

# **Imperialism in the 21st Century**

**Doug Lorimer**

# Contents

<b>Imperialism in the 21st Century</b> .....	<b>3</b>
Rise of US imperialism .....	4
Decolonisation & US imperialism .....	7
Vietnam war .....	10
‘Marshall Plan’ for Third World .....	11
Transnational corporations .....	13
Imperialism & state economic intervention .....	15
The last empire .....	16
Growing social & political instability .....	18
<b>Imperialist Capitalism &amp; Neo-Liberal Globalisation</b> .....	<b>21</b>
Marx’s analysis of capitalism .....	21
The imperialist epoch of capitalism .....	24
The global economy today .....	25
‘Neo-liberalism’ & ‘globalisation’ .....	27
The Great Depression & ‘welfare’ capitalism .....	29
War production & the expansion of the capitalist market .....	32
Keynesianism & the political needs of US imperialism .....	33
The Cold War & ‘welfare’ capitalism .....	34
End of the long ‘boom’ & neo-liberalism .....	36
Neo-liberalism & liberal fears of socialist revolution .....	37
<b>Notes</b> .....	<b>40</b>

Resistance Books 2002

ISBN 1876646284

Published by Resistance Books, [resistancebooks.com](http://resistancebooks.com)

# Imperialism in the 21st Century

*By Doug Lorimer*

“The three grand imperatives of imperial geostrategy [are] to prevent collusion and maintain security among the vassals, to keep tributaries pliant and protected, and to keep the barbarians from coming together.”<sup>1</sup> This statement was not made by an official in the ancient Roman imperial bureaucracy. It was made by Zbigniew Brzezinski, a central figure in the US foreign policy elite, US National Security Adviser to President Jimmy Carter and chief architect of Washington’s policy of creating a network of fanatically anti-communist Islamic terrorists to spearhead the counter-revolutionary war against the Afghan workers and peasants’ government in the late 1970s. It was Brzezinski who infamously defended US support for the ultrareactionary Taliban with the comment: “What is more important in the world view of history? The Taliban or the fall of the Soviet empire? A few stirred up Muslims or the liberation of Central Europe and the end of the Cold War?”<sup>2</sup>

Brzezinski’s statement about the “grand imperatives” of US imperial policy gives a candid insight into how the US ruling elite views the world. The “vassals”, among who it is necessary to “prevent collusion and maintain security”, are the other imperialist powers. Like the vassals of medieval Europe, the other imperialist powers hold sovereignty within their own “fiefs” but they are required to render general support and particularly military service to the supreme lord in Washington.

The “tributaries” who are to be kept “pliant and protected” are the semicolonial capitalist regimes of Asia, Africa and Latin America from whom the imperialist powers extort tribute in form of colonial super-profits, debt service payments and cheap raw materials, oil in particular.

The “barbarians”, who it is necessary to keep “from coming together”, are the

---

*Doug Lorimer* (1953-2013) was a longtime leader of the Democratic Socialist Party. This is the text of a talk presented to the DSP and Resistance educational conference held in Sydney, January 2002.

oppressed and exploited mass of humanity, since when they do “come together” — that is, act collectively in their own interests — pose a threat to very existence of “civilisation” as the Brzezinskis conceive of it. That this is the real view of the propertyless mass of humanity, of the workers and poor peasants of the world, held by imperialist statesman and strategists is confirmed by the argument given to US President Woodrow Wilson by his wartime secretary of state, Robert Lansing, in 1918 as to why the United States should send US troops, money and arms to Russia to overthrow the Bolshevik government. The Bolsheviks sought, Lansing wrote, “to make the ignorant and incapable mass of humanity dominant in the earth”; they were appealing “to a [particular] class and not to all classes of society, a class which does not have property but hopes to obtain a share by process of government rather than by individual enterprise. This is of course a direct threat at existing social order in all countries.”<sup>3</sup>

Of course, Lansing did not express this view in public but only in his private letters to Wilson. In public, he argued that the Bolshevik leaders were German agents and therefore US military aggression against Soviet Russia was not a counter-revolutionary intervention, but a subsidiary part of the Allied war against German imperial expansion.

Lansing, it is interesting to note, also concocted a now-familiar ruse to provide cover for this counter-revolutionary intervention after Germany had surrendered in November 1918. He proposed to Wilson that Herbert Hoover, the US Food Administrator, take charge of a commission to organise the delivery of food parcels to Russian children. As Lansing noted: “Armed intervention to protect the humanitarian work done by the commission would be much preferable to armed intervention before this work had begun.”<sup>4</sup>

## Rise of US imperialism

As a consequence of World War I, US imperialism gained pre-eminence over its European imperialist rivals. US capitalism, which Lenin called “the only full beneficiary from the war”, emerged in the 1920s not only as the capitalist world’s chief creditor, but its leading industrial power as well. Nevertheless, its standing as the world’s chief imperialist power remained subject to challenge from its rivals. And their colonial empires in Asia and Africa remained largely intact, in some instances even expanding.

In the mid-1920s, the Bolshevik economic theorist Yevgeny Preobrazhensky noted that the United States had already acquired a pre-eminent position in the world economy and drew a momentous conclusion. “American expansion”, he wrote, “cannot encounter an unbreakable resistance in any country of the capitalist world so long as the country undergoing attack and pressure remains capitalist.” The reason for this, in his view, was that US dominance was a function of the commanding technological and

financial superiority of its monopolistic corporations in an increasingly integrated world market, and that this very superiority ensured its eventual triumph in any competition in that market. Elaborating on this idea, Preobrazhensky wrote:

The very economic structure of the present-day capitalist countries excludes the possibility of serious resistance to American conquest, because the already attained level of the world division of labour, of world exchange, with the existence of the huge and ever-growing economic, technical and financial superiority America over all the rest of the world inevitably subjects this world to the value-relations of America. Not a single capitalist country can, without ceasing to be capitalist, break away from the operation of the law of value in its changed form. And it is just here that the avalanche of American monopolism falls on it. Resistance is possible only perhaps, on a political basis, specifically on a military basis, but just because of America's economic superiority this would hardly be prove successful.

A struggle against American monopolism [concluded Preobrazhensky] is possible only through changes in the whole structure of the given country, that is, through going over to a socialist economy, and would not allow American capitalism to get hold of one branch of industry after another, subjecting them to American trusts or banks, as is happening with the "natural" contact between present-day American capitalism and the capitalism of other capitalist countries.<sup>5</sup>

A decade and a half after this was written, the US rulers' German and Japanese imperialist competitors made a bid to resist and overcome by military means the challenge of American monopolism, and as Preobrazhensky forecast, this bid proved disastrously unsuccessful.

At the end of World War II, the US monopolists looked set to realise their goal of world domination. At the end of 1945 the US accounted for 50% of world industrial production and its rulers had overwhelming military supremacy among the imperialist powers. On this basis, the propagandists of US imperialism trumpeted the beginning of the "American century".

This "American century", however, ran into a major obstacle the US rulers did not count on — an enormous wave of political rebellion and social insurgency by the world's working people, Brzezinski's "barbarians".

In Europe, German expansionism had been smashed by a combination of the mass resistance of the Soviet workers and peasants and local worker-peasant movements under Stalinist leadership. A revolutionary wave of revulsion against capitalist rule in Italy and France threatened the survival of capitalist rule. On the mainland of Asia, Japanese imperial expansion had also been smashed by a similar combination of action by the Soviet workers and peasants in uniform and local

Communist-led national liberation movements.

Under the impact of the “Get us home” movement among US soldiers at the end of 1945, the massive US conscript army was temporarily disabled as an effective instrument for large-scale counter-insurgency operations. The US rulers were therefore unable to block the destruction of capitalist regimes and the capitalist economic structure in a series of Eastern European countries in the late 1940s and in China in the early 1950s.

To restore capitalist stability in Western Europe and Japan, Washington had to provide huge public loans to its imperialist rivals in Europe and Japan, which enabled them to not only revive production but, over the course of the 1950s and '60s, to modernise their technology, bringing them into a position to offer increasing competition with US corporations at home and abroad, thus undermining the virtually unchallenged dominance the latter held within the world capitalist market at the end of World War II.

To rebuild its military forces as effective instruments for policing the world, the US rulers launched a campaign to instil fear and stifle political dissent among the American masses. This campaign became known as McCarthyism after the Republican senator, Joseph McCarthy, who conducted televised hearings in the early 1950s into the alleged Communist conspiracy within the US government. However, the anti-leftist witch-hunt was initiated by Democratic President Harry Truman, when he signed an executive order in 1947 requiring 2.5 million government employees to be investigated by the FBI for potential “disloyalty”, defined as “membership in, affiliation with, or sympathetic association with . . . any . . . organisation, association, movement, group or combination of persons, designated by the Attorney General as totalitarian”. Soon afterwards this “loyalty check” was extended to include the three million members of the armed forces and three million employees of defence contractors — a total of eight million people.

At the same time, on the basis of the rise in the rate of exploitation of labour resulting from the mass unemployment of the pre-war depression and wartime inflation, US capitalists were able to profitably invest in the technological innovations stimulated by war production. These in turn, particularly the use of electronically-controlled semi-automated production systems, enabled the monopolists to massively lower the production costs of whole branches of industry, and thus to expand the markets for their products.

This provided the economic basis for a 20-year period of accelerated accumulation of capital, during which they were able to create a substantial enough aristocratic layer within the US working class to extinguish the embers of mass labour radicalism that

had exploded in the 1930s.

Combined with the anti-leftist witch-hunt, this process eliminated the need for the US rulers to move outside the framework of capitalist democracy to maintain political stability at home as they pursued their global counter-insurgency strategy, which was centred on blocking the anti-colonial struggles of the workers and peasants in the Third World from being transformed into successful anti-capitalist revolutions.

## Decolonisation & US imperialism

The disintegration of the colonial empires in Asia under the combined impact of the military and economic exhaustion of the European colonial powers, the military defeat of Japan and the rise of national independence movements, enabled US imperialism to expand its economic interests and military influence throughout the former colonies. Before the second world war, for example, US corporations owned only 13% of the oil production of the Middle East; by 1960 they owned 65%.

With some exceptions, US imperialism did not seek to replace the European colonial empires with its own overt political control. For many liberal thinkers, the end of colonialism signalled the end of imperialism. However, colonialism was only a politically contingent phase of imperialist development. Lenin recognised this and as early as 1916 suggested that a “some slight change in the political and strategic relations of, say Germany and Britain, might today or tomorrow make the formation of a new Polish, Indian and other similar state full ‘practicable’”, since, as he put it, “the domination of finance capital and capital in general is not abolished by any reforms in the sphere of political democracy; and [national] self-determination belongs wholly and exclusively to this sphere ... self-determination implies exclusively the right to free political separation from the oppressor nation.”<sup>6</sup>

What fundamentally distinguished the imperialist stage of capitalism, in Lenin’s view, was the replacement of the free competition of many small and medium-sized capitalist firms by the domination of the world capitalist market by a new form of capitalist ownership — finance capital — in which a small number of super-rich capitalist families and associations of these families held controlling ownership of monopolistic industrial corporations and monopolistic banks and other financial enterprises. As he noted in 1915:

At a certain stage in the development of [commodity] exchange, at a certain stage in the growth of large-scale production, namely, at the stage that was reached approximately at the end of the 19th and the beginning of the 20th centuries, commodity exchange had created such an internationalisation of economic relations, and such an internationalisation of capital, accompanied by such a vast increase in large-scale

production, that free competition began to be replaced by monopoly. The prevailing types were no longer enterprises freely competing inside the country and through intercourse between countries, but monopoly alliances of entrepreneurs, trusts.

The typical ruler of the world [Lenin added] became finance capital, a power that is peculiarly mobile and flexible, peculiarly intertwined at home and internationally, peculiarly devoid of individuality and divorced from the immediate processes of production, peculiarly easy to concentrate, a power that has already made peculiarly large strides on the road to concentration, so that literally several hundred billionaires and millionaires hold in their hands the fate of the whole world.<sup>7</sup>

While in his 1916 book *Imperialism, the Highest Stage of Capitalism*, Lenin noted that “[f]inance capital is such a great, such a decisive, you might say, force in all economic and all international relations, that it is capable of subjecting, and actually does subject to itself even states enjoying the fullest political independence”, he tended to regard the conquest of colonies as the culmination of finance capital’s striving for domination. Thus, he argued that “finance capital finds most ‘convenient’, and derives the greatest profits from, a form of subjection which involves the loss of political independence of the subjected countries and peoples”.<sup>8</sup> He therefore regarded the semicolonial countries, countries which were, as he put it, “formally independent, but in fact, are enmeshed in the net of financial and diplomatic dependence” on the imperialist powers, as being in a “*transitional* form of state dependence” on their way to becoming direct colonial possessions of one of the imperialist powers.<sup>9</sup>

The scramble among the European capitalist powers to acquire colonial possessions, however, occurred in the period 1875-1900, that is, in the quarter century *before* the imperialist stage of capitalism. While there cannot be any doubt that it was strongly influenced by the growth of national monopolies in the major capitalist countries and their drive to secure cheap sources of raw materials, the two countries in which monopolisation proceeded earliest and fastest — the United States and Germany — were either absent or late comers in the “Great Game”. The leading players were the oldest of the industrial capitalist powers — Britain, France and Belgium. For the British capitalist rulers, the drive to acquire colonies represented a reversal of the previous trend of policy. Thus in 1852, British treasurer Benjamin Disraeli declared, “These wretched colonies will be independent in a few years and are millstones around our necks”<sup>10</sup>, while 20 years later he announced his conversion to a policy of colonial expansionism.

What had changed in the intervening period was that Britain had lost its world monopoly of industrial production. During the period when Britain held this technological monopoly its rulers advocated open competition in international markets.



From the late 1860s, however, two new industrial powers — the United States and Germany — suddenly began to challenge Britain's economic supremacy. In a world of increasingly competitive and internationally oriented rivals, a movement by any of them to secure monopoly control of markets or supplies of raw materials by political means would inevitably tend to provoke a general *pre-emptive* scramble for colonial possessions to prevent the loss of presently held or potentially valuable markets. In retrospect this appears to have been the major — even determinant — factor in producing the rush to acquire colonies.

This pre-emptive and preventative nature of imperialist colonialism is most clearly seen in the foreign policy of US imperialism, which eschewed formal for informal empire. This policy was first articulated by secretary of state John Hay in his “Open Door Notes”, circulated in 1898, which sought to prevent European colonial expansion in China and preserve open access for all the imperialist powers to the Chinese market. This open door, as Woodrow Wilson aptly described it, was “not the open door to the rights of China, but the open door to the goods of America”.<sup>11</sup> As a political strategy, the open door policy represented the natural policy of a newly great economic power, which recognised that open competition, in foreign as well as domestic markets, was merely the most efficient way of ensuring domination for the strongest. As the financier Andrew Carnegie argued shortly before the policy was announced:

The United States does not know the destiny that is lying immediately at her feet, provided she turn from ... phantom schemes of annexation of barbarous peoples in distant lands and just looks down ... and sees what the gods have placed within her grasp — the industrial dominion of the world.<sup>12</sup>

The US annexation of the Philippines following the US-Spanish war of 1898, while seemingly contradicting the open door policy, in fact was in part motivated by it. The Philippines was seen by the US rulers as the gateway to the markets of China, and the context of the global colonial scramble the only guarantee of US access to China, at the time, seemed to be annexation.

The US war with Spain over Cuba and the Philippines also brought to the fore central element of subsequent US foreign policy — military intervention to protect imperialist interests from national liberation movements. Spain's inability to suppress rebellion in its empire was a major motivating factor for US military intervention. Thus Spain's inability to control revolutionary unrest in Cuba, where US corporations already had substantial interests, was regarded by President William McKinley as a condition which “causes disturbance in the social and political condition of our own people ... and tends to delay the condition of prosperity to which this country is entitled”.<sup>13</sup>

Unlike the Philippines, which was annexed as a US colony, Cuba was placed under US military rule until 1902, when it was granted formal independence under a government subservient to US corporate interests. The Cuba intervention set the subsequent pattern for US imperialist policy toward the underdeveloped countries. Between 1900 and 1917, for example, Washington intervened militarily on more than 20 occasions, in countries from Colombia to China, to suppress threats to US property during revolutionary outbreaks, and to impose nominally independent governments prepared to protect these interests.

In the face of anti-imperialist rebellions in the Third World after World War II, the US imperialists pursued the same strategy. During the 1950s and '60s, they managed to registered some significant successes in suppressing the tide of anti-imperialist revolution in the Third World. These included the blocking of the extension of anti-capitalist revolution to the southern half of the Korean peninsula in the early 1950s, the smashing of incipient revolutions in the Congo and Brazil in the early 1960s, and, most important of all, the almost complete extermination of the anti-imperialist movement in Indonesia in 1965-66.

Washington's global counter-revolutionary counteroffensive also suffered two significant defeats in each of these decades. Washington was unable to prevent its French imperialist allies from suffering defeat at the hands of the Marxist-led national liberation movement in Vietnam in 1954 and the creation of a workers' state in the north of that country. And it was unable to stop the overthrow of their puppet regime in Cuba in 1959 and the subsequent consolidation under Marxist leadership of the first workers' state in the Western Hemisphere.

However, on the back of their counter-revolutionary success in Indonesia, the US imperialists began a huge escalation of their counter-revolutionary military assault on the revolutionary movement in South Vietnam, dispatching half a million combat troops to save Washington's puppet regime in Saigon and launching a massive bombing campaign against the workers state in North Vietnam.

## Vietnam war

In Vietnam, Washington's huge military machine proved unable to crush a mass insurgent movement headed by a revolutionary leadership. This undermined the credibility of its global counter-revolutionary strategy among the American masses and destroyed the reactionary McCarthyist atmosphere of hostility to anti-capitalist ideas.

Already, in the mid-1950s, the reactionary political climate began to be undermined by the mass actions undertaken by African-Americans against the legally sanctioned

apartheid regime they had to endure in the southern US states. These mass actions increasing drew a new generation of white working-class and middle-class Americans into progressive political activity.

As it became clear that the US rulers' war against the Vietnamese revolution could not achieve a quick and easily victory, rifts emerged within the ruling elite about how to conduct the war. While these were merely tactical differences, they helped legitimise public expressions of outright opposition to the war and placed an obstacle in the way of a repressive crackdown against such public expressions.

Increasing numbers of young Americans advanced from criticism of the hypocrisy of the US ruling elite's denial of democratic rights for black Americans and the non-white peoples of the Third World to a consciously anti-imperialist and anti-capitalist outlook.

The attitude toward the war in Vietnam of the mass of American working people turned from apathy to deepening opposition as it became clear to them that the US ruling elite was willing to sacrifice the lives the tens of thousands of young American conscripts in an unwinnable war. This shift in the attitude of the American masses provided the social base for the building of the largest antiwar movement in US history, a movement that increasingly found sympathy and expression among the ranks of the US conscripts in Vietnam which in turn rendered the US conscript army utterly unreliable as a world police force. It was this factor that in the end led to the defeat of the US rulers' counter-revolutionary enterprise in Vietnam.

The US defeat in Vietnam was the culmination of the shift in the international relationship of class forces to the detriment of imperialism resulting from the wave of mass insurgency in the Third World that flowed out of World War II. In a few semicolonial countries, such as China, Korea, Cuba and Vietnam, this mass urgency led to the creation of workers' and peasants' governments and the destruction of the capitalist economic structure. The overwhelming majority of Third World countries, however, remained dominated by the world capitalist market and oppressed by the imperialist system. Most are saddled with governments that represent domestic capitalist exploiters subservient to imperialist finance capital.

### **'Marshall Plan' for Third World**

Between 1948 and 1952 the US rulers provided billions of dollars in long-term loans that were used to rebuild the foundations for renewed industrial production and political stabilisation in war-ravaged capitalist Europe and Japan. The expansion of the developed capitalist economies over the subsequent two decades rapidly narrowed the large initial postwar gap between the level of productivity in the US and the other

developed capitalist countries.

Many liberal commentators have called for a similar “Marshall Plan” to be applied to the Third World in the naive view that this would have similar results there. However, imperialist domination of the semicolonial countries prevents the development of a class structure and value of labour power capable of supporting an internal market that can meet the profit needs either of a broad developing local bourgeoisie or absorb the massive imports of capital and commodities from the imperialist countries. These semicolonial class relations permit the emergence of isolated pockets of “prosperity”, layers of wealthy export and service-oriented capitalists, and a narrow relatively prosperous middle class. But there neither is nor can be a relatively well-off population of employed wage workers and prosperous farmers able to purchase a wide range of consumer durables on a level comparable to the imperialist countries.

Since the late 1960s imperialist governments, banks and international finance agencies have foisted hundreds of billions of dollars in loans on the semicolonial countries. The Marshall Plan has been repeated. But its main result has been a disaster for the workers, peasants and even the bulk of the urban middle class in the semicolonial countries. Not only has it proved impossible for the local capitalists to reproduce the successes registered in postwar Europe and Japan, but the opposite has occurred. The gap between the economic strength of the imperialist and semicolonial countries has widened. The Third World debt has not been a blessing preliminary to a historic developmental takeoff, but a trap preliminary to a devastating crisis. The contrasting experiences of the results of the Marshall Plan in Western Europe and Japan, on the one hand, and its repetition in the semicolonial capitalist countries, on the other, demonstrate that debt is a *social relation*, one that has diametrically different effects depending on the relative power of lender and borrower.

In small handful of semicolonial countries — South Korea, Taiwan, Mexico, Brazil and Argentina — imperialist loans facilitated a process of broader industrialisation in the 1980s. In the 1990s these countries became the targets for a substantial shift of international capital flows, as the bulk of imperialist capital flowing into the Third World switched from loans into portfolio investments, that is into buying up stocks and bonds in the big private companies and newly privatised state enterprises of what are known as the “emerging markets”. As the experience of each of these countries has demonstrated, this buying up of shares is simply a stepping-stone to imperialist capital directly taking over and running the largest and most profitable enterprises in these countries that were formerly in the hands of the local capitalists, that is, to reversing the limited gains in independent industrialisation that were made by these capitalists during the 1980s.

The US defeat in Vietnam in the early 1970s coincided with the exhaustion of the factors that had sustained a 20-year wave of rapid expansion of the imperialist economies, a sharp fall in the rate of profit and the resurgence of the “normal” tendency of monopoly capitalism toward increasing economic stagnation and financial instability.

During this “long boom”, the imperialist economic system underwent a new stage of development in which the international concentration and centralisation of finance capital, particularly US finance capital, proceeded at faster pace than at any time in history.

### Transnational corporations

This new stage of imperialism was marked above all by the emergence of transnational corporations, corporations based upon an international division of labour, as the dominant form of capitalist business organisation. Such corporations had existed before the second world war, but they were largely confined to the sphere of extraction, processing and distribution of raw materials such as petroleum.

In his 1969 book *Imperialism and Revolution*, David Horowitz noted that between 1946 and 1966 US direct foreign investment had grown by almost 800%. He went on to give the following description of the forces that propelled this postwar overseas expansion:

To develop commercially the new technologies (many of which received immense stimulus from the war) required heavy research and manufacturing investments and hence mass markets over which to spread unit costs. At the same time modern communications and mass media standardised tastes in different countries, while resurgent economic nationalism, often coupled with foreign currency shortages induced governments to ensure that international goods they bought were manufactured on their own soil.

In the course of these developments a new corporate form emerged — the “multi-national” or international corporation. Carrying out both manufacturing and marketing operations in literally dozens of countries, such corporations, as distinct from even their giant predecessors, no longer merely look to foreign sources for an independent share of sales, profits and growth, but rather seek “to apply company resources on a global scale to realise business opportunities anywhere in the world”. Once placed in “external” markets, international corporations seek to expand their control of these markets as such; for they are locked in mortal combat with similar giants for control of markets at an international level.<sup>14</sup>

Referring specifically to US transnational corporations, Horowitz observed that in 1964 “only 45 US firms account for almost 60% of direct U.S. foreign investment, while

80% is held by 163 firms".<sup>15</sup>

At home and abroad, US corporations invested in the mechanisation, semi-automation and massive expansion of factories producing automobiles, refrigerators, washing machines, vacuum cleaners, television sets and other consumer durables. Consequently, the great bulk of US foreign investments went to mass consumer markets for these products provided by other imperialist countries. By the late 1960s 80% of the foreign assets of US corporations were in Western Europe, Canada, Japan, Australia and New Zealand. Similarly, as the big capitalists of the other imperialist countries, particularly those of Western Europe and Japan, recovered from the ravages of World War II, and began to transform their companies into transnational corporations, the bulk of their foreign investments also flowed into other imperialist countries including the United States.

The postwar extension of the internationalisation of the forces and processes of production that formed the substratum for the rise to dominance of transnational corporations entailed a substantial deepening of the fundamental contradiction inherent in the capitalist system. This is the contradiction between, on the one hand, the increasing social and economic interaction and interdependence among people throughout the world and, on the other, the political division of the world into a series of nation-states in which a small number of wealthy families own the commanding heights of the economy, which enables them to control all major decision-making in the interests of furthering their own private enrichment rather than meeting the needs of the vast majority of humanity.

Imperialist capitalism had already brought this contradiction to maturity, as the editors of the London *Economist* openly acknowledged when they wrote in October 1930:

The supreme difficulty of our generation ... is that our achievements in the economic plane of life have outstripped our program on the political plane to such an extent that our economics and politics are perpetually falling out of gear with one another. On the economic plane, the world has been organised into a single all-embracing unit of activity. On the political plane, it has remained ... partitioned. The tension between these two antithetical tendencies has been producing a series of jolts and smashes in the social life of humanity.

Imperialist capitalism deepens this contradiction not only from its economic side by extending the internationalisation of production and centralising capital in the hands of "a few hundred billionaires". It also deepens it on the political side, by strengthening the coercive power of the capitalist state in the imperialist countries through a massive growth of its armed forces and by extending the capitalist state's role in guaranteeing

the surplus profits of the capitalist monopolies., mainly by providing them with subsidies and state orders — above all, but not exclusively, for armaments.

## Imperialism & state economic intervention

In the 19th century, during the era of free competitive capitalism, the attitude of the capitalists toward the state was summed up in the classical liberal aphorism “The best government is the least government”. State revenues and expenditures in the capitalist countries were kept to a minimum, accounting for around 5% of Gross Domestic Product (GDP).

By contrast, in the imperialist epoch, the epoch of the domination of world economy and world politics by finance capital, the share of state revenues and expenditure rose steadily, accounting for around 40% of the GDP of imperialist countries since the second world war. A substantial part of the growth of these state revenues and expenditures, particularly in Western Europe and Australia, reflected the expansion of the socialised portion of wages in the forms of welfare payments, publicly funded housing, health care, education, etc. This expansion of the socialised portion of wages was undertaken during the postwar “long boom” as a *political* response to counter the attraction that the social security measures inherent in the Soviet bloc’s post-capitalist planned economies exercised over large sections of the working class in these countries.

However, the greater part of growth of the imperialist state’s expenditures were the result the increasing need of the monopoly corporations for state subsidies. This can be most clearly seen in the growth of state expenditures in the United States, where the postwar McCarthyist witch-hunt completely marginalised those sections of the working class that were attracted to the Soviet alternative to capitalism and the US rulers therefore had no political need to create a large “welfare state”. Instead, the large postwar expansion of state expenditures in the US was connected with the creation and supply of a huge military machine. In fact, as a share of GDP, non-military expenditure by the US government remained roughly what it was in 1929.

The qualitatively greater role that the capitalist state plays in the economic life of the imperialist countries is a reflection of the inability of imperialist capitalism to spontaneously reproduce itself by simply relying on the laws of the capitalist market — a reflection of the fact that, as Lenin pointed out, imperialist capitalism is the epoch of decaying capitalism, capitalism which has reached the stage where it has to be propped up by the use of mechanisms that run counter to its own spontaneous laws of motion.

The neo-liberal offensive launched against “big government” by the imperialist rulers at the end of the 1970s might seem to contradict this, but this offensive has not

been aimed at reducing the overall levels of state expenditures in the imperialist countries. Rather, it has been aimed at cutting back the share of these expenditures that are allocated to working people's welfare and increasing the share that goes directly to provide subsidies to the corporations and their rentier owners: it is part of the drive to increase finance capital's exploitation of the wage earners in the face of the return of monopoly capitalism's long-term tendency toward economic stagnation.

## The last empire

While she was President Clinton's secretary of state, Madeline Albright, a former pupil of Brzezinski at Columbia University, stated that "the United States is the world's indispensable nation". While this comment might seem to be nothing but an expression of US imperial arrogance and American national chauvinism, from a Marxist viewpoint it has a rational content: the United States is the *world imperialist system's* indispensable nation. The economic and military strength of the United States is indispensable to the survival of the imperialist system.

While the other imperialist ruling classes inevitably seek to advance their own interests against each other and against the US rulers and US-owned corporations in the world capitalist market, they know that there is no imperialist power that can displace the dominance of the US, either economically or militarily.

This situation is new in the history of world capitalism. In the 16th and 17th centuries the Spanish and Dutch empires, through bloody colonial expansion in the Americas and Asia, accumulated much of the wealth on which capitalism based its initial spurt of growth. By the 18th century they had been displaced by Britain and France, and by the end of the 1700s British agricultural, banking and manufacturing capital had laid the foundation for what was to be a century of world dominance before being displaced by the US capital.

While US imperialism has suffered a relative decline in its position since the end of World War II, this has not brought any of its imperialist competitors closer to establishing their own predominance in the capitalist world.

The US has 63% of the imperialist world's naval tonnage, 46% of its land-based and 91% of its sea-based military aircraft, and 39% of its ground troops. Its armed forces are the backbone of NATO and of the military alliance with imperialist Japan and Australia. The US rulers' international military supremacy, however, is not simply based on being the most massively armed power within a system of military alliances with other imperialist powers. Nor, like Britain in its heyday, does Washington rely primarily on its unchallenged position as the world's leading naval power. Unlike any of its predecessors, Washington's imperial might reaches directly into every part of



the world.

A quarter of all US military forces — some half-a-million troops — are based at nearly 400 military installations in Western Europe, the Middle East, the Indian Ocean, Japan, South Korea, the Pacific islands, Panama, Puerto Rico and at Cuba's Guantanamo Bay. Another 7-8% of US forces are on naval patrols in the Persian Gulf and elsewhere in the world. All of the imperialist powers are dependent on the massive presence of US ground, air and naval forces on every continent and every ocean to maintain the "security" of the world capitalist order.

In addition to Washington's military power, the enormous size and weight of the US market and productive capacity also preclude any replacement of US imperial dominance in the capitalist world. The US market alone absorbs some 25% of the goods imported by all the imperialist countries combined. Between the beginning of the 1960s and the mid-1980s the US share of world exports declined from 15% to 11%. While this reflected a relative decline in US economic power, it was compensated for by the growth in exports from factories owned by US corporations in other countries. In total, commodities produced and exported by US-owned corporations accounted for 17% of world exports in the mid-1980s, roughly the same share as at the beginning of the 1960s. And between 1985 and the mid-1990s, US corporations' share of world exports rose to 20%, while the world market shares of Japanese and European corporations all declined.

When we look at the commanding heights of corporate power, US economic dominance stands out sharply. In 1999, for example, sales of the world's 200 largest corporations accounted for 27.5% of world GDP. Eighty-two of these 200 corporations were US-owned and they accounted for 11% of world GDP. In 1999 the world's 20 largest corporations had sales of US\$2.3 trillion and profits of US\$90 billion. While only seven of the 20 top corporations were US-owned, they accounted for 42% of their sales and 61% of their profits.

The agreements among the 15 West European governments that make up the European Union to remove all intra-union barriers (among 12 of them) to trade, labour and capital flows and to create a common currency zone, cannot fundamentally challenge the dominant position of US finance capital in the world economy. Even for this project to be stabilised it would require the transformation of the European Union into a federal multinational state on an equal military footing with the US, and a rapid process of international mergers among the largest European transnational corporations to attain a level of capital ownership and productive capacity equal to their US rivals. And without such a process of international fusion of the European big capitals there is little prospect that the German or French or British financial oligarchies

will surrender their existing national sovereignty to a pan-European imperialist federal state.

Among the world's 200 largest corporations, 71 are owned by European capitalists and of these, only three exhibit multinational ownership and two of these — the Anglo-Dutch owned Royal Dutch-Shell oil company and the Anglo-Dutch owned Unilever food and beverages firm — have been in existence for nearly 100 years. The process of international fusion of big capital within the EU has thus been extremely slow.

The present relationship of forces among the imperialist powers could only be fundamentally changed by a war between them in which the United States' economic and military supremacy was shattered. But US military supremacy rules out a repetition of direct inter-imperialist military conflicts such as the first and second world wars.

### **Growing social & political instability**

At the beginning of the 1990s, the imperialists won the Cold War when the bureaucratic ruling elites in Eastern Europe, the Soviet Union and China finally decided to secure their material privileges by attempting to transform themselves into capitalist ruling classes. The imperialist rulers triumphantly hailed this long-sought-after victory for capitalism as marking the emergence of a “New World Order” of peace, prosperity and democracy. But in the context of the continued trend of the world capitalist economy toward stagnation and the growing social and political instability it is provoking in the Third World, the real perspectives that imperialism in the 21st century present to the working people of the world are continuing cuts to their living standards, new wars and a curtailment of democratic rights.

The imperialist rulers will continue the drive they began in the late 1970s to take back all the economic concessions they were politically forced to cede during the Cold War to the working people of their own countries and to the local capitalists in the semicolonial countries, and to squeeze even greater amounts of wealth out of the workers and peasants of these countries. This means eroding the real purchasing power of the wages of the big majority of workers, extending their working hours and drastically paring back social welfare programs. It means whipping up nationalist xenophobia and racism in order to increase the divisions among working people and to prevent the development of international working-class solidarity — “keeping the barbarians from coming together”, as Brzezinski put it.

It also means cutting down on the social legacy to be bequeathed to future generations — a habitable natural environment, schools, hospitals, public housing, etc. It means increasing social dislocation — petty crime, drug addiction and mounting

social alienation.

There will be repeated imperialist military interventions in the Third World tributaries to counter the inevitable popular resistance to the imperialists' demands for greater and greater tribute and the collapse of stable bourgeois rule in these countries that such resistance will lead to.

At every opportunity, the US imperialist rulers will push as far as they can to reverse the Vietnam Syndrome, by instilling a siege mentality and whipping up patriotic fervour among the American masses to stifle any opposition by these masses to again becoming willing cannon fodder in Washington's new counter-insurgency wars and its military assaults on unpliant tributaries.

To carry through their domestic war on workers' living standards and to stifle opposition at home to a new series of wars abroad, the US rulers will seek to curtail the democratic rights of dissents through a new McCarthyism and through the legitimisation of the increased use of naked police force against public expressions of dissent.

This is, of course, the trajectory that the US and other imperialist ruling classes have embarked on since September 11, 2001 under the cover of a global war against terrorism.

The last time the US rulers attempted such a global counter-insurgency strategy, they were able to sustain it without serious domestic opposition for more than two decades by their ability to grant economic concessions and social improvements on a scale sufficient to imbue large sections of the American masses with faith in the social justice of the capitalist system. But the central dilemma facing the US rulers as they again launch a bid to create an "American century" is that they and their allies must wage war not only on recalcitrant forces in the Third World, but also against the living standards of their own working people.

In these circumstances, their prospects for stifling a domestic radicalisation and political polarisation are vastly more limited than they were in the late 1950s.

The situation today has little in common with the early Cold War period of counter-insurgency wars abroad and rising prosperity at home. Rather, it more closely parallels the situation of war abroad and deepening impoverishment at home that prevailed in the imperialist countries in the period between the first and second world wars. At the beginning of that period, the revolutionary opponents of imperialist war were far more isolated and marginalised than they are today. But as the initial wave of pro-war patriotic fervour was drowned in the brutal realities of a prolonged foreign war and sharply deteriorating living standards at home, the radical opponents of imperialism found a growing base of support among broad masses of working people for their

perspective of revolutionary mass political action as the only road out of the endless horrors that imperialist capitalism presented to humanity.

The “lack of stability”, wrote the Bolshevik leader Leon Trotsky in the early 1920s, “the uncertainty of what tomorrow will bring in the personal life of every work, is the most revolutionary factor of the epoch in which we live.” The resulting “absence of stability drives the most imperturbable worker out of equilibrium. It is the revolutionary motor power”, Trotsky added.<sup>16</sup> This, above all, is what imperialist capitalism offers to the working people of the world in the 21st century — a prolonged period of political and economic shocks, of insecurity and uncertainty, a prolonged period of deepening class polarisation and potential revolutionary political crises. ■

# Imperialist Capitalism & Neo-Liberal Globalisation

*By Doug Lorimer*

A lot has been written, and will doubtless continue to be written, about how Marx's theory of capitalist development is a relic of a bygone era, irrelevant for understanding the complex dynamics of the "globalised", "post-industrial", "financialised" capitalism that is supposed to have emerged only at the end of the 20th century. Contemporary capitalism, however, can only be scientifically understood using Marx's theory of capitalist development.

The proof of such an assertion is demonstrated by the fact that Marx himself, in analysing the dynamics of capitalist economy in the 1860s, predicted that its further development would give rise to the fundamental features that characterise contemporary capitalism.

## **Marx's analysis of capitalism**

Marx began his analysis of capitalism by discerning that it was an economic system in which the direct producers of goods and services are dispossessed of the means of production and forced to sell their ability to produce goods and services to those who possess the means of production as capital, as means to accumulate surplus labour in the form of monetary values. In the capitalist system, capital is accumulated through buying the commodity labour-power.

The two basic social classes that are engendered by the capitalist system are the "personification" of this process. The working class are those people, Marx says, "who produce and valorise 'capital' and are thrown onto the street as soon as they become superfluous to the need for valorisation possessed by 'Monsieur Capital'". They're

---

This is the text of a talk presented on behalf of the DSP National Executive to the Marxism 2000 conference, held in Sydney, January 5-9, 2000.

people, for instance, who comprise many different kinds of workers, engaged in many different kinds of social activity, and who dress in many different kinds of clothes. But whether they wear a suit or overalls or are highly or poorly educated, or live in a comfortable suburban house or a squalid inner-city slum, if their income is solely derived from having to sell their labour-power to owners of capital, they are members of the class of wage-workers.

Everyone, Marx quips in the first volume of *Capital*, “who lives only so long as they find work, and who finds work only so long as their labour increases capital” is a member of this class. In the *Communist Manifesto* Marx and Engels observed that those “who must sell themselves piecemeal, are a commodity, like every other article of commerce, and are consequently exposed to all the vicissitudes of competition, to all the fluctuations of the market”.<sup>1</sup> Here, of course, one’s class definition hinges on one’s relationship to the process of accumulation of capital.

Marx put a lot of emphasis in his theory of capitalism on this process. He describes in almost glowing terms its prodigious power to burst through every historical and geographical restriction it encounters, its power to conquer the world of social wealth, creating a whole array of new values along the way. Yet, at the same time, Marx was appalled by the brutality the process of accumulation of capital unleashes, by the horrors it inflicts upon the human race.

The drive to accumulate capital, Marx explains, pits capitalist against worker and worker against worker. But it also pits capitalist against capitalist. It subordinates, Marx says, “every capitalist to the immanent laws of capitalist production, as external and coercive laws”. So, as capitalists strive to accumulate capital, as their actions become mere functions of the process of capital accumulation, they inevitably clash with other capitalists.

But over time the process of capital accumulation and the competition between capitalists leads to the concentration and centralisation of capital in the hands of fewer and fewer capitalists as big capitalist fish gobble up the little capitalist fish. According to Marx, this enhances the scale of operations for both capital and wage-labour, leading both of them to become increasingly socialised in their actual operations.

The labour of each individual worker becomes interdependent upon the labour of other workers, not just within their direct place of employment, but across whole branches of production within a nation and between nations.

The effects of concentration and centralisation of capital upon the capitalists also accelerates the *socialisation of capital*. This is because competition and the obligatory development of the credit system become powerful levers for the merging of private capitals into associations of capital — into joint-stock companies, in which capital in

the form of the means of production is no longer the possession of any individual capitalist but of an *association of capitalists*.

The formation of joint-stock companies leads, Marx says in the third volume of *Capital*, firstly, to a “tremendous expansion of the scale of production” which would be impossible for individual capitalists operating on their own. Secondly, it leads to a situation in which one or a few firms are able to dominate whole spheres of social production. The production enterprises controlled by these firms no longer produce goods and services for a handful of wealthy people, but for the entire society, and they have thus become in fact social enterprises. Thirdly, it leads to the owners of capital ceasing to be the managers of the labour process, of the direct process of production of goods and services. This function is turned over to salaried employees, while the capitalist becomes, as Marx puts it, “a mere owner, a mere money capitalist”.

From this analysis of the nature and dynamic of joint-stock companies, Marx drew the conclusion that joint-stock companies, which were only just beginning to be formed in the second half of the 19th century, represented “capitalist production in its highest development” because they are the “abolition of the capitalist mode of production within the capitalist mode of production itself” and are therefore the “necessary point of transition towards the transformation of capital” as means of production “back into the property of the producers, though no longer as the private property of individual producers, but rather as their property as associated producers”, that is, as social property. Joint-stock companies are “abolition of the capitalist mode of production within the capitalist mode of production itself” because they contradict the *essence* of capitalist relations of production. That is, rather than private ownership of means of production for private production of wealth, joint-stock companies give rise to social ownership of means of production for social production of wealth. But they do so within the framework of the private appropriation of the surplus labour embodied in the wealth of goods and services that are produced.

As this contradiction develops, Marx says, it “presents itself as such a contradiction even in appearance” by, firstly, giving “rise to monopolies”, which in turn demand increasing state intervention in economic activity and by, secondly, producing a “new financial aristocracy, a new kind of parasite in the guise of company promoters, speculators and merely nominal directors, an entire system of swindling and cheating with respect to the promotion of companies, issues of shares and share dealings”.

In a supplementary note to the first edition of Volume 3 of *Capital*, Engels wrote in 1894 that when Marx wrote these words in 1865, “the stock exchange was still a *secondary* element in the capitalist system”, but that since then “a change has occurred that gives the stock exchange of today a significantly increased role, and a constantly

growing one at that, which, as it develops further, has the tendency to concentrate the whole of production, industrial as well as agricultural, together with the whole of commerce — means of communication as well as the exchange of function — in the hands of stock-exchange speculators, so that the stock exchange becomes the most pre-eminent representative of capitalist production as such.”

### The imperialist epoch of capitalism

Utilising Marx’s theory of capitalist development, Lenin concluded 85 years ago that all the features which Marx had forecast in 1865 as characteristic of “capitalist production in its highest development” had become dominant in Western Europe, North America, Japan and in his native Russia.

On the basis of economic data compiled by bourgeois economists in the early years of the 20th century, Lenin argued in December 1915 that “at the end of the 19th and the beginning of the 20th centuries, commodity exchange had created such an internationalisation of economic relations, and such an internationalisation of capital, accompanied by such a vast increase in large-scale production, that free competition began to be replaced by monopoly”.

The dominant type of capitalist businesses were, Lenin wrote, “no longer enterprises freely competing inside the country and through intercourse between countries, but monopoly alliances of entrepreneurs, trusts” which were carving up the world market between themselves.

“The typical ruler of the world”, Lenin wrote, “became finance capital, a power that is peculiarly mobile and flexible, peculiarly intertwined at home and internationally, peculiarly devoid of individuality and divorced from the immediate processes of production, peculiarly easy to concentrate, a power that has already made peculiarly large strides on the road to concentration, so that literally several hundred billionaires and millionaires hold in their hands the fate of the whole world”.

Lenin further concluded that the domination of the economic and political life of the advanced capitalist countries by these financial oligarchies had given rise to a new epoch in the history of the world which had superseded the epoch of the comparatively peaceful extension of the domination of capitalist production across the entire globe, “marked approximately by the years 1871 and 1914”. Of course, he noted that even this epoch of “peaceful” expansion of capitalism had “created conditions of life that were very far from being really peaceful both in the military and in a general class sense”. He pointed out that: “For nine-tenths of the population of the advanced countries, for hundreds of millions of peoples in the colonies and in the backward countries this epoch was not one of ‘peace’ but of oppression, tortures, horrors that



seemed the more terrifying since they appeared to be without end.”

“This epoch has gone forever”, Lenin said. “It has been followed by a new epoch, comparatively more impetuous, full of abrupt changes, catastrophes, conflicts, an epoch that no longer appears to the toiling masses as horror without end but is an end full of horrors.” This new epoch, Lenin explained in his 1916 book *Imperialism, the Highest Stage of Capitalism*, would be marked above all by the drive by each of the financial oligarchies of the advanced capitalist countries to use the coercive power and organised violence of the state machines they commanded to maintain their imperial domination over the economic and political life of the backward countries and to increase their wealth at the expense not only of working people at home and abroad but also in competition with the financial oligarchies that dominated the other advanced countries. Consequently, the new imperialist epoch of capitalism would be marked by repeated colonial wars, uprisings by imperialist-dominated peoples and inter-imperialist military conflicts that would create the political conditions for abolishing capitalism through successful working-class revolutions.

## The global economy today

It is often claimed that the extent of internationalisation of production today has far outstripped the levels that existed when Lenin made his analysis of imperialist capitalism and that his analysis, which was based on a world market still fragmented into many national economies, is therefore “outdated”.

It is certainly true that there was a phenomenal increase in international movements of money-capital over the last two decades of the 20th century. Trillions of dollars flow in and out of bond, share and currency markets on a 24-hour basis. The massive inflation of these markets has been dramatic. In 1973, a typical day’s trading on the world’s currency markets amounted to US\$15 billion. By 1983 it had risen to US\$60 billion; by 1992 to US\$900 billion. By the end of the 1990s it has risen to US\$1,300 billion. In comparison, the total foreign currency reserves of the Western governments amount to only US\$64 billion.

The total stock of financial assets — company stocks and derivatives, government bonds, etc — increased from US\$5 trillion in 1980 to US\$35 trillion in 1992 and is expected to be more than US\$80 trillion this year — three times the total value of goods and services produced in the advanced capitalist economies.

However, claims that there has been a dramatic increase in cross-border trade in goods and services, or in transfers of productive capital, are vastly overstated. In 1913, for example, world trade in goods and services amounted to 16% of world output. After a sharp fall in the interwar years, it gradually climbed back up to 15% only in

1990. Similarly, the world's accumulated stock of foreign direct investment was equivalent to 12% of world output in 1913. By 1990 it stood no higher than 10% of world output.

US economist Doug Henwood has shown that the much-hyped increase in the “globalisation” of the production operations of transnational companies is just that — hype. By 1994 transfers of partly finished goods to or from foreign manufacturing affiliates by companies operating in the US had risen from 12% of US trade in 1977 to 13%, that is, by a relatively negligible amount. Cross-border transfers of partly finished goods within transnational companies operating in the US, rose from 2% of US trade in 1977 to 3.2% in 1994.

Today, it should be obvious to everyone that the features that Marx forecast back in 1865 as characteristic of “capitalist production in its highest development” — joint-stock companies, separation of capital ownership from managerial functions in the direct process of production, monopolies, extensive state intervention in economic activity, the existence of a “financial aristocracy” consisting of “parasites in the guise of company promoters, speculators and merely nominal directors” — are the dominant form through which the process of accumulation of capital occurs on a world scale.

Just about everyone can see that stock exchanges today do not operate to raise new money for investment in the production of goods and services by issuing titles to a share in a company's profits in exchange for handing over one's spare cash to its directors, which was their original role in the capitalist system. Today it is obvious to everyone that the stock exchanges are really billion dollar markets for speculation on already existing stocks, and that the responsibility of any CEO has little, if anything, to do with managing the production of goods and services but, rather, to make the shareholders, particularly the biggest shareholders, as much money as possible, as fast as possible, through ensuring a rapid and continuous rise in the price, the market value, of the company's stock of money-market instruments (stocks, bonds, etc.). This is the logical outcome, and highest development, of a mode of production based upon the drive to accumulate capital, to accumulate paper values.

Capitalist production has become so concentrated in the hands of stock-exchange speculators and the stock exchange has become so obviously the most pre-eminent representative of capitalist production that contemporary capitalism is widely described by bourgeois pundits as a “casino economy” dominated by mere money-capitalists.

Of course, the big investors today are not mere money-capitalists. Finance capital is a new form of capital, in which the owners of capital in the form of stocks own not only banks and other financial institutions but industrial corporations as well.

In the 19th century industrial capital and banking capital had distinctly different

owners, reflecting the smaller scale of capitalist operations. The rise of joint-stock companies as the dominant form of capitalist businesses at the end of the 19th century brought about a merger of industrial and banking capital into finance capital. The 60 or so families that Ferdinand Lundberg identified in the 1930s, and again in 1968, as constituting the US financial oligarchy — the Rockefellers, Morgans, Mellons, DuPonts, Whitneys, Warburgs, Vanderbilts, etc. — did not just control all the major banks and insurance companies in the US, but also all the major industrial corporations. The Rockefeller family, for example, had effective ownership not only of the Chase banking corporation and the Met-Life insurance corporation, but also industrial corporations such as Exxon, Mobil and — in combination with the Mellon family — Westinghouse. The Morgan and Whitney families were not only the effective owners of the banks J.P. Morgan and Bankers' Trust, but also of US Steel, General Electric and — in combination with the Du Pont family — of General Motors.

It is thus utterly misleading to talk about the explosion of speculation on the money markets over the last two decades as the rise to “dominance” of finance capital — as though there are the “good”, productive, “industrial” capitalists and the “bad”, speculative, finance capitalists, and the latter today dominate over the former.

Since the beginning of the 20th century, capitalist production and capital accumulation has been dominated by finance capital. The financial oligarchs invest their money-capital in both the production of commodities and in speculation in the money markets. Speculation on the money markets has absorbed more and more of their investments because, since the end of long postwar wave of expansion of capitalist production of goods and services, continued reinvestment of the profits they derive from investment in the production of real values has become less lucrative than the diversion of a growing share of these profits into gambling on the stock, bond and other markets for paper values.

### **‘Neo-liberalism’ & ‘globalisation’**

The bourgeois pundits who describe modern capitalism as a “casino economy”, of course, do not acknowledge that this is the end result of the very laws of development of capitalism that Marx discovered. Instead, they attribute it to the changes in communications technology (the so-called “information technology revolution”) and the deregulation of the world's financial markets, that is, markets in financial assets such as company shares. The latter, in turn, they claim, was made “inevitable” during the 1980s by a combination of the IT “revolution” and the “globalisation” of the production and marketing of goods and services by transnational companies. Furthermore, it is claimed that transnational companies have brought into being an

integrated, borderless (at least for capital) world-wide market in which all nation-states have lost their ability to regulate their economies.

Many left-liberals and ex-radicals from the '60s and '70s, while nostalgic for the Cold-War period of Keynesian liberal-democratic “welfare” capitalism, have completely bought these claims and accepted the social and economic policies that have accompanied the supposed new rise to dominance of finance capital as being as irresistible as the change in the seasons. Others, including even big professional speculators such as George Soros, worry that “globalisation” and the neo-liberal “free market” policies that have been justified by it will undermine the public’s, that is, working people’s, acceptance in the rule of capital and lead to “massive social discontent”, which is their liberal-democratic euphemism for what might happen if working people cease to abide by the rules of the parliamentary system and seek to take the running of society into their own hands.

Even some of the most enthusiastic supporters of “neo-liberal globalisation” have expressed concern that the implementation of neo-liberal economic policies could undermine the stability of bourgeois political power embodied in the nation-state. For example, the British *Economist* magazine, a stalwart mouthpiece of the laissez-faire capitalism since it was founded in the early 19th century, commented:

The supreme difficulty of our generation ... is that our achievements on the economic plane of life have outstripped our progress on the political plane to such an extent that our economics and politics are perpetually falling out of gear with one another. On the economic plane, the world has been organised into a single all-embracing unit of activity. On the political plane, it has remained ... partitioned. The tension between these two antithetical tendencies has been producing a series of jolts and jars and smashes in the social life of humanity.

If you’d assumed that the “jolts and jars and smashes” that the *Economist* was referring to were such recent events as the series of financial crises and economic collapses that have hit countries like Japan in 1989, Mexico in 1994, South Korea, Thailand and Indonesia in 1997 and Russia in 1998 — then you’d be wrong. The *Economist* was actually referring to an even more massive economic crisis than any of these. It was actually referring to the Great Depression that was “globalised” to all capitalist countries when the speculative stock-market bubble on Wall Street collapsed in 1929 and industrial production in the world’s largest single national economy, the United States, fell by 48% between 1929 and 1932.

The fact that a comment taken from the London *Economist* in October 1930 could easily be assumed to be referring to the world situation nearly 70 years later should at least suggest to us that “neo-liberal globalisation” is not a new phenomena in the 20th

century. Indeed, what is now called “neo-liberalism” was the dominant approach of the capitalist ruling classes, particularly in the richest capitalist countries, that is, Britain and the US, toward government economic policy right up to the mid-1930s.

Based upon the classical liberal bourgeois economic theory that the unfettered pursuit of private gain by individuals will, through the rationality of the market, ensure the satisfaction of the common good, orthodox liberal economists argued that intervention by the state into the operations of the market to create jobs and protect working people from the vicissitudes of supply and demand of labour-power would do more harm than good.

The liberal economic nostrums, however, were abandoned by the imperialist ruling classes during World War I. They imposed all sorts of state controls over capitalist production in order to marshal the entire resources of their countries and empires to the task of militarily defeating their imperialist rivals. Indeed, so extensive was state intervention in economic life during the war that orthodox liberal economists and many socialists called the regime of wartime state control “war socialism”.

After the world war, there was a concerted push to revert back to orthodox liberal economic policies by the imperialist governments. The 1922 Genoa Conference, organised by the victorious Anglo-French imperialists to discuss trade relations in postwar Europe, issued a call for ending “futile and mischievous” currency exchange controls, demanded greater independence for central banks, and less political interference in international banking.

## The Great Depression & ‘welfare’ capitalism

Today we see a situation not unlike that of the latter years of the 1920s when structural overcapacity and unregulated financial markets led to an explosion of stock-market speculation. In 1927, a stampeding “bull” market, not unlike today’s, led the Federal Reserve Board to raise interest rates to moderate the “excessive” growth in credit-fuelled consumer demand and thus contain price inflation on goods and services. The rise in US interest rates forced up interest rates around the globe, damaging the credit-worthiness of heavily indebted countries. Capital-short countries tried to export their way out of financial crisis, protectionism increased, debt service burdens became heavier, defaults grew putting the international financial system under increasing strain. Cuts in wages and other austerity measures, as one purportedly “realistic” solution, made matters worse. Peripheral economies with inadequate reserves suspended payments as capital flight worsened.

In 1929 the speculative bubble on Wall Street burst as investors became aware that a *normal* cyclical downturn in the US economy was beginning. The stock-market

crash, however, accelerated this downturn. The precipitous fall in stock prices from their previously inflated values sent many investors and their creditors bankrupt, leading to a dramatic fall of new investment in production.

As the slump in the US deepened and as the US cut its spending on the products of the rest of the world, in turn pulling it into the downturn, the US Federal Reserve refused to maintain the international trading system with massive government-to-government loans. Side by side with the disastrous curtailing of credit, the competing capitalist countries increasingly adopted protectionist measures. The process was again given its biggest stimulus by the United States, with the adoption in 1930 of a new law slapping prohibitive tariffs on a wide variety of imports, despite the opposition of orthodox liberal economists. Retaliatory measures by other countries soon followed. Stymied by tariffs, uncertain because of floating currencies, and impeded by saturated world markets, world trade spiralled downward. As a consequence, the US economic “downturn” of 1929 became a decade of unrelieved world-wide economic depression.

As unemployment rose in the US toward 13 million in 1933 it gave rise to growing disillusionment among working people with the capitalism system. This was an acute *political problem* for the capitalist rulers, since they were unable to plead that there was no “realistic” alternative to their system. Millions of destitute workers were able to contrast the failure of capitalism with the rapid expansion of the post-capitalist, planned economy of the Soviet Union during its first five-year plans.

When Democrat candidate Franklin D. Roosevelt was elected US president in 1933, his administration sought to head off a potentially explosive social and political crisis by large-scale state intervention to create jobs. An emergency relief apparatus was set up to hire unemployed workers on a massive scale. During the US winter of 1933-34 some four million people were given temporary employment in public works programs. In 1935 the Roosevelt administration pushed through the Emergency Relief Employment Act under which the federal government would undertake budget deficit spending on a more or less regular basis to finance public works programs for the unemployed. The most significant measure of Roosevelt’s New Deal was the Social Security Act of 1935, under which the federal government would set aside revenue raised through a special tax on both employers and workers to fund pensions for retired workers.

When orthodox liberal economists criticised these policies of state interference in the operations of the unfettered market as smacking of “socialism”, Roosevelt responded by saying “For capitalism to work, it needs a bit of socialism”.

In essence, Roosevelt’s New Deal was an acknowledgement of the fact that in the epoch of monopolistic corporations and the domination of finance capital, the capitalist

economy, left to its own market devices, would collapse. Only state intervention to prop it up could keep capitalism working.

Of course, it was not the New Deal policies that pulled the US economy out of the depression. During the 1930s there were only two years that saw any improvement in the US economy — 1936 and 1937. The number of workers out of work stood at 13 million when Roosevelt took office. It declined to a low point of 4.5 million after the weak upturn of 1936-37. But a new downturn began in 1937, with unemployment reaching 11 million in March 1938, and remained at 10 million right up to the outbreak of World War II. It was only then — under the stimulus of government deficit spending on rearmament to prepare for and wage war — that mass unemployment ended in the US.

During the 1930s depression the highest US budget deficit was \$4.4 billion in 1936. By comparison the deficit reached \$57.4 billion in 1943. In the three years 1943-45, Washington's deficits were more than five times as much as in the 10 depression years 1931-40. It was the successful effects of pumping massive amounts of government credit into the capitalist economy to purchase war goods in order to defeat their imperialist rivals (and reap huge profits) that convinced bourgeois policy makers and economic theorists that there was some worth in the ideas put forward in the mid 1930s by the social-liberal British economist John Maynard Keynes.

According to Keynes, capitalist governments should undertake deficit spending in hard times to provide funds for production and jobs which the capitalist economy, left to its own mechanisms, could not provide. These deficits, that is, government expenditures over and above what the government takes in in taxes, would be raised by large-scale bank loans to the government. In good times the government would be able to repay the loans at interest and the banks would also profit from the whole exercise. But in a downturn government deficit spending to create jobs would lead to a flight overseas of money-capital unless the government imposed tight currency exchange controls. Furthermore, in an economy dominated by monopolistic businesses such Keynesian policies would simply stimulate an increase of the prices of goods and services unless the big investors who controlled these businesses — the financial oligarchy — could see an expanding market for an increased production.

Throughout the Great Depression, no such expanding market existed, which is why Keynesian policies — the essence of which is to *inflate* the capitalist economy to stimulate purchasing power — were only applied in a very limited form. Only a major war — or preparations for it — could create such an expanding market, a market for war goods purchased by the state. Keynes himself had acknowledged this. In his most famous work, *The General Theory of Employment, Interest and Money* written in 1935,

he observed that “wars have been the only form of large-scale loan expenditures which statesmen have thought justifiable”.

### **War production & the expansion of the capitalist market**

There is a widely held myth that in the wake of World War II the adoption of Keynesian policies by the US and other imperialist states created the long postwar wave of high economic growth that lasted from the late 1940s until the early 1970s. In fact, it was the restoration of high profit rates on investments in production that led to this sustained upturn.

This restoration was created by: firstly, the driving down of real wages resulting from the mass unemployment of the 1930s depression; secondly, the wiping out of numerous competing businesses and the massive further concentration and centralisation of capital that the decade-long depression also stimulated; and, thirdly, the initial expanding market for production that government deficit spending to purchase war goods in World War II and then the massive deficits to fund purchases of war goods initiated by the US government from the beginning of the Cold War in the late 1940s.

The upturn that was initially stimulated by war and armaments expenditures was transformed into a sustained two-decades long “boom” — punctuated by the inevitable periodic cyclical downturns — due to the initiation of a technological revolution across whole branches of production.

This technological revolution — the increasing introduction of electronic devices so as to increase the automation of production processes — sustained the profit boom because it made possible substantial cuts in the cost of producing goods and therefore enabled these goods to be sold more cheaply and thus to a bigger consumer market.

The technological innovations themselves, however, entailed enormous initial outlays on research and development before they could be profitably applied in production, outlays that capitalist businesses would not make. It was massive government deficit spending on technical improvements on war goods, on armaments, during World War II and during the Cold War, that created practically all of the technological innovations of the second half of the 20th century. From radar (microwave transmitters and receivers) and electronic computing machines in the early 1940s to carbon fibre in the 1960s — all of the major technological innovations of the last 50 years were created and developed initially for waging war or preparing to wage war by researchers working for the military departments of imperialist states.

This fact, perhaps more than any other, illustrates the truth of Lenin’s description of capitalism in its imperialist stage as “moribund capitalism”. In the imperialist epoch,



the epoch of the domination of capitalist production by finance capital, the process of accumulation of capital does not automatically impel capitalist businesses to develop technological innovations. Left to their own devices, the monopolies may continue to expand society's productive forces, but they will not revolutionise them. Technological progress only comes about in the imperialist epoch due to the funding of research and development by the imperialist state, which carries out such funding not for the purpose of private gain but for waging wars — an activity which involves the *centralisation* of society's productive resources for achieving a *social* purpose, even though it also involves the use of the most anti-social of measures.

### Keynesianism & the political needs of US imperialism

There is a further myth about the postwar “boom”, that is, that the US imperialist rulers sacrificed their own narrow interests at the end of World War II to rebuild the world capitalist economy through initiation of a range of multinational institutions such as the World Bank, the IMF, the International Trade Organisation and the General Agreement on Tariffs and Trade.

The US imperialists marched into World War II with their eyes solely on their *own* interests of world domination. The wartime and postwar trade, financial and political arrangements they initiated were aimed at making the rest of the 20th century one that they would dominate, of making it into the “American century”. All of their wartime assistance to their imperialist allies and their postwar assistance to their defeated imperialist rivals came with strings attached, strings that ensured that this assistance opened the way to the postwar domination of the capitalist world by US finance capital.

The wartime Lend-Lease program, for example, which provided cheap loans to Washington's allies to enable them to buy US goods, were conditional upon the recipient imperialist powers agreeing to open their (and their colonies') markets to US investments. The Bretton Woods agreement that placed the international financial system on a stable basis was predicated upon a gold-exchange standard backed by the US dollar, which ensured that the *US dollar* dominated international banking and trade. And in the Marshall Plan (and NATO) Washington simply accepted the imperative necessity of pouring money and armaments into the weakened European countries to protect them from internal “communist takeover” (the Cold War euphemism for working-class revolution) and thus ensured their workers would be open to exploitation by subsidiaries of US corporations.

Certainly Washington had to pay a strategic price for helping its imperialist rivals in Europe and Japan recover their positions in the world economy, but it protected its

own dominance in the world economy by placing its imperialist rivals' ability to militarily protect their own international economic interests under the hegemonic command of the Pentagon.

Unlike doctrinaire “free market” liberals, the imperialist policy makers in Washington have always understood that force, that is, the organised violence that is the essence of state power, is a crucial tool of economic policy, and a decisive instrument in deciding who will be the winners and who will be the losers in the global competition to accumulate capital between rival gangs of profiteers. (Anyone who doubts that should examine the experience of the Iraqi economy since the 1991 Gulf War.)

That's why, despite the end of the Cold War and despite all the claims by bourgeois pundits, ex-radicals and left-liberal intellectuals that “neo-liberal globalisation” has or is weakening the power of nation-states, US capital has continued to strengthen the coercive power of *its* nation-state — spending more on its military machine than the combined amount of military spending of the next six major powers.

Neo-liberal globalisation is just that — the globalisation, the extension to the entire world, of neo-liberal economic and social policies. But these policies have nothing to do with, and are not aimed at, weakening the *coercive power* of nation-states over their own working people, or of weakening the coercive power of the imperialist nation-states, and particularly that of the US nation-state, over the rest of the world. To the contrary, they are aimed at ensuring that the markets of the rest of the world are open to their goods and investments.

The organisations the imperialist rulers have used to impose neo-liberal policies upon the underdeveloped capitalist countries — the World Bank and the IMF — are not *supra*-national bodies. Rather, they express the power of the imperialist nation-states, and above all the US nation-state, within the “global economy”.

## The Cold War & ‘welfare’ capitalism

In the wake of the 1930s depression and the second world war, the classical liberal economic and social policies of unrestricted market competition and unregulated international money-capital movements had become highly unpopular within the working classes of the imperialist nations.

In the immediate postwar period millions of working people in these countries, particularly in Western Europe and Japan, were politically attracted to the Soviet model of state ownership and centralised planning as an alternative to liberal capitalism. This posed an enormous threat to the stabilisation of capitalist political rule in Western Europe and Japan.

In the United States itself, an explosion of labour struggles had erupted with the

end of the war as workers sought on the basis of the wartime boom conditions to restore the value of real wages eroded by a decade of depression and five years of wartime price inflation. The US rulers urgently needed to buy social peace at home if they were going to win mass acquiescence in their postwar drive to contain and roll back “communism”.

It was these political needs of finance capital that led to the modification of liberal bourgeois ideology in the postwar period from doctrinaire free-market nostrums to the extolling of national Keynesian, social-liberal, state-regulated, “welfare” capitalism.<sup>2</sup> Throughout the history of imperialist capitalism, the capitalist rulers have used both the carrot — timely concessions and social reforms — and the stick — economic hardship and state repression — to maintain their political control over wage labour, over the big majority of the population of the imperialist countries. Policies of social reform and material concessions to the working class — principally to its organised and therefore more politically powerful sections, but at times to the class as a whole — require a material basis which is to be found, in great measure, in the extraordinary superprofits which the monopoly corporations and the banks of the imperialist countries are able to wrest from the world capitalist economy.

Such superprofits are extracted by the monopolists from the labour of tens of millions of workers and small farmers of the imperialist-dominated countries of underdeveloped countries or out of the markets of the imperialist countries, particularly when their economies are expanding rapidly and productivity is also growing by leaps and bounds. At the same time, the capitalists do not grant concessions to working people until and unless they feel absolutely obliged to do so by the strength and militancy of labour.

Beginning in the middle of the Great Depression in the 1930s the US monopolists, the US financial oligarchy, followed a course of timely concessions to large sections of the US working class in order to contain labour’s political militancy within confines which ruled out any challenge to the capitalists’ control of state power. As part of this course the US rulers utilised a limited Keynesianism — stimulating the economy by inflating the purchasing power of large number of workers.

In other imperialist countries, where the financial oligarchy had been harder hit by the depression and had much less resources with which to grant concessions to the working class, the capitalist rulers relied more heavily on repression, including military dictatorship (as in Japan) or fascist totalitarianism (as in Germany), to not only contain but to completely crush labour militancy.

While the concessions won from the capitalists in the US in the period prior to World War II were principally the result of militant labour struggles, most of the

concessions granted in all of the imperialist countries in the postwar period had a more overt bribery quality. Determined to contain the influence of pro-Soviet leftists in the labour movement as a key political step in enlisting the bulk of organised labour to support the US-led Cold War drive to “contain and rollback communism”, imperialist governments — whether they were led by Laborite “socialists” like Australia’s Ben Chifley or rabid anti-communist conservatives like Robert Menzies — struck an unwritten but nevertheless mutually understood deal with the top echelons of the trade union movement, i.e., favorable conditions for unions to operate, a relative measure of job security for unionised workers, steady improvements in wages and working conditions, “welfare” safety nets for unemployed or retired workers, in return for support for pro-imperialist, anti-communist politics.

Economically, this Cold War, social-liberal, “welfare” deal was made possible by the long wave of expansion of capitalist production and accumulation of capital in the imperialist countries from the late 1940s to the early 1970s.

The shift from direct colonial rule over the peoples of Asia and Africa to Latin-American-style “neo-colonialism” during this period was both a concession to the rising tide of anti-imperialist sentiment in the colonial empires of the European powers and was also beneficial to US imperialism since it removed many of the former legal barriers of European colonialism to the investment of US capital in the developing capitalist countries. Where, however, any anti-colonial movements, as in Korea or Vietnam, challenged capitalist political rule, Washington orchestrated fierce repression to crush them.

## End of the long ‘boom’ & neo-liberalism

The postwar “social contract” between finance capital and organised labour in the imperialist countries served the political interests of finance capital up until the 1970s. But during the 1970s it became clear to the imperialist ruling classes that the long postwar “boom” had run out of steam. As growth in the world capitalist economy slowed, competition between the nationally based rival financial oligarchies of the imperialist countries to dominate markets and fields of investment intensified.

Furthermore, the Soviet model of “socialism” with its bureaucratic mismanagement, political repression and low-quality consumer goods no longer appealed to broad masses of workers in the developed countries as an alternative to imperialist capitalism.

By the late 1970s the material basis for the policies of Cold War, social-liberal, state organised “welfare” capitalism and the political needs that had required it, had disappeared. Economically, the imperialist bourgeoisies needed to launch a sustained

offensive against organised labour — and the working class as a whole in their own countries more generally — to take back the economic concessions granted during the long boom. Abroad, they needed to rollback the political concessions granted to the bourgeois regimes in the underdeveloped capitalist countries so as to force them to remove even the limited controls these regimes had in place to limit the extent to which imperialist finance capital dominated their economies.

This need for a general switch away from a course of granting concessions to wage labour in the imperialist countries and to the ruling elites in the imperialist-dominated countries toward a sustained offensive to take back the postwar concessions proved beyond the capacity of most of the ruling-class politicians and policy makers then in government. It was to be effected by a new breed of politicians and policy makers who would espouse classical liberal economic and social policies but dress these up as “radical reforms” which would “restore prosperity”, and who were not afraid to meet any manifestations of labour militancy or Third World resistance to imperialist dictates with the stick of repression rather than the carrot of concessions.

The election in 1979-1980 of the first of the politicians of “neoliberal globalisation” — Margaret Thatcher in Britain and Ronald Reagan in the United States — marked the beginning of imperialism’s global offensive against wage labour at home and the semicolonial peoples abroad. Within a few years, all of the mainstream imperialist politicians — whether they called themselves social-democrats, liberals or conservatives — followed Thatcher’s and Reagan’s lead.

Of course, reversing the effects of policies pursued over a period of many decades — in the US from the mid-1930s and in most other imperialist countries from the mid-1940s — could not and cannot be achieved within a few years and will also require many decades, particularly because they generate increasing dissatisfaction and discontent among sections of the labouring population.

## Neo-liberalism & liberal fears of socialist revolution

This is the chief source of concern by bourgeois commentators about “globalisation” of neo-liberal economic and social policies, that is, will popular resistance to their implementation explode into open revolts that challenge the stability or even the survival of capitalist rule? Reflecting such concerns, Hans-Peter Martin and Harald Schumann, in their 1996 international bestseller, *The Global Trap: Globalisation and the Assault on Democracy and Prosperity*, wrote:

A democratically constituted society is stable only when voters know and feel that everyone’s rights and interests count for something, and not only those of people at the top of the economic ladder. Democratic politicians must therefore insist on a

balance in society and limit the freedom of the individual for the common good. At the same time, however, if the market economy is to flourish, it absolutely requires entrepreneurial freedom. Only the prospect of individual gain releases those forces which create new wealth through innovation and investment. Entrepreneurs and shareholders have therefore always sought to impose the rule of the strong — strong in capital, that is. The great success of postwar politics in the West was that it found the right balance between these two poles. This is precisely what lay behind the idea of a social market economy, which assured West Germans of peace and stability for four decades.

Now that equilibrium is being lost. As it is no longer possible for the state to direct activity in the world market, the pendulum is swinging ever further to the side of the strong. With astounding ignorance, the engineers of the new global economy throw overboard the insights gained by those who first made it a success. Constant wage cuts, longer working hours, reduced welfare benefits, and in the USA the abandonment of a whole system of social protection, are supposed to make nations “fit” for global competition. Most corporate bosses and neo-liberal politicians consider any resistance to this programme as a futile attempt to defend a status quo that can no longer be maintained. Globalisation, they say, is as unstoppable as the industrial revolution was in its day. Anyone who opposes it will go under in the end, as [the] machine-wreckers did in 19th century England.

The worst thing that could happen would be that the globalisers are right in making this analogy. The beginning of the industrial age was one of the most terrible periods in European history, when the old feudal rulers joined with the new capitalists and overwhelmed with brute force the old order of values, the guild rules of craftsmen, and the customary rights of country people to a poor but secure living. Not only did this cause untold misery to millions of people; it also called forth uncontrollable counter-movements whose destructive power eventually shattered the emergent system of international free trade, and discharged itself in two world wars and the communist seizure of power in the Eastern part of Europe.

Martin and Schumann thus appeal to today’s imperialist rulers to change course, to abandon their “deregulation of the market” and their “dismantling of the welfare state”, by arguing that the “subjection of human labour” to the unregulated laws of the market threatens the “social stability” of capitalism and risks provoking economic chaos and political turmoil. They plead with the imperialist policy-makers to recognise that, as they themselves put it, “the taming of capitalism through basic social and economic rights was not some act of charity that can be abandoned when the going gets tough”.

The imperialist policy-makers, however, are well aware that the postwar course of placing controls on the operations of the market economy and instituting social reforms was not the result of philanthropic concern for the welfare of working people. They pursued this course, firstly, because they were economically able, and secondly, because they felt it was politically expedient in order to contain and defuse the threat posed to their rule by the prospect of “the communist seizure of power” resulting from mass working-class disillusionment with capitalism and widespread working-class support for Marxism.

Like so many other left-liberals today, Martin and Schumann do not understand that prevailing economic conditions do not readily allow the imperialist rulers to pursue such a course today; nor do the imperialist rulers feel any *political need* to do so. Martin and Schumann fail to recognise that, in unfavourable economic conditions social reforms are *only* made by the exploiters when “the going gets rough” for them *politically*, that is, when they begin to be haunted by the spectre of a revolution by the exploited.

Martin and Schumann correctly point out that as the drive to impose neo-liberal globalisation has deepened, “the contradiction between market and democracy has been regaining its explosive force”. That contradiction, however, cannot be overcome within the framework of capitalism, no matter how democratic the political forms superimposed on it. It can only be overcome by ending the “subjection of human labour to the laws of the market” and replacing it with the subjection of actually socialised human labour to the democratic control of collectively organised labour, that is, with socialism.

The task and challenge that Marxists face in the 21st century is to turn the potential explosive force of the growing popular discontent at the impact of neo-liberal globalisation into an organised, consciously anti-capitalist mass movement — a movement that can explode the capitalist fetters that enslave the creative force of socialised labour. Only if we succeed in doing this will we be able to ensure that the horrors inflicted on humanity by the process of accumulation of capital in the 20th century are not repeated in the 21st. ■

# Notes

## Imperialism in the 21st century

- 1 Quoted in Acher, “Rasputin Plays Chess: How the West Blundered into a New Cold War”, in Ali ed., *Masters of the Universe? NATO’s Balkan Crusade* (Verso: London, 2000), p. 72.
- 2 Quoted in Rashid, *Taliban: Oil, Islam and the New Great Game in Central Asia* (Zed Press: London, 2000), p. 130.
- 3 Quote in Horowitz, *Imperialism and Revolution* (Penguin: London, 1971), p. 75.
- 4 *Ibid.*, p. 78.
- 5 Preobrazhensky, *The New Economics* (Oxford University Press: Oxford, 1965), pp. 157-59.
- 6 Lenin, *Collected Works*, Vol. 22 (Progress Publishers: Moscow, 1977), pp. 144-45.
- 7 *Ibid.*, pp. 104-05.
- 8 *Ibid.*, p. 259.
- 9 *Ibid.*, p. 263.
- 10 Quoted in Horowitz, *Imperialism*, p. 47.
- 11 Quoted in Gittings, “The Origins of China’s Foreign Policy”, in Horowitz ed., *Containment and Revolution* (Monthly Review Press: New York, 1967), p. 186.
- 12 Quoted in Horowitz, *Imperialism*, p. 70.
- 13 Quoted in Williams, *The Tragedy of American Diplomacy* (Delta: New York, 1962), p. 34.
- 14 Horowitz, op. cit., pp. 242-43.
- 15 *Ibid.*, p. 244.
- 16 Trotsky, *The First Five Years of the Communist International* (Monad Press: New York, 1972), Vol. 1, p. 234.

## Imperialist Capitalism & Neo-Liberal Globalisation

- 1 In actual fact, wage-workers are not commodities but the owners of a commodity — labour power (their ability to perform labour) — which is what they sell “piecemeal” to capitalists.
- 2 The implementation of state welfare measures is, of course, not synonymous with Keynesian “pump priming” policies. State welfare measures (e.g., state-funded sickness and accident



insurance, and old-age pensions) were first introduced on a wide scale in Germany in the 1880s under Chancellor Bismarck, following his government's repression of the Marxist-led German Social-Democratic Party (SPD) in 1879. The aim of these measures was to a "carrot" to counter the growth in the influence of the SPD within the German working class. In announcing the measures, the Kaiser declared that "the cure of social ills must be sought not exclusively in the repression of the Social-Democratic excess, but simultaneously in the positive advancement of the welfare of the working masses" (quoted in Rimlingen, *Welfare Policy and Industrialisation in Europe, America and Russia* (Wiley: New York, 1971), p. 114).

Imperialism is not something that is discussed in the capitalist media. But imperialist capitalism is the dominant reality of our era: a handful of rich Western countries dominate and exploit the entire world and are responsible for the misery of billions of human beings. And the decisive element in this system is the United States, the world's only superpower.

In the two articles in this pamphlet, Doug Lorimer traces the main features of the development of the imperialist system through the 20th century and shows how the Marxist analysis of capitalism retains its essential validity in the era of 'globalisation'.

*Resistance books*