a 'financial coup', but rather a (somewhat belated) recognition on the part of American capital generally that the strengthening of finance was an essential, if sometimes painful, cost of reconstituting American economic power.⁷⁷

The critical 'turning point' in policy orientation came in 1979 with the 'Volcker shock' – the American state's self-imposed structural adjustment program. The Federal Reserve's determination to establish internal economic discipline by allowing interest rates to rise to historically unprecedented levels led to the vital restructuring of labour and industry and brought the confidence the money that markets and central bankers were looking for. Along with the more general neoliberal policies that evolved into a coherent alternative through the eighties, the new state-reinforced strength of finance set the stage for what came to be popularly known as 'globalization' - the acceleration of the drive to a seamless world of capital accumulation.

The mechanisms of neoliberalism (the expansion and deepening of markets and competitive pressures) may have been economic, but in essence it was a *political* response to the democratic gains that had been previously achieved by subordinate classes and which had become, in a new context and from capital's perspective, barriers to accumulation. Neoliberalism involved not just reversing those gains, but weakening their institutional foundations - including a shift in the hierarchy of state apparatuses in the US towards the Treasury and Federal Reserve at the expense of the old New Deal agencies. The US was of course not the only country to introduce neoliberal policies, but once the American state itself moved in this direction, it had a new status: capitalism evolved to 'a new form of social rule'⁷⁸ that promised, and largely delivered, (a) the revival of the productive base for American dominance; (b) a universal model for restoring the conditions for profits in other developed countries; and (c) the economic conditions for integrating global capitalism.

In the course of the economic restructuring that followed, American labour was further weakened, providing American capital with an even greater competitive flexibility vis-à-vis Europe. Inefficient firms were purged - a process that had been limited in the seventies. Existing firms restructured internally, outsourced processes to cheaper and more specialized suppliers, relocated to the increasingly urban south, and merged with others – all part of an accelerated reallocation of capital within the American economy. The new confidence of global investors (including Wall Street itself) in the American economy and state provided the US with relatively cheap access to global savings and eventually made capital cheaper in the US. The available pools of venture capital enhanced investment in the development of new technologies (which also

benefited from public subsidies via military procurement programs), and the new technologies were in turn integrated into management restructuring strategies and disseminated into sectors far beyond 'high tech'. The US proportion of world production did not further decline: it continued to account for around one-fourth of the total right into the twenty-first century.

The American economy not only reversed its slide in the 1980s, but also set the standards for European and Japanese capital to do the same.⁷⁹ The renewed confidence on the part of American capital consolidated capitalism as a global project through the development of new formal and informal mechanisms of international coordination. Neoliberalism reinforced the material and ideological conditions for guaranteeing 'national' treatment for foreign capital in each social formation, and for 'constitutionalizing', by way of NAFTA, European Economic and Monetary Union and the WTO, the free flow of goods and capital (the WTO was a broader version of GATT, but one that had also been given teeth).⁸⁰ The American economy's unique access to global savings through the central place of Wall Street within global money markets allowed it to import freely without compromising other objectives. This eventually brought to the American state the role, not necessarily intended, of 'importer of last resort' that limited the impact of slowdowns elsewhere, while also reinforcing foreign investors' and foreign exporters' dependence on American markets and state policies. The Federal Reserve, though allegedly concerned only with domestic policies, kept a steady eye on the international context. And the Treasury, whose relative standing within the state had varied throughout the post-war era, increasingly took on the role of global

macro-manager through the 1980s and 1990s, thereby enhancing its status at the top of the hierarchy of US state apparatuses.⁸¹

The G-7 emerged as a forum for Ministers of Finance and Treasury officials to discuss global developments, forge consensus on issues and direction, and address in a concrete and controlled way any necessary exchange rate adjustments. The Bank for International Settlements re-emerged, in the context of the greater role being played by increasingly 'independent' central bankers, to improve capital adequacy standards within banking systems. The IMF and the World Bank were also restructured. The IMF shifted from the 'adjustment' of balance of payments problems to addressing structural economic crises in third world countries (along the lines first imposed on Britain in 1976), and increasingly became the vehicle for imposing a type of conditionality, in exchange for loans, that incorporated global capitalism's concerns. The World Bank supported this, although by the 1990's, making the case that states were necessary to the making of 'free markets', it focused its attention on capitalist state-building - what it called 'effective states'.⁸²

The reconstitution of the American empire in this remarkably successful fashion through the last decades of the 20th century did not mean that global capitalism had reached a new plateau of stability. Indeed it may be said that dynamic instability and contingency are systematically incorporated into the reconstituted form of empire, in good part because the intensified competition characteristic of neoliberalism and the hyper-mobility of financial liberalization aggravate the uneven development and extreme volatility inherent in the functioning of this global order. Moreover, this instability is dramatically amplified by the fact that the American state can only rule this order through

other states, and turning them all into ‘effective’ states for global capitalism is no easy matter. It is the attempt by the American state to address these problems, especially vis a vis what it calls ‘rogue states in the ‘third world’, that leads American imperialism today to present itself in an increasingly unconcealed manner.

VI

We cannot understand imperialism today in terms of the unresolved crisis of the 1970s, with overaccumulation and excess competition giving rise again to inter-imperial rivalry. The differences begin with the fact that while the earlier period was characterized by the relative economic strength of Europe and Japan, the current moment underlines European and Japanese relative *weakness*. The concern with the American trade deficit seems to overlap both periods, but the context and content of that concern has radically changed. Earlier, the American deficit was just emerging, was generally seen as unsustainable even in the short run, and was characterized by foreign central bankers as exporting American inflation abroad. Today, the global economy has not only come to live with American trade deficits for a period approaching a quarter of a century, but global stability has come to depend on these deficits and it is the passage to their ‘correction’ that is the threat – this time a deflationary threat. In the earlier period, global financial markets were just emerging; the issue this raised at the time was their impact on undermining existing forms of national and international macro-management including the international role of the American dollar. The consequent explosive development of financial markets has resulted in financial structures and flows that have now, however, made ‘finance’ itself a focal point of global macro-management - whether it be enforcing

the discipline of accumulation, the reallocation of capital across sectors and regions, providing the investor/consumer credit to sustain even the modest levels of growth that have occurred, or supporting the capacity of the US economy to attract the global savings essential to reproducing the American empire.

In this context, the extent of the theoretically unselfconscious use of the term ‘rivalry’ to label the economic competition between the EU, Japan (or East Asia more broadly) and the United States is remarkable. The distinctive meaning the concept had in the pre-World War I context, when economic competition among European states was indeed imbricated with comparable military capacities and Lenin could assert that ‘imperialist wars are absolutely inevitable’,⁸³ is clearly lacking in the contemporary context of overwhelming American military dominance. But beyond this, the meaning it had in the past is contradicted by the distinctive economic and military integration among the leading capitalist powers today.

The term rivalry vastly inflates intensified economic competition between states far beyond what it signifies in the real world. While the conception of a transnational capitalist class, loosened from any state moorings or about to spawn a supranational global state, is clearly exceedingly extravagant,⁸⁴ so too is any conception of a return to rival national bourgeoisies. The asymmetric power relationships that emerged out of the penetration and integration among the leading capitalist countries under the rubric of informal American empire were not dissolved in the wake of the crisis of the Golden Age in the 1970s, and the development of greater trade competitiveness and capital mobility that accompanied it; rather they were refashioned and reconstituted through the era of neo-liberal globalization over the past two decades. None of this means, of course, that

homogeneity of state and economic structures - or indeed the absence of divergence in many policy areas - characterizes this informal imperial order. Nor is there any reason to assume that contradiction and conflict do not enter into the asymmetric power relationships within it, as they do in any other. But these contradictions and conflicts are located not so much in the relationships between the advanced capitalist states, as *within* these states as they try to manage their internal processes of accumulation, legitimation and class struggle. This is no less true of the American state as it tries to manage and cope with the complexities of neo-imperial globalization.

Nor does the evolution of the European Union make the theory of inter-imperial rivalry relevant for our time.⁸⁵ Encouraged at its origins by the American state, its recent development through economic and monetary union, up to and including the launching of the Euro and the European Central Bank, has never been opposed by American capital within Europe, or by American state. What it has accomplished in terms of free trade and capital mobility within its own region has fit, rather than challenged, the American-led 'new form of social rule' that neoliberalism represents. And what it has accomplished in terms of the integration of European capital markets has not only involved the greater penetration of American investment banking and its principle of 'shareholder value' inside Europe, but has, as John Grahl has shown, been 'based on the deregulation and internationalization of the US financial system.'⁸⁶

The halting steps towards an independent European military posture, entirely apart from the staggering economic cost that would be involved in making it viable (all the more so in the context of relatively slow growth), were quickly put in perspective by the war on the former Yugoslavia over Kosovo - signed onto by every European

government – through which the US made it very clear that NATO would remain the ultimate policeman of Europe.⁸⁷ But this only drove home a point over which pragmatic European politicians in any case never entertained any illusions. Dependence on American military technology and intelligence would still be such that the US itself sees ‘[a]n EU force that serves as an effective, if unofficial, extension of NATO rather **than a** substitute [as] well worth the trouble.’⁸⁸ And on the European side, Joschka Fischer, Germany’s Foreign Minister, has similarly acknowledged that ‘[t]he transatlantic relationship is indispensable. The power of the United States is a decisive factor for peace and stability in the world. I don’t believe Europe will ever be strong enough to look after its security alone.’⁸⁹ Indeed, it is likely the very appreciation within European elite circles of this reality that lies at the heart of their oft-expressed frustrations with the current American leadership’s tendency to treat them explicitly as merely ‘junior’ partners. Though it has been argued that the end of the Cold War left Europe less dependent on the American military umbrella and therefore freer to pursue its own interests, it might be observed that this same development also left the US freer to ignore European sensitivities.

As for East Asia, where Japan’s highly centralized state might be thought to give it the imperial potential that the relatively loosely-knit EU lacks, it has shown even less capacity for regional let alone global leadership independent of the US than has Europe. Its ability to penetrate East Asia economically, moreover, has been and remains mediated by the American imperial relationship.⁹⁰ This was particularly rudely underlined by the actions of the American Treasury, especially through the direct intervention of Rubin and Summers in the East Asian crisis of 1997-98, where it dictated a harsh conditionality

right in Japan's back yard.⁹¹ Those who interpreted Japan's trade penetration of American markets and its massive direct foreign investments in the US through the 1980s in terms of inter-imperial rivalry betrayed an economistic perspective occluded the totality of the asymmetric relationship. And today, Japan remains dependent on American markets, on the security of its investments within the US, and its central bank is anxious to buy dollars so as limit the fall of the dollar and its impact on the Yen. And while China may perhaps emerge eventually as a pole of inter-imperial power, it is obviously very far from reaching such a status for a good many decades. The fact that certain elements in the American state are concerned to ensure that its 'unipolar' power today is used to prevent the possible emergence of imperial rivals tomorrow can hardly be used as evidence that such rivals already exist.

During the 1990s, not only the literal deflation of the Japanese economy, but also the slow growth and high unemployment in Europe stood in stark contrast with the American boom. So much was this the case that if Donald Sassoon was right to say that 'how to achieve the European version of the American society was the real political issue of the 1950s',⁹² so it once again seemed to be the case in the 1990s, at least in terms of emulation of US economic policies and shareholder values. Now, with end of that boom, and the growing US trade and fiscal deficit, new predictions of American decline and inter-imperial rivalry have become commonplace. But the question of the sustainability of the American empire cannot be answered with such short-term and economistic measures, any more than they could in the 1970s, when Poulantzas properly disdained

the various futurological analyses of the relative 'strength' or 'weakness' of the American and European economies, analyses which pose the question of inter-imperialist contradictions in terms of the 'competitiveness' and actual 'competition' between 'national economies'. In general, these arguments are

restricted to 'economic criteria; which, considered in themselves, do not mean very much... and extrapolate from these in a quite arbitrary manner.'⁹³

This is not to say the current economic conjuncture does not reveal genuine economic problems for every state in global capitalism, including not least the American. These problems reflect not the continuation of the crisis of the 1970s, but rather contradictions that the dynamic global capitalism ushered in by neoliberalism has itself generated, including the synchronization of recessions, the threat of deflation, the dependence of the world on American markets and the dependence of the United States on capital inflows to cover its trade deficit. There is indeed a systemic complexity in today's global capitalism that includes, even at its core, instabilities and even crises. Yet this needs to be seen not so much in terms of the old structural crisis tendencies and their outcomes, but as everyday, normal dimensions of the system's functioning and, indeed, as we argued above, even of its successes.

The issue for capitalist states is not preventing episodic crises – they will inevitably occur – but containing them. The American imperial state has, to date, demonstrated a truly remarkable ability to limit the duration, depth, and contagion of crises. And there is as yet little reason to expect that even the pressure on the value of the dollar today has become unmanageable. This is what lies behind the confidence of Andrew Crockett, general manager of the Bank for International Settlements and chairman of the Financial Stability Forum (comprising central bankers, finance ministry officials and market regulators from the G7 states) that 'they have the network of contacts, [and] the contingency plans, to deal with shock to the markets.'⁹⁴ Of course such confidence does not itself guarantee that the US Treasury and Federal Reserve, who have worked closely with their counterparts in the other core capitalist states as much

through the war on Iraq as they did immediately after the disruption of Wall Street caused by the terrorist attacks of September 11,⁹⁵ will always have the capacity to cope with all contingencies. We would, however, argue that the future development of such capacities is not ruled out by any inherent *economic* contradictions alone.

The crisis that has produced an unconcealed American empire today lies not in over-accumulation leading back to anything like inter-imperial rivalry, but in the limits that an informal empire based on ruling through other states sets for a strategy of coordinated economic growth, even among the advanced capitalist countries. In these liberal democratic states, the strength of domestic social forces - in spite of, and sometimes because of, the internationalization of domestic capital and the national state - has limited the adoption of neoliberalism (as seen, for example, in the difficulties experienced by the German state in introducing flexible labour markets, or the inertia of the Japanese state in restructuring its banking system). This has frustrated the 'reforms' that are seen as necessary, along the lines of the American state's own earlier restructuring, to revive economic growth in these countries so as to allow them to share the burden of absorbing global imports and relieving pressure on the American trade deficit. It is by no means obvious, despite the intense energy that capitalists in each country have invested in securing these 'reforms', that they would prove to be the magic bullet that would produce renewed growth. And their full introduction could in any case generate far more intense class struggles from below, although it would take something approaching a fundamental transformation in class and state structures before these could generate a new alternative to neoliberalism, let alone break the links with the American empire.

VII

To the extent that there is a crisis of imperialism today, it is best conceived as Poulantzas conceived the earlier crisis of the 1970s:

What is currently in crisis is not directly American hegemony, under the impact of the 'economic power' of the other metropolises, whose rise would, according to some people have erected then automatically into equivalent 'counter-imperialisms', but rather imperialism as a whole, as a result of the world class struggles that have already reached the metropolitan zone itself. ... In other words it is not the hegemony of American imperialism that is in crisis, but the whole of imperialism under this hegemony.⁹⁶

The notion of 'world class struggles' is no doubt too loose, and in another sense too restrictive in light of the diverse social forces now at play, to capture how the contradictions between the third world and the American empire are currently manifesting themselves. It is nevertheless the case that the most serious problems for 'imperialism as a whole' lie in relation to the states outside the capitalist core. Where these states are - as in much of the third world and the former Soviet bloc - relatively undeveloped capitalist states yet increasingly located within the orbit of global capital, the international financial institutions, as well as the core capitalist states either acting in concert or on their own, have intervened to impose 'economically correct' neoliberal structural 'reforms'. In the context of financial liberalization, this has meant a steady stream of economic crises. Some of these could be seen as a functionally necessary part of neoliberalism's success (as may perhaps be said of South Korea after the Asian crisis of 1997-8), but all too often, these interventions have aggravated rather than solved the problem because of the abstract universalism of the remedy. Whatever neoliberalism's successes in relation to strengthening an already developed capitalist economy, it

increasingly appears as a misguided strategy for capitalist development itself. As for so-called 'rogue states' - those which are not within the orbit of global capitalism so that neither penetrating external economic forces nor international institutions can effectively restructure them - direct unilateral intervention on the part of the American state has become increasingly tempting. It is this that has brought the term empire back into mainstream currency, and it is fraught with all kinds of unpredictable ramifications.

In this context, the collapse of the Communist world that stood outside the sphere of American empire and global capitalism for so much of the post-war era, has become particularly important. On the one hand, the rapid penetration and integration by global capital and the institutions of informal American empire (such as NATO) of so much of what had been the Soviet bloc, and the opening of China, Vietnam, and even Cuba to foreign capital and its integration in world markets (even if under the aegis of the Communist elite), has been remarkable. It has also removed the danger that direct US intervention in states outside the American hemisphere would lead to World War Three and nuclear Armageddon. The fact that even liberal human rights advocates and institutions through the 1990s now repeatedly called for the US to act as an international police power than it was ready to reflect the new conjuncture. But, on the other hand, both the hubris and sense of burden that came with the now evident unique power for the American state led it to question whether even the limited compromises it had to make in operating through multilateral institutions were unnecessarily constraining its strategic options, especially in relation to the 'rogue states' outside the orbit of the informal empire.

The 'loneliness of power' was increasingly involved here. The felt burden of ultimate responsibility (and since 9/11 the much greater sensitivity to US vulnerability at home as well as abroad as a target of terrorism), promotes the desire to retain full 'sovereignty' to act as needed. This is what underlies the increasing unconcealed nature of American empire, reflecting a conjuncture in which both the American state itself and all other states and social forces around the world are more explicitly conscious of its unique status in the world. The problem it faces in terms of 'conjugating its particular power with the general task of coordination' can clearly be seen not only in relation to the economic contradictions of neoliberalism discussed above, but also in the growing contradictions between nature and capitalism (as revealed not only in the severe problems of carbon emissions that the Kyoto Accord is supposed to address, but also in the problem of oil reserves addressed by the Cheney Report, as discussed by Michael Klare in another essay in this volume).

These issues are multiplied all the more by the role the American imperial state now has come to play (and often to be expected to play) in maintaining social order around the whole globe. From the perspective of creating a 'world environment in which the American system can survive and flourish', the understanding of the 1950 National Security Council document NSC-68 that '[e]ven if there were no Soviet Union we would face the great problem... [that] the absence of order among nations is becoming less and less tolerable' anticipated what has finally become fully clear to those who run the empire. George W. Bush's own National Security Strategy document of September 2002 (iterations of which were surfacing inside the American state as soon as the Soviet bloc collapsed⁹⁷) had a fine pedigree.

In this context, just as neoliberalism at home did not mean a smaller or weaker state, but rather one in which coercive apparatuses flourished (as welfare offices emptied out, the prisons filled up), so has neoliberalism led to the enhancement of the coercive apparatus the imperial state needs to police social order around the world. The transformation of the American military and security apparatus through the 1990s in such a way as to facilitate this (analyzed by Paul Rogers elsewhere in this volume) can only be understood in this light. And US unilateralism in the use of this apparatus internationally is hardly surprising if we consider how even in liberal democratic states the domestic coercive apparatuses are protected from negotiation, even between the executive and the legislature, or even with non-coercive state apparatuses.

All this was already apparent in the responses to ‘rogue states’ under the Bush I and Clinton administrations. The US did work hard to win the UN’s support for the 1990-91 Gulf War and oversaw the long regime of sanctions against Iraq that the American state insisted on through the 1990s. But other governments sensed a growing unilateralism on the part of the U.S. that made them increasingly nervous, if only in terms of maintaining their own states’ legitimacy. The Gulf War had shown that the United Nations could be made to serve ‘as an imprimatur for a policy that the United States wanted to follow and either persuaded or coerced everybody else to support,’ as the Canadian ambassador to the UN put it at the time. And thus playing ‘fast and loose with the provisions of the UN Charter’ unnerved ‘a lot of developing countries, which were privately outraged by what was going on but felt utterly impotent to do anything – a demonstration of the enormous US power and influence when it is unleashed.’⁹⁸

Yet at the very same time, it also made American strategists aware just how little they could rely on the UN if they had to go to such trouble to get their way. The United Nations, by its very nature as a quasi-parliamentary body and diplomatic body made up of all the world's states, could not be as easily restructured as were the Bretton Woods institutions after the crisis of the 1970s. This, as evidenced in the repeated use of the American veto in the Security Council since that time, was a constant irritant. And while NATO could be relied on as a far more reliable vehicle for the American war on the former Yugoslavia over Kosovo (with the added benefit of making clear to the Europeans exactly who would continue to wield the international police power in their own backyard), even here the effort entailed in having to keep each and every NATO member onside was visibly resented within the American state itself.

Bush's isolationist rhetoric in the 2000 election campaign, questioning the need for American troops to get involved in remote corners of the globe, was bound to be reformulated once Bush was actually burdened with (and appropriately socialized in) the office of a Presidency that is now as inevitably imperial as is it domestic in nature. For this, the explicitly imperial statecraft that the geopolitical strategists close to the Republican Party had already fashioned was ready and waiting. September 11 alone did not determine their ascendancy in the state, but it certainly enhanced their status, as the sheer dominance of American power led to its unsurprising response to that power being tweaked so ruthlessly. This response has revealed all the tensions in the American state's combination of its imperial function of general coordination while simultaneously reflecting its particular power. Defining the security interests of global capitalism in a way that also fits with the matrix of the American social formation and state becomes

especially tricky once the particular security interests involved are so manifestly revealed as primarily American. This means that while threats to the US are still seen by it as an attack on global capitalism in general, the American state is increasingly impatient with making any compromises that get in the way of its acting on its own specific definition of the global capitalist interest and its untrammelled use of its particular state power to cope with such threats.

Perhaps the most important change in the administrative structure of the American empire in the transition from the Clinton administration to the Bush II administration has been the displacement of the Treasury from its pinnacle at the top of the state apparatus. Those branches of the American state controlling and dispensing the means of violence are now in the driver's seat; in an Administration representing a Republican Party that has always been made up of a coalition of free marketeers, social conservatives and military hawks, the balance has been tilted decisively by September 11th towards the latter.⁹⁹ But the unconcealed imperial face that the American state is now prepared to show to the world above all pertains to the increasing difficulties of managing a truly global informal empire – a problem that goes well beyond any change from administration to administration.

This could turn out to be a challenge as great as that earlier faced by formal empires with their colonial state apparatuses. The need to try to refashion all the states of the world so that they become at least minimally adequate for the administration of global order – and this is now also seen as a general condition of the reproduction and extension of global capitalism – is now the central problem for the American state. But the immense difficulty of constructing outside the core anything like the dense networks that

the new American imperialism succeeded in forging with the other leading capitalist states is clear from the only halting progress that has been made in extending the G7 even to the G8, let alone the G20. For the geopolitical stratum of the American state, this shows the limits of any 'effective states' approach outside the core that operates through economic linkages alone.

This explains not only the extension of US bases and the closer integration of intelligence and police apparatuses of all the states in the empire in the wake of September 11, but the harkening back to the founding moment of the post-1945 American empire in the military occupations of Japan and Germany as providing the model for restructuring Iraq within the framework of American empire. The logic of this posture points well beyond Iraq to all states 'disconnected from globalization', as a U.S. Naval War college professor advising the Secretary of Defense so chillingly put it:

Show me where globalization is thick with network connectivity, financial transactions, liberal media flows, and collective security, and I will show you regions featuring stable governments, rising standards of living, and more deaths by suicide than murder. These parts of the world I call the Functioning Core... But show me where globalization is thinning or just plain absent, and I will show you regions plagued by politically repressive regimes, widespread poverty and disease, routine mass murder, and - most important - the chronic conflicts that incubate the next generation of global terrorists. These parts of the world I call the non-integrating Gap... The real reason I support a war like this is that the resulting long-term military commitment will finally force America to deal with the entire Gap as a strategic threat environment.' ¹⁰⁰

In this 'Gap' are listed Haiti, Colombia, Brazil and Argentina, Former Yugoslavia, Congo and Rwanda/Burundi, Angola, South Africa, Israel-Palestine, Saudi Arabia, Iraq, Somalia, Iran, Afghanistan, Pakistan, North Korea and Indonesia, to which China, Russia and India are added, for good measure, 'as new/integrating members of the core [that] may be lost in coming years.' The trouble for the American empire as it

inclines in this strategic direction is that very few of the world's 'non-core' states today, given their economic and political structures and the social forces, are going to be able to be reconstructed along the lines of post-war Japan and Germany, even if (indeed especially if) they are occupied by the US military, and even if they are penetrated rather than marginalized by globalization. What is more, an American imperialism that is so blatantly imperialistic risks losing the very appearance of not being imperialist – that appearance which historically made it plausible and attractive.

The open disagreements over the war on Iraq between the governments of France, Germany and even Canada, on the one hand, and the Bush administration, on the other, need to be seen in this light. These tensions pertain very little to economic 'rivalries'. The tensions pertain rather more to a preference on the part of these states themselves (in good part reflective of their relative lack of autonomous military capacity) for the use of international financial institutions and the WTO to try to fashion the other, new effective states that global capitalism needs. But the bourgeoisies of the other capitalist states are even less inclined to challenge American hegemony than they were in the 1970s. Indeed many capitalists in the other states inside the empire were visibly troubled by - and increasingly complained about - their states not being on the same page as the Americans. In any case, the capitalist classes of each country – including the American (where many of the leading lights of financial capital, such as Rubin and Volcker, were openly disturbed by the posture of the Bush administration on the war as well as economic policy) were incapable of expressing a unified position either for or against the war. Once again we can see that what is at play in the current conjuncture is not contradictions

between national bourgeoisies, but the contradictions of ‘the whole of imperialism’, implicating all the bourgeoisies that function under the American imperial umbrella.

These contradictions pertain most of all, however, to the danger posed to the broader legitimacy of the other capitalist states now that they are located in a framework of American imperialism that is so unconcealed. The American empire has certainly been hegemonic vis a vis these states and their capitalist classes, but it has never entailed, for all of the American economic and cultural penetration of their societies, a transfer of direct popular loyalty to the American state itself. Indeed, the American form of rule – founded on the constitutional principle of ‘extensive empire and self-government’ – has never demanded this. The economic and cultural emulation of the American way of life by so many ordinary people abroad may perhaps properly be spoken of as hegemony in Gramsci’s terms. But however close the relationship between the American state and capitalist classes and their counterparts in the informal empire, this did not extend to anything like a sense of patriotism to the American state among the mass citizenry of the other states. Nor did the American state ever take responsibility for the incorporation, in the Gramscian sense of hegemony, of the needs of the subordinate classes of other states within its own construction of informal imperial rule. Their active consent to its informal imperial rule was always mediated by the legitimacy that each state could retain for itself and muster on behalf of any particular American state project – and this was often difficult to do in the case of American coercive interventions around the globe over the past fifty years. A good many of these states thus distanced themselves from the repeated US interventions in Latin America and the Caribbean since 1945, and indeed since 1975, not to mention the American subversion of governments elsewhere, or the Vietnam War.

In this sense the unpopularity of American military intervention – and even its lack of endorsement by other advanced capitalist states - is not new. But this dimension of the imperial order is proving to have particularly important consequences in the current conjuncture. The American state's war of aggression in Iraq - so flagrantly imperial and so openly connected to a doctrine that expresses the broader aim of securing a neoliberal capitalist order on a global scale - has evoked an unprecedented opposition, including within the capitalist core states. Yet even in France and Germany where the opposition is highest, many more people today attribute 'the problem with the US' as due to 'Mostly Bush' rather than to the 'US in general'. This suggests that the possibility of a 'benign imperium' still has considerable currency even in the other advanced capitalist countries.¹⁰¹ But insofar as the conditions making for American military intervention clearly transcend a given administration, and insofar as a benign imperium can hardly prove be more than an illusion in today's world, this is a currency that could be less stable than the American dollar. This is especially significant: since the American empire can only rule through other states, the greatest danger to it is that the states within its orbit will be rendered illegitimate by virtue of their articulation to the imperium. To be sure, only a fundamental change in the balance of social forces and the transformation of the nature and role of those states can bring about their disarticulation from the empire, but the ideological space may now be opening up for the kind of mobilization from below, combining the concerns of the anti-globalization and anti-war movements, that can eventually lead to this.

It is the fear of this that fuels, on the one hand, the pleas of those who entreat the imperium to be more benign and to present itself in a more multilateralist fashion, at least

symbolically; and, on the other hand, the actions of those who using the symbols of terrorism and war to close the space for public dissent within each state. This is especially so within the United States itself. The old question posed by those who, at the founding of the American state, questioned whether an extended empire could be consistent with republican liberty - posed again and again over the subsequent two centuries by those at home who stood up against American imperialism – is back on the agenda again. The need to sustain intervention abroad by mobilizing support and limiting opposition through instilling fear and repression at home raises the prospect of the American state becoming more much more authoritarian internally as part of it becoming more blatantly aggressive externally. But the unattractiveness of an empire that is no longer concealed in its coercive nature at home as well as abroad suggests that anti-imperialist struggles - even in the rich capitalist states at the heart of the empire as well as in the poor ones at its extremities - will have enormous resonance.

ENDNOTES

We wish to thank Greg Albo, Cenk Aygul, Patrick Bond, Dan Crow, Robert Cox, Bill Fletcher, Stephen Gill, Gerard Greenfield, Khashayar Khooshiyar, Martijn Konings, Colin Leys, Eric Newstadt, Chris Roberts, Donald Swartz and Alan Zuege for their comments on a draft of this essay. A good many of their comments have been incorporated here; others will we will only be able to address as part of our much larger book project on this topic. 1

¹ 'Great Britain, The United States and Canada', Twenty-First Cust Foundation Lecture, University of Nottingham, May 21, 1948, in H. Innis, *Essays in Canadian Economic History*, Toronto: University of Toronto Press, 1956, p. 407.

² The Friedman manifesto appeared in the New York Times Magazine on March 28, 1999, and the Ignatieff essay on January 5, 2003. Ignatieff adds: 'It means laying down the rules America wants (on everything from markets to weapons of mass destruction) while exempting itself from other rules (the Kyoto protocol on climate change and the International Criminal Court) that go against its interests.'

³ *The Grand Chessboard*, New York 1997, p. 40.

⁴ See "Rebuilding America's Defenses: Strategy, Forces and Resources For a New Century," A Report of the Project for the New American Century. <http://www.newamericancentury.org/publicationsreports.htm>; and *The National Security Strategy of the United States of America*, Falls Village, Connecticut: Winterhouse, 2002.

⁵ Antonio Santosuosso, *Storming the Heavens: Soldiers, Emperor, and Civilians in the Roman Empire*, Westview: Boulder, 2001, pp 151-2.

⁶ *Monthly Review* 42:6 November 1990, pp. 1-6. For two of those who insisted, from different perspectives, on the need to retain the concept of imperialism, see Susan Strange, 'Towards a Theory of Transnational Empire', in E-O. Czempel and J. Rosenau eds. *Global Changes and Theoretical Challenges*, Lexington 1989, and Peter Gowan, 'Neo-Liberal Theory and Practice for Eastern Europe', *New Left Review* 213, Sept-Oct 1995.

⁷ Gareth Stedman Jones, 'The Specificity of US Imperialism' *New Left Review* 60 (first series) Mar/Apr 19, p. 60, n. 1.

⁸ Giovanni Arrighi, *The Geometry of Imperialism*, London: NLB 1978, p. 17. What in good part lay behind the left's disenchantment with the concept of imperialism was the extent to which the words that opened Kautsky's infamous essay in 1914 – the one that so attracted Lenin's ire - increasingly rang true: 'First of all, we need to be clear what we understand from the term imperialism. This word is used in every which way, but the more we discuss and speak about it the more communication and understanding becomes weakened.' 'Der Imperialismus', *Die Neue Ziet* Year 32, XXXII/2, Sept 11th, 1914, p. 908. Only the last part of this famous essay was translated and published in *New Left Review* in 1970. Thanks are due to Sabine Neidhardt for providing us with a full translation. Note Arrighi's use of almost identical words in 1990: 'What happened to the term imperialism is by the time it flourished in the early 1970s, it had come to mean everything and therefore nothing.' See 'Hegemony and Social Change' *Mersham International Studies Review*, 38, 1994, p. 365.

⁹ Bob Rowthorne, 'Imperialism in the Seventies: Unity or Rivalry', *New Left Review* 69, 1971.

¹⁰ 'In recent years no topic has occupied the attention of scholars of international relations more than that of American hegemonic decline. The erosion of American economic political and military power is unmistakable. The historically unprecedented resources and capabilities that stood behind United States early postwar diplomacy, and that led Henry Luce in the 1940s to herald an 'American century,' have given way to an equally remarkable and rapid redistribution of international power and wealth. In the guise of theories of "hegemonic stability," scholars have been debating the extent of hegemonic decline and its consequences.' G. John Ikenberry 'Rethinking the Origins of American Hegemony', *Political Science Quarterly* 104:3, 1989, p. 375. Among the few critics of this view, see Bruce Russett, 'The Mysterious Case of Vanishing Hegemony. Or is Mark Twain Really Dead?' *International Organization* 39:2, 1985; Stephen Gill, 'American Hegemony: Its Limits and Prospects in the Reagan Era' *Millennium* 15:3, 1986; and Susan Strange, 'The Persistent Myth of Lost Hegemony' *International Organization*, 41:4, Autumn 1987.

¹¹ Andrew Glyn and Bob Sutcliffe, 'Global But Leaderless', *Socialist Register* 1992, p. 93.

¹² Bruce Cumings. 'Global Realm with no Limit, Global Realm with no Name', *Radical History Review* 57, 1993, pp. 47-8. This issue of the journal was devoted to a debate on 'Imperialism: A useful category of Analysis?'

¹³ Andrew L. Bacevich, *American Empire: The Realities and Consequences of U.S. Diplomacy*, Cambridge, Mass: Harvard University Press, 2002, pp. 3-4.

¹⁴ Michael Hardt and Antonio Negri, *Empire*, Cambridge, MA: Harvard University Press, 2000, p. xiv, emphasis in text. See our review essay, 'Gems and Baubles in Empire', *Historical Materialism* 10, 2002, pp. 17-43

¹⁵ *The Great Transformation*, Beacon, Boston: 1957, p. 18.

¹⁶ Philip McMichael, 'Revisiting the question of the transnational state: A comment on William Robinson's 'Social theory and globalization'', *Theory and Society* 30, 2001, p. 202.

¹⁷ Just how far this fundamental mistake continues to plague the Left can be discerned from the fact that even those who insist today that the old theory of imperialism no longer can be made to fit contemporary global capitalism, nevertheless accept it as explaining the pre-World War One imperialism. This has been most recently seen in the way Hardt and Negri completely follow Lenin and Luxemburg in this respect, arguing that capitalism by its very nature confronts a contradiction in trying to realize surplus value: workers get less than what they produce (underconsume), so capital must look outside its own borders for markets. Since this is a problem in each capitalist country, the 'solution' requires constant access to markets in *non-capitalist* social formations. The focus on non-capitalist markets is reinforced by the need for the raw materials to feed workers and supply production at home. But the successful realization of the surplus and the expansion of production simply recreate the contradiction or crisis of underconsumption as a crisis of overproduction. This forces capital 'abroad' to find outlets for its surplus capital. That overall search for foreign markets, materials and investment opportunities involves the extension of national sovereignty beyond its borders - imperialism - and at the same time tends to bring the outside world 'in' (i.e. into capitalism). And so the crisis of underconsumption/ overproduction is simply regenerated on a larger scale.

¹⁸ '[I]f capitalism could raise the living standards of the masses, who in spite of the amazing technical progress are everywhere still half-starved and poverty stricken, there could be no question of a surplus of capital.... But if capitalism did these things it would not be capitalism; for both the uneven development and a semi-starvation level of existence of the masses are fundamental and inevitable conditions and constitute premises of this mode of production.' V.I. Lenin, *Imperialism, The Highest Stage of Capitalism*, in *Selected Works*, Volume I, Moscow: Progress Publishers, 1970, p. 716.

¹⁹ Ibid.

²⁰ See John Willoughby, *Capitalist Imperialism, Crisis and the State*, New York: Harwood Academic Publishers, 1986, esp. pp. 7-8; and earlier, put more circumspectly, Harry Magdoff, *The Age of Imperialism*, New York: Monthly Review Press, 1969, esp. p. 13

²¹ See John Kautsky, 'J.A. Schumpeter and Karl Kautsky: Parallel Theories of Imperialism', *Midwest Journal of Political Science*, V:2, May, 1961, pp. 101-128; and Lenin, *Imperialism*, p. 715

²² Ellen Meikins Wood, *Empire of Capital*, London: Verso, 2003, p. 72.

²³ John Gallagher and Ronald Robinson, 'The Imperialism of Free Trade' *The Economic History Review*, VI:1, 1953, p. 6. They explicitly challenged Lenin's view that the move towards responsible government in the colonies that coincided with the era of free trade did not mean that the policy of 'free competition' entailed 'that the liberation of the colonies and their complete separation from Great Britain was inevitable and desirable' in the opinion of leading bourgeois politicians. This reflected, they argued, a conventional misconception that free trade rendered empire 'superfluous', which severely misconstrued the significance of changes in constitutional forms. As Gallagher and Robinson put it: '[R]esponsible government far from being a separatist device, was simply a change from direct to indirect methods of maintaining British interests. By slackening the formal political bond at the appropriate time, it was possible to rely on economic dependence and mutual good-feeling to keep the colonies bound to Britain while still using them as agents for further British expansion.' Ibid, p. 2.

²⁴ Ibid, pp. 6-7.

²⁵ All the quotations of Karl Kautsky here are from John Kautsky, 'J.A. Schumpeter and Karl Kautsky' pp. 114 - 116, except for the one on his economic reductionism, where we have used the wording of *New Left Review's* 1970 partial translation of 'Der Imperialismus', p. 46. For the best exposition of Kautsky's

conception of ‘ultra-imperialism’, see Massimo Salvadori, *Karl Kautsky and the Socialist Revolution, 1880-1933*, London: NLB, 1979, pp. 169-203.

²⁶ Quoted in William Appleman Williams, *Empire as a Way of Life*, New York: Oxford University Press, 1980, p.185.

²⁷ Perry Anderson, ‘Force and Consent’, *New Left Review* 17, Sept/Oct 2002, p. 24.

²⁸ *Ibid.*, p. 25. See also Daniel Lazare’s *The Frozen Republic* (New York: Harcourt Brace, 1996) which fails to distinguish between the democratic constraints and domestic policy gridlocks that the old elitist system of checks and balances produces and the remarkable informal imperial ‘carrying power’ of the American constitution in the sense argued here.

²⁹ Quoted in Williams, *Empire as a Way of Life*, p. 61. Jefferson had already come to accept Madison’s ‘expansionist’ perspective that republican liberty was not incompatible with an extended state, nor with a strong federal government. As DeVoto sums up Jefferson’s trajectory: ‘... after 1803, the phrase “the United States” in Jefferson’s writings, usually plural up to now, begins increasingly to take a singular verb.’ Bernard DeVoto, *The Course of Empire*, Lincoln: University of Nebraska Press, 1983 (1952), p. 403.

³⁰ See Hardt and Negri, *Empire*, chapter 2.5.

³¹ See John F. Manley, ‘The Significance of Class in American History and Politics’ in L.C. Didd and C. Jilson, eds., *New Perspectives on American Politics*, Washington, D.C. Congressional Quarterly, 1994, esp. pp. 16-19.

³² Quoted in Williams, *Empire as a Way of Life*, p. 43. Cf.

³³ *The Federalist Papers*, No. 11 (Hamilton), Clinton Rossiter, ed. New York: Mentor, 1999, p. 59.

³⁴ See Marc Engel, *A Mighty Empire: The Origins of the American Revolution*, Ithaca: Cornell University Press, 1988.

³⁵ DeVoto, *The Course of Empire*, p. 275.

³⁶ See Charles C. Bright, ‘The State in the United States During the Nineteenth Century’ in C. Bright and S. Harding, eds., *Statemaking and Social Movements*, Ann Arbor, University of Michigan Press, 1984.

³⁷ See the first two chapters of Gabriel Kolko’s *Main Currents in Modern American History*, New York: Harper & Row, 1976; and Bright, ‘The State’, esp. pp. 145-153.

³⁸ Anderson, ‘Force and Consent’, p. 25.

³⁹ Williams, p. 122.

⁴⁰ Stedman Jones, ‘The Specificity’, p. 63.

⁴¹ See L. Panitch, ‘Class and Dependency in Canadian Political Economy’, *Studies in Political Economy* 6, 198 Autumn 1980 pp. 7-34; W. Clement, *Continental Corporate Power*, Toronto, McLelland & Stewart, 1977; and M. Wilkins, *The Emergence of Multinational Enterprise*, Cambridge, Mass, 1970. Jefferson had justified the war of 1812 (sparked by American concerns the British were encouraging Indian resistance to western expansion) in these terms: ‘If the British don’t give us the satisfaction we demand, we will take Canada, which wants to enter the union; and when, together with Canada, we shall have the Floridas, we shall no longer have any difficulties with our neighbors; and it is the only way of preventing them.’ The passage from the urge to continental expansion through internal empire to expansion through informal external empire, with Canada representing the model of successful American imperialism in the 20th century, was marked, almost exactly 100 years later, when President Taft spoke in terms of ‘greater economic ties’ being the way to make Canada ‘only an adjunct of the USA.’ See Williams, pp. 63-4, 132.

⁴² Quoted in G. Achcar, *The Clash of Barbarisms*, New York: Monthly Review Press 2002, p. 96.

⁴³ Letter to Duncan Grant, quoted in Nicholas Fraser, ‘More Than Economist’, *Harper’s Magazine*, November 2001, p. 80. The issue here, of course, was the American state’s refusal to forgive Allied war debts, with all the consequences this entailed for the imposition of heavy German reparations payments. See Michael Hudson’s *Super Imperialism: The Economic Strategy of American Empire*, New York: Holt, Rinehart and Winston, 1971.

⁴⁴ See R. Jeffery Lustig, *Corporate Liberalism: The Origins of American Political Theory 1890- 1920*, Berkeley: University of California Press, 1982; and Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities 1877-1920*, New York: Cambridge University Press, 1982.

⁴⁵ See Kees van der Pijl, *The Making of an Atlantic Ruling Class*, London: Verso, 1984, p. 93.

⁴⁶ This was glimpsed by Charles and Mary Beard even before the war in their analysis of the passage from the old ‘Imperial Isolationism’ and the newer ‘Collective Internationalism’ in their *America in Midpassage*, New York: Macmillan, 1939, Vol. I, Ch. X, and Vol. II, Ch. XVII.

-
- ⁴⁷ This and the subsequent quotations in this section are all from Brian Waddell, *The War against the New Deal: World War II and American Democracy*, De Kalb: Northern Illinois University Press: 2001, pp. 4-5. See also, Rhonda Levine, *Class Struggles and the New Deal*, Lawrence: University Press of Kansas, 1988;
- ⁴⁸ Brian Waddell, 'Corporate Influence and World War II: Resolving the New Deal Political Stalemate', *Journal of Political History* 11:3, 1999, p. 2.
- ⁴⁹ Geir Lundestad, 'Empire by Invitation? The United States and Western Europe, 1945-52', *Journal of Peace Research*, Vol 23, Issue 3, September, 1986; and see van der Pijl, *The Making*, chapter 6.
- ⁵⁰ See Gabriel Kolko, *The Politics of War: The World and United States Foreign Policy 1943-1945*, New York: Random House, 1968.
- ⁵¹ See Eric Helleiner, *States and the Reemergence of Global Finance*, Ithaca: Cornell, 1994.
- ⁵² Robert Skidelsky's, *John Maynard Keynes: Fighting for Freedom, 1937-1946*, New York: Viking, 2001, pp. xxiii.
- ⁵³ *The United States in a New World: I. Relations with Britain. A series of reports on potential courses for democratic action. Prepared under the auspices of the Editors of Fortune*. May 1942, pp. 9-10.
- ⁵⁴ 'An American Proposal', *Fortune*, May 1942, pp. 59-63.
- ⁵⁵ All the quotations in this paragraph are derived from Skidelsky's account, pp. 334, 348, 350-1, 355.
- ⁵⁶ The very words which senior officials at the German Bundesbank used in an interview we conducted in October, 2002.
- ⁵⁷ Martin Shaw, *Theory of the Global State*, Cambridge, U.K.: Cambridge University Press, 2000.
- ⁵⁸ Peter Gowan, 'The American Campaign for Global Sovereignty', *Socialist Register 2003*, London: Merlin, 2002, p. 5.
- ⁵⁹ Michael Barratt Brown, *The Economics of Imperialism*, Middlesex, UK: Penguin, 1974, pp. 208-9
- ⁶⁰ See Raymond Aron, *The Imperial Republic: The United States and the World 1945-1973*, Cambridge, MA: Winthrop, 1974, esp. pp. 168 and 217; and N. Poulantzas, *Classes in Contemporary Capitalism*, London: NLB, 1974, esp. pp. 39 and 57.
- ⁶¹ Alan S. Milward, *The European Rescue of the Nation-State*, London: Routledge, 2000.
- ⁶² See Robert Cox, *Production, Power and World Order*, New York: Columbia University Press, 1987, esp. p. 254. Cf. N. Poulantzas, *Classes*, p. 73.
- ⁶³ Address on Foreign Economic Policy, Delivered at Baylor University, March 6, 1947, Public Papers of the Presidents, <http://www.trumanlibrary.org/trumanpapers/pppus/1947/52.htm>. On the preparations for this crucial speech see Gregory A. Fossendal, *Our Finest Hour: Will Clayton, the Marshall Plan, and the Triumph of Democracy*, Stanford: Hoover Press, 1993, pp. 213-5.
- ⁶⁴ Quoted in Williams, p. 189; and see Gabriel Kolko, *Century of War*, New York: The New Press, 1994, p. 397.
- ⁶⁵ The special post-war conditions included the application of technologies developed during the war; catch up to American technology and methods (the gap had already been rising during the thirties and obviously accelerated during the war); pent-up demand; subsidized investments for rebuilding and the productivity effect of new facilities - all providing enormous scope for accumulation after the destruction of so much value during the Depression and the War. See Moses Abromowitz, 'Catching Up, Forging Ahead, and Falling Behind' *Journal of Economic History*, 46:2, June, 1986, and also 'Rapid Growth Potential and Realization: The Experience of the Capitalist Economies in the Postwar Period' in Edmund Malinvaud, ed. *Economic Growth and Resources*, London, 1979. Also crucial was the unique role of the American state in opening up its market, providing critical financial assistance, and contributing to international economic and political stability internationally.
- ⁶⁶ The interwar collapse of the gold standard had demonstrated that capital mobility and democratic pressures from below, which limited any 'automatic' adjustment process, were incompatible with stable exchange rates.
- ⁶⁷ On the relationship between the collapse of the gold standard, capital mobility, and the development of democratic pressures, see Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System*, Princeton: Princeton University Press, 1996, Chapters 2-3. On the developments within US finance itself in the 1970s, and their impact abroad, see Michael Moran, *The Politics of the Financial Services Revolution*, London: Macmillan, 1991.
- ⁶⁸ Looking back to that period, two Vice-Presidents of Citibank, observed 'it is not surprising that economists were so sure in the late 60's and early 70's that the breakdown of fixed exchange rates would further weaken economic links between countries.' See H. Cleveland and R. Bhagavatula, 'The Continuing

World Economic Crisis', *Foreign Affairs*, Vol 59, No.3, 1981, p.600. See also Lou Pauly's observation that, at the time, '[i]nternational monetary disarray appeared quite capable of restoring the world of the 1930s'. Louis B. Pauly, *Who Elected the Bankers?*, Ithaca: Cornell University Press, 1997, p.100.

⁶⁹ The 'induced reproduction of American monopoly capitalism within the other metropolises...implies the extended reproduction within them of the political and ideological conditions for [the] development of American imperialism.' N. Poulantzas, 1974, p.47.

⁷⁰ 'It is this dis-articulation and heterogeneity of the domestic bourgeoisie that explains the weak resistance, limited to fit and starts, that European states have put up to American capital'. Ibid, p.75.

⁷¹ Ibid, p.87.

⁷² Ibid, p.81. On the internationalization of the state, see also Robert Cox, *Production, Power, And World Order*, New York: Columbia University Press, 1987, pp.253-267.

⁷³ At one time or another, policy during the seventies included import surcharges, attempts at international co-operation on exchange rates, wage and price controls, monetarism, and fiscal stimulus.

⁷⁴ A *New York Times* reporter captured the unilateralist aggressiveness driving the American response: 'What is entirely clear is that the United States in a single dramatic stroke has shown the world how powerful it still is...in breaking the link between the dollar and gold and imposing a 10% import tax, the United States has shown who is Gulliver and who the Lilliputians...by "Lilliputians" are meant not the Nicaraguans or Gabons but West Germany, Japan, Britain, and the other leading industrial nations', cited by H.L.Robinson, 'The Downfall of the Dollar' in R. Miliband and J.Saville, *The Socialist Register, 1973*, London:Merlin Press, 1974, p. 417.

⁷⁵ *Report of the President on U.S. Competitiveness*, Office of Foreign Economic Research, U.S. Department of Labour, Washington, September, 1980.

⁷⁶ G. Dumenil and D. Levy, 'The Contradictions of Neoliberalism' in *Socialist Register, 2002*.

⁷⁷ Our interviews with key industrial and financial figures, including Richard Wagoner, CEO of General Motors, in September 2001, and Paul Volcker, the former Chairman of the Federal Reserve and , who led the negotiations with Chrysler, in March 2003, have confirmed us in this view. In spite of the fact that the auto industry was hit especially hard by the high interest rates, high dollar, and reduction in consumer demand that came with the shift to financial liberalization, industry executives considered this direction as being the only alternative through the eighties and nineties.

⁷⁸ The term is from G. Albo and T. Fast's 'Varieties of Neoliberalism' paper presented to the Conference on the Convergence of Capitalist Economies, Wake Forest, North Carolina September 27-29, 2002.

⁷⁹ See S. Gindin and L. Panitch, 'Rethinking Crisis', *Monthly Review*, November, 2002.

⁸⁰ See Stephen Gill, *Power and Resistance in the New World Order*, pp. 131ff. and pp. 174ff.

⁸¹ See Leo Panitch, 'The New Imperial State', *New Left Review* 2, March/April, 2000.

⁸² See Leo Panitch, "'The State in a Changing World": Social-Democratizing Global Capitalism?', *Monthly Review*, October, 1998.

⁸³ Lenin, preface to the French and German editions of *Imperialism*, p. 674.

⁸⁴ Compare W. Ruigrok and R. van Tulder, *The Logic of International Restructuring*, London: Routledge, 1995 (esp. chs. 6 & 7) against W. I. Robinson, 'Beyond Nation-State Paradigms' *Sociological Forum*, 13:4, 1998; and see the debate on Robinson's 'Towards a Global Ruling Class?' *Science and Society* 64:1, 2000 in the 'Symposium' of that journal 65:4, 2001-2.

⁸⁵ The argument here is much further elaborated in L. Panitch and S. Gindin 'Euro-capitalism and American Empire', forthcoming in *Studies in Political Economy*, Fall 2003.

⁸⁶ John Grahl, 'Globalized Finance: The Challenge to the Euro', *New Left Review* 8, March/April 2001, p. 44. See also his outstanding paper, 'Notes on Financial Integration and European Society', presented to conference on The Emergence of a New Euro-Capitalism, Marburg, October 2002. On the increasing adoption of American management practices in Europe, see M. Carpenter and S. Jefferys, *Management, Work and Welfare in Western Europe*, London: Edward Elgar, 2000.

⁸⁷ See Peter Gowan, 'Making Sense of NATO's War on Yugoslavia' *Socialist Register 2000*.

⁸⁸ W.A. Hay and H. Sicherman, 'Europe's Rapid Reaction Force: What, Why, And How?', *Foreign Policy Research Institute*, Feb, 2001.

⁸⁹ *Economist*, May 27, 2003.

⁹⁰ See Dan Bousfield, 'Export-Led Development and Imperialism: A response to Burkett and Hart-Landsberg', *Historical Materialism*, 11:1, 2003, pp. 147-160. The counter argument, in terms of Japan's

'leadership from behind' was best set out in G. Arrighi and B. Silver, *Chaos and Governance in the World System*, University of Minnesota Press, 1999.

⁹¹ See Panitch, 'The New Imperial State'.

⁹² Donald Sassoon, *One Hundred Years of Socialism*, London: I.B. Taurus, 1996, p. 207.

⁹³ Poulantzas, *Classes*, pp. 86-7.

⁹⁴ *Financial Times*, March 26, 2003.

⁹⁵ Our interviews at the Bundesbank and the UK Treasury in October 2002 confirm this. Indeed, there often appears to be more contact across the Atlantic between these bureaucrats and their counterparts in the US than there is among the various departments within these institutions.

⁹⁶ *Classes in Contemporary Capitalism*, p. 87.

⁹⁷ See Peter Gowan, 'The American campaign for Global Sovereignty', *Socialist Register 2003*, pp. 8-10.

⁹⁸ 'The United Nations after the Gulf War: A Promise Betrayed', Stephen Lewis interviewed by Jim Wurst, *World Policy Journal*, Summer 1991, pp. 539-49.

⁹⁹ The increased influence gained by the military, coercive and security apparatuses in the wake of September 11 could be seen in that the first victory of the new war was scored at home, against the US Treasury. It involved breaking the latter's long-standing resistance (lest it would demonstrate about the continuing viability of capital controls) to freezing bank accounts allegedly connected to terrorist organizations (which mechanisms the US state has always known about since it was involved in establishing these to facilitate money transfers to many of its favoured terrorists in the past).

¹⁰⁰ Thomas P.M. Barnett, 'The Pentagon's New Map: It Explains Why We're Going to War and Why We'll Keep Going to War', *Esquire*, March 2003 (available at the U.S. Naval War College website at <http://www.nwc.navy.mil/newrules/ThePentagonsNewMap.htm>).

¹⁰¹ See the report on the Pew Global Attitudes Survey in the *Financial Times*, June 4, 2003, which shows that in France and Germany, where only 43% and 45% respectively have 'a favourable image of the US' today, 74% of respondents in each country attribute 'the problem with the US' to 'Mostly Bush' as opposed to only 25% to the 'US in general' or to 'Both'. Interestingly, in those advanced capitalist countries where the US image is more positive (Canada 63%, the UK 70%) there is nevertheless a higher percentage than in France or Germany who see 'the problem with the US' as due to the 'US in general' or 'Both' (32%) rather than 'Mostly Bush' (60%). As for countries like Indonesia and Turkey, where 'a favourable image of the US' has fallen from 75% and 53% respectively to only 15% today in both countries, it may be worth noting that whereas 45% of Turks attribute the problem to the 'US in general' or 'Both', only 27% of Indonesians do so, in contrast with the 69% who see the problem as 'Mostly Bush'.