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These lines are written as the Western military onslaught rages against Iraq. Imperialism, in the most general sense of the naked use of force to impose the will of major powers on smaller states, is flourishing. This turn of events is all the more remarkable because it comes in the wake of the widespread acceptance of the belief that the world was entering a post-imperialist era. Two main reasons provided this belief with its justification.

One was, of course, the expectation that the end of the Cold War would produce what George Bush called ‘a new world order’ in which disputes between states could be settled peacefully under the aegis of the United Nations. We can now see all too clearly that the new world order is merely the same old imperialist one, with the difference that the (probably temporary) amity between the superpowers means that the UN can be used to legitimise military interventions which the United States previously had to make unilaterally.

The second reason for consigning imperialism to the dustbin of history derived from a very commonly held interpretation of the dramatic changes in the world economy over the past

generation. The internationalisation of production and the accompanying global integration of capital have, it is claimed, made war obsolete. Thus Tim Congdon, a leading British monetarist, recently declared:

Economic nationalism, one of the most powerful and destructive forces in the twentieth century, is becoming obsolete. Trade and finance are so increasingly international in character, and business strategy for large companies is so totally globalised, that the idea of the nation-state is losing its relevance.

Congdon made it plain that these economic changes were having political consequences – among them, in the long term, the abolition of war:

The idea of warfare between Britain and Germany, or the USA and Japan, is, of course, already preposterous. Over time military antagonisms between nations will become literally absurd as the separateness of nations breaks down and eventually becomes meaningless. [1]

The idea that the economic interdependence of states means that it is no longer in their interest to wage war is far from new. During the lead up to the First World War the peace activist Norman Angell published in 1910 **The Great Illusion**, which sought to prove that a general war between the Great Powers would be so destructive economically that it was inconceivable they would undertake so irrational a venture. This analysis was cast into an apparently Marxist form by Karl Kautsky in a notorious article published very shortly after the outbreak of the Great War in August 1914:

There is no *economic* necessity for continuing the arms race after the World War even from the standpoint of the capitalist class itself, with the possible exception of certain armaments interests. On the contrary, the capitalist economy is seriously threatened precisely by these disputes. Every far-sighted capitalist today must call on his fellows: capitalists of all countries, unite! [2]

Kautsky indeed went on to argue that economic processes could push capitalists towards global unity:

What Marx said about capitalism can also be applied to imperialism: monopoly creates competition, and competition, monopoly. The frantic competition among the huge firms, giant banks, and multimillionaires compelled the great financial groups, who were absorbing the small ones, to devise the cartel. Similarly the World War between the great imperialist powers may result in a federation of the strongest, who renounce their arms race.

From the purely economic standpoint it is therefore not impossible for capitalism to live through yet another phase, the transferral of this process of forming cartels into foreign policy: a phase of *ultra-imperialism*. [3]

Kautsky's prediction that inter-imperialist antagonisms could be peacefully reconciled within the framework of a global capitalist cartel proved to be of absolutely no guidance during what Arno Mayer has called 'the General Crisis and Thirty Years War of the 20th century' between 1914 and 1945. [4] But more recently the idea that imperialism is merely a phase in the history of capitalism, and one that either has been or is being surpassed, has been revived. Perhaps most influential has been Bill Warren's attempt to show that the Third World has experienced since the Second World War not, as dependency theorists such as Andre Gunder Frank claimed, the 'development of underdevelopment' but rather 'a major surge in capitalist social relations and productive forces'. He concludes:

Within a context of growing economic interdependence, the ties of dependence (or subordination) binding the Third World and the imperialist world have been and are being markedly loosened with the rise of indigenous capitalisms; the distribution of political-economic power within the capitalist world is thereby growing less uneven. Consequently, although one dimension of imperialism is the domination and exploitation of the non-communist world by a handful of major advanced capitalist countries (the United States, West Germany, Britain, France, Japan, etc.), we are nevertheless in an era of declining imperialism and advanced capitalism. [5]

Undoubtedly the economic transformations of the past generation—the globalisation of capital, the rise of the Newly

Industrialising Countries, the relative decline of both the superpowers-have been enormous. The question which I address in this article is whether these changes (and associated political upheavals, above all those connected with the end of the Cold War) can still be understood within the framework of the Marxist theory of imperialism. How one answers this question has important practical implications: it will indicate whether the slaughter in the Gulf represents the last gasp of a dying and outmoded version of capitalism or the intrinsic workings of a system still liable to give rise to imperialist wars. The first step towards addressing this question is to establish what the Marxist theory of imperialism actually is.

The Marxist theory of imperialism

Imperialism can be defined very broadly or very narrowly as the domination, throughout history, of small countries by stronger states, or as the policy pursued by the Great Powers in the last third of the 19th century of formally subordinating most of the rest of the world to their rule. The classic Marxist definition of imperialism, by Lenin, is more specific than the broad definition, more general than the narrow one. Imperialism is neither a universal feature of human society nor a specific policy but ‘a special stage in the development of capitalism’, indeed, as the title of Lenin’s pamphlet states, ‘the highest stage of capitalism’. Lenin sought to characterise this stage of capitalist development by offering the following famous definition of imperialism:

- (1) the concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life;
- (2) the merging of bank capital with industrial capital, and the creation, on the basis of this ‘finance capital’, of a financial oligarchy;
- (3) the export of capital as distinguished from the export of commodities acquires exceptional importance;
- (4) the formation of international monopolist capitalist associations which share the world out among themselves, and
- (5)

the territorial division of the whole world among the biggest capitalist powers is completed. [6]

Lenin's definition is so often treated by much of the left as a dogma whose truth is undeniable that its limitations are worth stressing. Most obviously it is a list of what Lenin calls 'basic features' of imperialism. But it is not possible to establish from this list the relative importance of these features. This is a serious weakness, since it has become clear that some features are much less basic than others. For example, finance capital, the integration of bank and industrial capital, was far more developed in some imperialist powers than in others, in Germany than in Britain. Moreover, not simply was the relationship between the growth of overseas investment and colonial expansion considerably more uneven than Lenin suggested, but some imperialist powers, notably the US and Japan, were net importers of capital till 1914. [7]

Lenin's basic conception of imperialism, however, emerges from these criticisms undamaged. He was careful to stress 'the conditional and relative value of all definitions in general'. Moreover, **Imperialism** was not intended to be a definitive scientific study but rather, as its subtitle declares, a 'popular outline', drawing heavily on such path-breaking works as the radical-liberal J.A. Hobson's **Imperialism** and the Austro-Marxist Rudolf Hilferding's **Finance Capital**. On the basis of these researches Lenin had no doubt what the decisive feature of imperialism was: 'in its economic essence imperialism is monopoly capitalism.' This allowed him historically to situate imperialism, to determine 'its place in history, for monopoly that grows out of the soil of free competition, and precisely out of free competition, is the transition from the capitalist system to a higher socio-economic order.' [8] The antagonisms and wars between the Great Powers were thus no mere aberration, as Kautsky implied, but arose from the dynamic of capitalist development, above all from the tendency which Marx had

analysed towards the concentration and centralisation of capital. They could be ended, therefore, only by socialist revolution.

Thus in Bukharin's more rigorous and systematic version of the theory imperialism springs from:

the tendencies of finance-capitalist development. The organisational process, which embraces more and more branches of the 'national economy' through the creation of combined enterprises and through the organisational role of the banks, has led to the conversion of each developed 'national system' of capitalism into a 'state-capitalist trust'.

On the other hand, the process of development of the productive forces drives these 'national' systems into the most acute conflicts in their competitive struggle for the world market. [9]

On this account, imperialism has two fundamental features. The first is a consequence of the tendency of concentration and centralisation of capital. The competitive accumulation of capital leads both to the growth in the size of the individual units of capital and to the incorporation, especially during crises, of smaller by larger capitals. Economic power becomes increasingly concentrated. Sectors become monopolised, dominated by a handful of large firms or perhaps only one huge corporation. Furthermore, industrial capital tends to merge with the big banks to form finance capital. The final stage of this process of 'organisation' is the growing integration of private capital with the nation state, in other words, the emergence of state capitalism. Secondly, however, this national organisation of capitalism takes place in the context of the growing internationalisation of the productive forces. The world economy, which Bukharin defines as '*a system of production relations and, correspondingly, of exchange relations on a world scale*', forms the arena in which the 'state capitalist trusts' compete. Competition between capitals is no longer simply the struggle among private firms for markets: increasingly it assumes the form of military and territorial rivalries among state

capitals on a global scale. ‘The struggle between state capitalist trusts is decided in the first place by the relation between their military forces, for the military power of the country is the last resort of the struggling “national groups” of capitalists.’ [10] Inter-imperialist wars, such as those of 1914–18 and 1939–45, are a necessary feature of a world economy divided between competing capitals.

Bukharin’s version of the theory of imperialism is not without its weaknesses. Most fundamentally, he underestimates the extent to which the two tendencies he identifies with imperialism – those towards state capitalism and the internationalisation of capital – can contradict each other. He consequently treats national economies as fully ‘organised’ state capitalist blocs from which any tendency towards economic crisis (as opposed to war) has been eliminated. [11] Nevertheless, once account has been taken of these errors, we can take Bukharin’s theory as identifying the essential features of imperialism as a specific stage in the history of capitalism. We can then summarise the theory of imperialism as follows:

1. Imperialism is the stage in capitalist development where i) the concentration and centralisation of capital tends to lead to the integration of private monopoly capital and the state; and ii) the internationalisation of the productive forces tends to compel capitals to compete for markets, investments and raw materials at the global level.
2. Among the main consequences of these two tendencies are the following: i) competition between capitals takes on the form of military rivalries among nation-states; ii) the relations among nation states are unequal: the uneven and combined development of capitalism allows a small number of advanced capitalist states (the imperialist countries), by virtue of their productive resources and military strength, to dominate the rest of the world; iii) uneven and combined development

under imperialism further intensifies military competition and gives rise to wars, including both wars among the imperialist powers themselves and those arising from the struggles of oppressed nations against imperialist domination. [12]

This is a more abstract definition of imperialism than that offered by Lenin, though it captures the core of his conception. One advantage of the definition is that it can be used to show how the dynamics of imperialism give rise to distinct phases in its development. Most of the rest of this article will be devoted to analysing these phases.

There have, arguably, been three main phases in the history of imperialism: *Classical imperialism, 1875–1945* – the imperialism analysed by Lenin and Bukharin, Luxemburg and Hilferding, Kautsky and Hobson, the imperialism which gave rise to Mayer’s ‘Thirty Years’ War’. *Superpower imperialism, 1945–1990* – the period in which the world was partitioned politically between two militarily competing superpower blocs. *Imperialism after the Cold War* – Bush’s ‘new world order’, in fact a more unstable version of the old.

All such periodisations involve a degree of arbitrariness. As will become clear from the detailed discussion which follows, features of each phase are typically present in a less developed form in the previous phase. Nevertheless, this way of dividing up the history of imperialism in my view helps to illuminate its underlying dynamics and the consequent transformations it has undergone. For obvious reasons, contemporary imperialism will receive the most detailed attention.

Archaic imperialism?

First, however, it is worth considering the most sophisticated bourgeois attempt to explain imperialism, which treats it as an

essentially *pre-capitalist* phenomenon. This theory is perhaps best known in the form given it by the Austrian economist Joseph Schumpeter. In an essay written during the First World War he described imperialism as ‘non-rational and irrational, purely instinctual inclinations toward war and conquest’. It followed that imperialism was ‘atavistic in character’, ‘an element that stems from the living conditions, not of the present, but of the past – or, put in terms of the economic interpretation of history from past rather than present relations of production.’ More concretely, imperialism reflected the continued dominance of Europe by quasi-absolute monarchies and landed aristocracies, the reason for whose existence had always been to wage war. The bourgeoisie was subservient to an essentially feudal ‘imperialist absolutism’ hence what Schumpeter called its wretched weakness in politics, culture and life generally, while a class oriented toward war remained in a ruling position. [13]

Schumpeter was one of the most sophisticated of the present century’s intellectual defenders of capitalism. Interestingly, however, his interpretation of imperialism has recently been revived by the American left-liberal historian Arno Mayer. In his influential book **The Persistence of the Old Regime**, Mayer argues that Europe before 1914 remained ‘thoroughly pre-industrial and pre-bourgeois’, the landed aristocracy still socially and politically dominant and able to contain the challenge of an industrial bourgeoisie willing to be co-opted into the old order rather than to claim hegemony for itself. Inasmuch as the old order came under increasing pressure at the turn of the 19th century, the patrician ruling classes responded by launching a conservative reaction which was the main force driving Europe to war. Thus ‘internal conflicts of class, status, and power charged external war with absolute and ideological impulses’. Indeed the race to war must be seen as an outgrowth of domestic class struggles; the pre-1914 ‘rupture of the international system into two rigid blocs was more effect than cause. Europe’s military behemoth, at once enormous and grotesque, was an

expression of the general crisis in which ultra-conservatives were gaining the upper hand'. [14] Mayer has sought to continue this analysis in his celebrated attempt to explain the destruction of European Jewry by the Nazis, which he argues must be seen against the background of 'an epoch of general crisis ... The elites and institutions of Europe's embattled old regime were locked in a death struggle with those of a defiant new order'. This struggle involved, for example, 'merchant and manufactural [*sic*] capitalism against corporate and organised capitalism', and 'prescriptive ruling classes against university-trained strategic elites'. [15]

It should be clear enough why this theory of imperialism even when put forward by Mayer, who calls himself a 'left-dissident historian', must be regarded as bourgeois. [16] It is a theory which absolves capitalism of responsibility for the terrible disasters which engulfed humankind between 1914 and 1945. Mayer's study of what he calls the 'Judeocide' is a heroic piece of writing, which seeks to make historical sense of the Nazi slaughter of the Jews rather than merely to treat it as a unique phenomenon beyond analysis. Nevertheless, it explains the greatest crime in human history as the consequence, not of the most serious crisis suffered by capitalism at its highest stage, but of the clash between feudal old order and bourgeois modernity.

Schumpeter makes the apologetic nature of the theory quite explicit, arguing that a 'purely capitalist world ... can offer no fertile soil to imperialist impulses':

In a purely capitalist world, what was once energy for war becomes simply energy for labour of every kind ... Wars of conquest and adventurism in foreign policy in general are bound to be regarded as troublesome distractions, destructive of life's meaning, a diversion from the accustomed and therefore 'true' task. [17]

This argument depends on the claim that the state intervention characteristic of imperialism – the most important late 19th century measure was the protective tariff – was irrational from a

capitalist point of view. This in turn presupposes the kind of capitalism to be found only in the textbooks of neo-classical economics, a world governed by perfect competition in which no individual firm can influence the market for which it produces. Remarkably, Schumpeter, while espousing such a view of capitalism, recognised that ‘monopoly capitalism has virtually fused the big banks and cartels into one’ creating a powerful class with ‘a strong, undeniable economic interest in such things as protective tariffs, cartels, monopoly prices, forced exports (dumping), an aggressive economic policy, an aggressive foreign policy generally, and war, including wars of expansion with a typically imperialist character.’ Despite apparently taking over Hilferding’s theory of finance capital lock, stock and barrel, Schumpeter continued nevertheless to insist that ‘[e]xport monopolism does *not* grow from the inherent laws of capitalist development’ since trusts and cartels depended on protective tariffs introduced by states which, on the European continent before 1914, were still predominantly pre-capitalist absolute monarchies. [18]

This, of course, begs the question of ‘the persistence of the old order’. This is a familiar argument in Britain, notably in the form of Perry Anderson’s and Tom Nairn’s claim that the political and ideological subordination of the industrial bourgeoisie to the landed aristocracy survived the Great Reform Act of 1832 and indeed has continued into the 20th century through the central economic role played by the City of London. To some degree, Mayer’s argument is a generalisation of this interpretation of English history to Europe as a whole. [19] However, not simply has the theory been demolished in its British version, but even in the more plausible instance of Imperial Germany a persuasive case has been made that the state, though staffed by landed Junkers, operated in the interests of industrial capital. [20] Europe before 1914 was a bourgeois civilisation, where the still considerable remnants of the old landed order were being undermined or assimilated by industrial capitalism, whose

development, though uneven, increasingly shaped the entire continent. [21]

The Schumpeter-Mayer theory of imperialism can only be defended through enormous distortions of historical fact. Thus Schumpeter – who, unlike Mayer or Anderson, did not entertain any doubts about the full-bloodedly capitalist nature of British society – argues that imperialism was only a ‘catch-phrase’ in Britain: not only did colonies become an economic embarrassment during the Victorian heyday of free trade, but it was ‘doubtful whether it is proper to speak of 18th century English imperialism’. [22] These are astonishing claims. In the first place, during the 18th century the British state massively increased military spending to build up a powerful war machine, centred on the Royal Navy, which made possible a series of colonial conquests critical to Britain’s growing dominance of the world market. [23] Secondly, the acquisition of what is sometimes called Britain’s ‘Second Empire’ (most of the first was lost in the American Revolution), took place during the Victorian era of *laissez faire*. [24] While the reasons for individual conquests were often highly particular, the underlying forces at work were sometimes quite visible. Schumpeter dismisses the Boer War of 1899–1902 as ‘merely a chance aberration from the trend’. [25] It was, in fact, the biggest war fought by Britain between 1815 and 1914. Recent historical research has confirmed what Hobson argued at the time, that the war was provoked by an alliance of British imperialism and mining capitalists eager to wrest control of the vast gold deposits of the Witwatersrand from the South African Republic. [26]

These and other absurdities (Schumpeter even claims that the US, since it was ‘least burdened with pre-capitalist elements’ was ‘likely to exhibit the weakest imperialist trend’!) should not obscure the significance of the theory of imperialism as an ‘atavistic’ phenomenon. It represents the most serious attempt to demonstrate that ‘capitalism is by nature anti-imperialist’. [27] The political implications are considerable. Not only does

capitalism emerge with clean hands from the horrors of 1914–45, but it is a mode of production that has only become dominant in the second half of the 20th century. Tom Nairn makes the point most explicitly:

Judged by Mayer's paradigm, the 1914–45 era was a single 'Thirty Years War' of dissolution and revenge. In other words, the European *Ancien Régime* still isn't ancient and is only just history: the thunder of its collapse is still in our ears, the most characteristic sound of the century, and the dust has only really settled since the 1950s ... If the 'triumph' of the bourgeois class and industrial-capitalist values is taken to mean the formation of a number of fairly homogeneous societies regulated by these norms – a stable and pacific state-system at approximately the same level of development – then it has only just come about. We would appear therefore to be living in the first decades of true capitalist ascendancy, and not (as so many left-wing and communist theorists have insisted) in its 'last days' – in something like the full flood of capitalism's social evolution, rather than in an effete 'late bourgeois world' already crumbling into its Socialist nemesis. [28]

This argument appeared before the East European revolutions, but it dovetails perfectly with the idea, widely accepted on the left as well as the right, that these upheavals mark the triumph of free market capitalism and the beginnings of a new era of expansion and prosperity. But if 'capitalism is by nature anti-imperialist', it follows that its predominance should see an end to military competition and war. Schumpeter indeed argues that the 'pre-capitalist elements in our social life' could not indefinitely survive 'the climate of modern life' and that 'with them, imperialisms will wither and die.' [29] Why then has the period since 1945, what Nairn calls 'the full flood of capitalism's social evolution', seen so many wars, even if there has been no general war between the Great Powers? One common explanation on the left has been the attempt to reduce these conflicts to a global 'intersystemic' struggle between capitalist and communist modes of production.' [30] But, aside from the inherent difficulty in treating the now largely defunct Eastern

Bloc as any form of socialism, it is hard to explain from this perspective why the end of the Cold War should be so swiftly followed by a major war between the apparent victor and a Third World regional power. There seem to be only two alternatives. One is to deny that imperialism has its roots even in 'past relations of production and to invoke instead an autonomous process of military competition to explain the persistence of interstate rivalries and wars: as I have shown elsewhere, this kind of approach doesn't really get us anywhere much. [31] Or one can turn to the Marxist theory of imperialism as an indispensable instrument in understanding the transformations undergone by the capitalist world system during the past 125 years. This second course seems much more attractive.

Classical imperialism, 1875–1945

1. An economically and politically multipolar world. Modern European history from the 15th century onwards is dominated by a ferocious and continuous process of military and territorial competition among the Great Powers. One way of summing up the nature of imperialism is to say that it marked the point at which this process fused with, and was subordinated to, the expansion of industrial capitalism. Eric Hobsbawm remarks of late 19th century capitalism that 'the world economy was now notably more pluralist than before. Britain ceased to be the only fully industrialised, and indeed the only industrial economy.' [32] One factor in this change was what William McNeill calls the 'industrialisation of war' in the mid-19th century – the increases in mobility made possible by the railway and the steamship, and the mass production of new weapons such as the breech loading rifle and the machine gun. States' military power now depended directly on their level of industrialisation. The great absolute monarchies of Central and Eastern Europe – Prussia, Austria-Hungary, Russia – were now compelled to

promote the expansion of industrial capitalism in order to provide the material basis of modern armed strength. At the same time the spread of industrial capitalism exacerbated the rivalries among the Great Powers, particularly as Britain found its industrial and naval supremacy challenged by Germany. The result was a race in naval armaments driven by rapid technological innovation, and Britain's incorporation into one of the two great military blocs into which Europe was now divided. Economic and military competition mutually reinforced each other in a world dominated by a handful of states. [33]

2. *Colonial expansion.* '[C]apitalism's transition to the stage of monopoly capitalism, to finance capital, *is connected* with the intensification of the struggle for the partitioning of the world,' Lenin wrote. [34] European colonial possessions rose from 2.7 million square miles and 148 million inhabitants in 1860 to 29 million square miles and 568 million inhabitants in 1914, and the process of expansion was not yet complete, since the Middle Eastern possessions of the Ottoman Empire were only partitioned between France and Britain at the end of the First World War. Colonial conquest was accompanied by a huge increase in European foreign investment, from £2 billion in 1862 to £44 billion in 1913. [35]

It does not follow, as crude versions of Lenin's theory suggest, that the dynamic of imperialism was provided by the export of capital to exploit colonial slaves. For one thing, the expansion of foreign investment was highly uneven: Britain was the first and by far the greatest exporter of capital, beginning in the 1860s, France followed in the late 1870s, Germany only after 1900, while the US and Japan imported capital before 1914. Moreover, as Hobsbawm points out,

[a]most 80 percent of all European trade throughout the 19th century, both exports and imports, was with other developed countries, and the same is true of European foreign investments. Insofar as these were directed overseas, they went mostly to a handful of rapidly developing countries mainly populated by

settlers of European descent – Canada, Australia, South Africa, Argentina, etc. – as well as, of course, to the USA. [36]

This pattern emerges very clearly from the figures for British overseas investment given in [Table 1](#).

Table 1:
Area Pattern Of British Overseas Investment, 1860–1929
(percentages)

AREAS	1860–70	1881–90	1911–13	1927–29
British Empire (total)	36	47	46	59
Canada	25	13	13	17
Southern Dominions	9.5	16	17	20
India	21	15	10.5	14
Other	3	3	5.5	8
Latin America	10.5	20	22	22
USA	27	22	19	5.5
Europe	25	8	6	8
Other	15	3	7	5.5

[Source: M. Barratt Brown, **The Economics of Imperialism**, Harmondsworth 1974, Table 17, pp. 190–1]

The colonies nevertheless played a vital economic role. India provided Britain with an annual tribute in the shape of the directly extracted ‘Home Charges’, along with a trade surplus, interest on investments and other invisible earnings. [37] According to Herrick Saul, ‘Britain settled more than one-third of her deficits with Europe and the United States through India’. [38] Avner Offer’s outstanding recent study of the First World

War has shown that the British Empire played an even more direct role in the process of inter-imperialist competition. Britain and Germany, as the two most industrialised Great Powers by the turn of the 19th century, had both developed highly specialised economies heavily dependent on imported food and raw materials. The British ruling class, however, enjoyed a decisive advantage, in that it controlled an extensive empire capable of supplying it with these commodities, while its naval supremacy allowed it both to protect its own sea routes and to deny Germany access to the food and raw materials it needed to import. Planning for economic war therefore formed an important part of British preparations before 1914. The struggle over food and raw materials was an important factor in Germany's defeat in 1918, both because of the impact on the Central Powers of the British blockade and because the German U-boat campaign in the Atlantic brought the US into the war and therefore tipped the balance in the Entente's favour. [39]

The importance of the colonies in inter-imperialist competition was shown once again during the Great Depression of the 1930s, when the world economy fragmented into rival trade blocs. Those powers, such as Britain and France, which could rely on their colonies for protected markets and raw materials, were able to weather the slump better than those, such as the US and Germany, which lacked empires. For both the latter states the Second World War offered a way out of this problem.

3. *Militarised state capitalism.* Lenin, Hilferding, and Bukharin all seized on the qualitatively greater centralisation of economic power as the decisive feature of the new stage of capitalist development which became evident at the turn of the 19th century. In fact, the development of what Hilferding called 'organised capitalism' involved considerable variations-thus Britain lagged considerably behind Germany and the US. Hilferding explained these variations in terms of the uneven and combined development of capitalism. The relatively 'organic'

development of British capitalism meant that the funds for investment gradually accumulated in the hands of individual industrialists without the need to resort to banks or the stock exchange to finance expansion. By contrast, German capitalists, industrialising in the shadow of Britain's manufacturing monopoly, could only raise the funds needed through a far higher degree of organisation, provided by the joint stock company and by the role played by the banks in financing productive investment:

In Germany, therefore, and in a somewhat different way in the United States, the relation of banks to industry was necessarily, from the start, quite different from that in England. Although this difference was due to the backward and belated capitalist development of Germany, the close connection between industrial and bank capital nevertheless became, in both Germany and America, an important factor in their advance toward a higher form of capitalist organisation. [40]

For similar reasons, both Germany and the US developed an interventionist state much earlier than Britain, for example, introducing protective tariffs to insulate their manufacturing industries from the competition of the Workshop of the World. It took the Great Depression of the 1930s to persuade the British ruling class to abandon free trade a step taken by their American counterpart 70 years earlier at the beginning of the Civil War.

It is this integration of the state and private capital which explains imperialism's propensity to war: the global economic rivalries among the huge nationally integrated blocs of capital which emerged from the process of organisation analysed by Hilferding and Bukharin could only be resolved by a test of their relative military strengths. But inter-imperialist war served also greatly to accelerate the tendency towards state capitalism. Bukharin grasped this as early as 1915. The mobilisation of resources required by total war tended to transform the economy into 'an organisation *directly subordinated to the control* of the state power'. Thus: 'War is accompanied not only by

tremendous destruction of productive forces: in addition, it provides an extraordinary reinforcement and intensification of capitalism's immanent developmental tendencies. [41]

The war economies of 1914–18 and 1939–45 led to a qualitative increase in the level of state direction of economic life which was not reversed in the succeeding periods of peace. Indeed, the Great Depression of 1929–39 represented a continuation of this process as the world market fragmented into protectionist trade blocs and the major imperialist powers all strengthened their apparatuses of state intervention – a process which reached its climax in Stalinist Russia. [42] One consequence was a decline in the level of global economic integration relative to that attained before 1914. Thus the ratio of trade in manufactured goods to world output only passed the 1913 level in the mid-1970s. [43]

This drive towards economic autarky by the Great Powers served only to exacerbate the tensions among them, since it gave those imperialist states lacking ready access to colonial markets and raw materials – notably Germany and Japan – a powerful incentive to use their military machines to carve out a larger share of the world's resources for themselves. Thus the contradiction which Bukharin had identified between the internationalisation and the statisation of capital produced a second and even more destructive attempt to repartition the globe among the imperialist powers. [44]

Superpower imperialism, 1945–90

1. A politically bipolar, but economically multipolar world. Inter-imperialist competition underwent a fundamental change after the defeat of Germany and Japan in 1945. The European state system ceased to be the fulcrum of world politics it had earlier become. Instead, the European continent was partitioned

between, and its states integrated into, two global military alliances each dominated by one of the superpowers, the US and USSR. This state of affairs had been foreshadowed during the epoch of the two world wars. The instability of the European state system which gave rise to the Thirty Years War of 1618–48 reflected the inability to contain the impact of Germany's rise to the status of a world power. Britain's unprecedented dominance of European politics in the run up to the Second World War represented the attempt of the hitherto chief imperialist power to hold together a fatally weakened state system, a role which Britain, whose relative economic decline was brutally exposed by the war itself, could only perform so long as the two great continental powers, the US and USSR, stayed, as Paul Kennedy puts it, 'off-stage'. [45]

In 1945 what one historian has called the 'last European war' came to an end as both these states moved to centre stage. The US definitively replaced Britain as the dominant world power, translating its vast economic strength into overwhelming military power. At the same time America's rulers used their predominance in the alliance against Hitler to lay the foundations of a post-war world economy open to US investments and exports in an effort to prevent a repetition of the catastrophe wrought on their economy by the trade wars of the 1930s. The main obstacle to achieving this objective was the Russian ruling class: the fusion of economic and political power achieved by the state capitalist transformations of the 1930s meant that integration into a US dominated world market would threaten the dominance of the Stalinist bureaucracy. Thus the basis was laid for the post-war partition of Europe between two rival military blocs. [46]

The Cold War which emerged from the conflicts among the victors of 1945 involved a new pattern of inter-imperialist competition. In the first place, military and territorial rivalries among states was forced into a bipolar mould. Previously interstate competition had taken place between a plurality of

Great Powers who, while they might temporarily form alliances, typically kept their options open in the endless manoeuvres among the chancelleries of Europe which were the stuff of international politics from the 15th to the mid-20th centuries. The basic axiom of European statecraft was summed up by one of its arch-practitioners, Palmerston, when he said: ‘England has no eternal friends and no eternal enemies, but only eternal interests.’ Thus Germany and Russia fought two terrible wars in the 20th century, despite the long standing friendship of the Houses of Hohenstaufen and Romanov over the previous century; Britain and France, almost continually at war between 1689 and 1815, were allies against Germany in the two world wars; British war preparations led Trotsky plausibly to predict a conflict between Britain and the US as recently as the early 1920s. [47] International politics lost this fluidity after 1945. The European states were locked into the two superpower blocs, a state of affairs reflecting to varying degrees a convergence of interests among the allied ruling classes and the absence of any other choice.

Inter-state politics was more unstable at the system’s margins, in the Third World. Egypt, for example, in the post-war period represents perhaps the most dramatic succession of statuses: British semi-colony, neutralist state balancing between the superpowers, the USSR’s most important ally in the Third World, the second biggest recipient of US military aid in the world. [48] Nevertheless, the effective partition of the globe into two superpower blocs imposed severe limits to any state’s room for manoeuvre. When Egypt, heavily armed by the USSR despite President Anwar Sadat’s expulsion of Russian military advisers in July 1972, launched the Arab states’ most successful military offensive against Israel in October 1973, the US responded with a huge airlift of munitions to the shaken Israeli army and even at one point placed its own nuclear forces on alert. [49] The Cold War acted as a kind of straitjacket, forcing individual states to

align their actions to the interests of one of the superpower blocs.

Secondly, inter-imperialist competition after 1945 did not lead to any general war among the Great Powers. Wars, of course, continued to rage on the system's periphery, just as they had during the 19th century European conquest of Africa and Asia [50], but the core remained at peace. Whatever the reasons (most obviously, the possession of nuclear weapons by both sides which, while it by no means made a general war impossible, certainly made both Washington and Moscow more cautious than they might otherwise have been), this was a remarkable interruption of the state of almost continuous warfare which had gripped Europe since the rise of absolutism: even the supposedly pacific 19th century had seen a convulsive outburst of wars among the Great Powers between 1855 and 1871 whose outcome was the unification of Italy and Germany and the latter's displacement of France as the main power on the continent. The absence of any general war after 1945 increased the rigidity of world politics, since it deprived capitalism of the main lever through which the state system had hitherto been brought into line with the changing distribution of global economic power. At the same time, however, *preparation* for war became endemic.

The arms race between Britain and Germany before 1914 was dwarfed by that between NATO and the Warsaw Pact which began at the end of the 1940s. Unprecedentedly high peace time levels of arms expenditure were sustained, particularly by the US and the USSR, throughout the generation after 1945. At its peak, in the 1950s and early 1960s, this permanent arms economy had the unintended consequence of offsetting the tendency of the rate of profit to fall, thereby stimulating the longest and most powerful boom in the history of capitalism. Between 1948 and 1973 world income more than trebled. [51]

The long boom is closely related to a third peculiarity of inter-imperialist competition in the post-war era. The partition of the

world between the superpower blocs was highly unequal, since the Western alliance included not merely the US, by far the biggest economy in the world, but also Western Europe, Japan and Canada. Not merely did this place the Russian bloc at a severe disadvantage, but it gave rise to an increasingly important contradiction in the Western camp. The inclusion of all the advanced economies into a single political bloc, within which the US was overwhelmingly the dominant military power, created a very large economic space in which competition between capitals did *not* give rise to the military conflicts endemic before 1945. To that extent the pattern analysed by Bukharin broke down, since inter-imperialist rivalries developed within Western capitalism without there being any tendency for these to be settled through what Shakespeare called 'the bloody arbitrament of war'. Economic competition between capitals was thus dissociated from military conflict between states.

This development had, however, long term consequences which were to prove highly destabilising. The first I shall merely mention here, but I shall return to it below: the global economic order erected under US leadership at the end of the Second World War created an institutional framework (the Bretton Woods agreement etc.) which promoted a considerable internationalisation of capital. Secondly, this framework was, as I pointed out above, designed to provide the US with markets and sites of investment. However, the recovery during the long boom of the European and Japanese economies from their wartime devastation (a process promoted by the US to provide bulwarks against domestic revolution and Russian military pressures) led to the emergence of capitals increasingly capable of undermining US dominance of the world market.

The high levels of arms spending which were a condition of American politico-military hegemony diverted capital from productive investments; correlatively, West Germany's and Japan's comparatively low military expenditures made possible very high rates of capital accumulation and consequently the

progressive erosion of the competitiveness of US manufacturing industry. By the 1960s US relative economic decline was evident; the resulting intensification of competition within the Western capitalist bloc broke up the international financial system and caused a reduction in American military spending. A weakened arms economy could no longer prevent a fall in the world rate of profit, setting the stage for the great recessions of 1973–4 and 1979–82. [52] A profound contradiction had thus opened up. between a political order that remained politically bipolar, but which was economically multipolar. The global distribution of politico-military power no longer corresponded to that of economic power. [53]

Table 2:
Direct Foreign Investment, in Selected Country Groups

<i>Country group</i>	Annual average value of flows (\$bn)				Share of flows (percent)			
	<i>1965–69</i>	<i>1970–74</i>	<i>1975–79</i>	<i>1980–83</i>	<i>1965–69</i>	<i>1970–74</i>	<i>1975–79</i>	<i>1980–83</i>
Industrial countries	5.2	11.0	18.4	31.3	79	86	72	63
Developing countries	1.2	2.8	6.6	13.4	18	22	26	27
Latin America and Caribbean	0.8	1.4	3.4	6.7	12	11	13	14
Africa	0.2	0.6	1.0	1.4	3	5	4	3
Asia, inc. Middle East	0.2	0.8	2.2	5.2	3	6	9	11

Other countries and estimated unreported flows	0.2	-1.0	0.6	4.8	3	-8	2	10
<i>Total</i>	6.6	12.8	25.6	49.4	100	100	100	100

[Source: World Bank, **World Development Report 1985**]

2. *The Third World: malign neglect and partial industrialisation.*

The most dramatic change outside the Western capitalist core of the system after 1945 was the dismantling of the great European colonial empires. To some degree this change was caused by the decline of the European powers and their dependence on a US eager to gain access to the colonial markets closed to it between the wars; epic struggles for national liberation – in China, Vietnam, Algeria and the Portuguese colonies – also played their part. But decolonisation as a political process corresponded also to the decreasing importance of what came to be known as the Third World to the advanced capitalist countries. The picture which Lenin had painted of an imperialist system based on the export of capital to the colonies – even in his time, as we have seen, only a partial truth – was completely at odds with the reality of international capitalism after 1945. Summing up the immediate post-war experience Michael Kidron wrote in 1962: ‘Capital does not flow overwhelmingly from mature to developing capitalist countries. On the contrary, foreign investments are increasingly made as between developed capitalist countries themselves.’ [54] As [Table 2](#) shows, this statement continued to hold true for the world economy between 1965 and 1983. The World Bank reported in 1985:

about three quarters of foreign direct investment has gone to industrial countries on average since 1965. The remainder has been concentrated for the most part in a few developing countries, predominantly the higher income countries of Asia and Latin

America. In particular Brazil ... and Mexico have received large volumes of direct investment. Within Asia, Hong Kong, Malaysia, the Philippines, and Singapore have been the largest recipients; Singapore alone has accounted for nearly one-half of total Asia receipts of foreign direct investment in recent years. [55]

These figures directly contradict the analyses of the world system put forward by dependency theorists such as Gunder Frank and theorists of unequal exchange such as Samir Amin. [56] Far from the prosperity of capitalists (and workers) in the advanced countries depending on the poverty of the Third World, the main flows of capital and commodities (by far the largest share of world trade takes place between developed economies) pass the poor countries by. And of course the main concentration of wealth remains in the Western economies. The explanation is simple enough. As we have seen, the colonies' chief importance under classical imperialism lay in the raw materials they provided for the increasingly specialised industrial economies of the imperialist metropolis. But the drive to autarky during the Thirty Years War of 1914–45 involved sustained and successful efforts by the advanced economies to reduce their dependence on imported raw materials: thus synthetic substitutes were developed on a large scale, raw materials were used more efficiently, and the agricultural output of the industrial countries vastly increased. [57] Meanwhile, thanks to the permanent arms economy, the developed countries themselves were booming. Nigel Harris spelled out the consequences of these transformations:

Rising real incomes in the advanced capitalist countries provided expanding markets for the increasingly sophisticated and highly priced output. And it ensured the profit rates on new investment that continuously sucked in an increasing proportion of the world's new savings. Both labour and capital were dragged out of the backward countries to service the economies of the advanced. The trade between advanced capitalist countries provided the dynamo for an unprecedented expansion in world trade and output in the period after 1948, and for an even greater concentration of capital

in the hands of the rich countries. What had been seen by the imperialists as the division of labour in the world between the manufacturing advanced and the raw material exporting backward countries was overtaken by a division between the relatively self-sufficient advanced enclave and a mass of poor dependents. [58]

Both Kidron and Harris, when in the 1960s they first analysed these changes in the relations of advanced and developing economies, noted one very important exception to this pattern of declining Western dependence on raw materials – oil. [59] Indeed, the impact of the two great ‘oil shocks’ of 1973–4 and 1978–9 is in all likelihood, with the rise of the East Asian NICs, the main explanation for the rise in foreign direct investment in the Third World after 1975 (see [Table 2](#), which shows Asia, including the Middle East, increasing its share of foreign direct investment from 3 percent in 1965–9 to 11 percent in 1980–3). Nevertheless, oil is precisely an *exception*. The norm in the Third World was not intensive exploitation by the Western multinationals, but rather the effective exclusion of most poor countries from world trade and investment. The workers and peasants of Africa, Asia and Latin America toiled in abject poverty less because the fruits of their exploitation were the main source of imperialist profits than because their labour was irrelevant to the main centres of capital in North America, Western Europe, and Japan – unless, as millions from the Third World did, they followed this capital to its home bases.

It did not follow, however, that, as Frank and Amin claimed the entire Third World was condemned to permanent stagnation. On the contrary, some less developed countries were able to attain high levels of industrial growth. In particular, the rise during the 1970s and 1980s of the Newly Industrialising Countries (NICs) of East Asia and Latin America marked a significant shift in the world division of labour. ‘Earlier phases of industrialisation outside the imperialist centre had typically involved the production of previously imported consumer goods. The two world wars allowed several of the more important

colonies and semi-colonies (for example, India, Egypt, South Africa, Argentina) to take advantage of the metropolitan manufacturing industries' diversion to military production to encourage local capitalists to produce for their own domestic markets.

After 1945 many Third World states sought to continue this import substitution industrialisation, the most ambitious – China under Mao India under Nehru, Egypt under Nasser – copying the bureaucratic command methods of Stalinist Russia in the hope of building up their own heavy industrial base.

These essays in autarkic state capitalism were generally unable to mobilise from within their own borders the resources necessary for the huge investments on which the heavy industries of the advanced countries rested. Thus Nasser's efforts in the late 1950s and the 1960s to build up state owned heavy industry were made possible by the large reserves of foreign exchange accumulated during the boom in Egypt's main export, cotton, during the Korean War. These reserves financed the imports of machinery, components and other inputs needed to build up Egypt's industrial base. But when the foreign exchange ran out, further imports could be financed by exports, where Egyptian industry could not compete, or by Russian loans, which were paid for in exports of cotton and rice shipped to the USSR. The failure of Nasser's state capitalist policies lay behind Sadat's pursuit of *infītah*, the opening of Egypt to the world economy. [60]

The NICs of East Asia and Latin America marked a significant divergence from this pattern. Whereas Mao, Nehru and Nasser had sought to follow Stalin in pursuing state capitalist autarky, states such as South Korea and Brazil oriented themselves on the world market. They produced manufactured goods not necessarily (or even, in some cases, primarily) for the domestic market, but for export. And in general they were able to break into world trade in manufactured goods by rigorous state capitalist methods. The South Korean state, for example,

exercised centralised direction of private investment, not, however, to attempt to reproduce the kind of diversified industrial economy characteristic of the most advanced countries, but to identify those international markets into which its capitalists could hope to break provided that resources were concentrated on a limited number of industries. The interventionist state, operating frequently in defiance of the free market axioms of neo-classical economics, served as a battering ram into the world market rather than as a means of escaping it. [\[61\]](#)

Does the emergence of the NICs confirm Warren's claim that 'we are ... in an era of declining imperialism and advanced capitalism'? Undoubtedly the partial industrialisation of some of the Third World is an event of considerable significance, both because it represents the crystallisation of new, relatively independent centres of capital accumulation, a development whose political significance I discuss below, and because of the considerable expansion of the world working class for which it was responsible. It is, however, essential to stress that the rise of the NICs marked only a *partial* transformation of the Third World. This became very clear with the onset of the debt crisis of the 1980s. In the 1970s Western banks responded to the internationalisation of financial markets, the scarcity of investment opportunities in the depressed advanced economies, and the oversupply of capital (idle Western funds having been boosted by an influx of oil revenues from the Gulf) by massively increasing their loans to the Third World. The onset of a second major world recession in 1979 made it impossible for the debtor economies to generate the export earnings required to repay these loans: the result was the crisis which exploded when Mexico defaulted on its loans in August 1982.

The less developed countries found themselves unable to raise new loans. They were under enormous pressure from their Western creditors to repay a foreign debt amounting to \$1,089.2 billion in 1987, 49.5 percent of the capital importing developing

countries' gross national product. [62] The result was the obscenity that for much of the 1980s these countries actually transferred more financial resources to the advanced economies than they received in new loans and investment and in foreign trade (see [Table 3](#)). The result, for much of the Third World was stagnation. The United Nations reported at the end of the 1980s:

During the 1970s, per capita output in all developing countries grew faster than in the developed market economies and the gap was narrowing. In the 1980s, the situation has been more complex. An important group of Asian countries, large and small, has been growing faster, in both overall terms and per capita terms, than the developed market economies ... Others, mostly in Africa and Latin America, have been caught in a slow growth trap and their international linkages have been negative rather than positive. [63]

Table 3:
The Debt Crisis: Net Transfer of Financial Resources of the
Capital Importing Developing Countries,
1980–1988

(\$bn; sample of 98 countries)

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Net transfer through direct investment	-4.5	0.8	-2.0	-2.8	-2.4	-1.0	-1.3	0.4	4.0
Net transfer through private credit	17.2	7.5	-18.7	-26.5	-33.0	-40.9	-32.1	-34.7	-46.0
Net transfer through	29.0	34.3	32.0	28.6	25.8	16.3	12.7	8.7	8.0

official
flows

Net transfer	41.7	42.6	11.3	-0.7	-9.6	-25.5	-26.7	-25.6	-32.5
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[Source: United Nations, **World Economic Survey 1989**]

Put more crudely, not merely did the debtor states have to transfer resources to their Western creditors, but they had to submit to IMP dictated ‘structural adjustment programmes’ which typically required austerity measures as a way of restricting domestic consumption and boosting the exports needed to fund debt repayments. The worst victim was sub-Saharan Africa. At the end of 1989 the World Bank reported: ‘Overall Africans are as poor today as they were 30 years ago.’ [64] Parts of the continent had slipped even further back – the Horn of Africa, Angola, and Mozambique, where war and famine caused deaths in the hundreds of thousands, even millions. What links remained with the world economy were often of the most primitive kind. Lonrho hired its own private army to guard its plantations in Mozambique. Even the relatively industrialised economies of Latin America went through an appalling experience of stagnation, hyper-inflation and pauperisation. The dynamic East Asian NICs – the ‘Four Tigers’ (South Korea, Taiwan, Singapore and Hong Kong), were now joined by others, such as Malaysia, Thailand and the Philippines – seemed to be an exception, to be explained in large part by the increasing flow into the region of capital and exports from the most competitive of the advanced economies, Japan.

It would be a mistake, however, to see the debt crisis as simply marking the imposition of a new form of ‘dependency’ on the Third World. James Petras and Michael Morley have pointed to the phenomenon of capital flight in Latin America—the transfer of locally owned capital to the advanced economies,

amounting to an estimated \$100 billion compared to Latin America's foreign debt of \$368 billion in 1985:

Large-scale investments and bank deposits by Latin Americans primarily to the USA and Europe – ‘capital flight’ – registered the rise of a new class stratum in Latin America: the transnational capitalists ... Local capitalists are transferring their savings to multinational banks which in turn lend capital to Latin American states. These states in turn lend to private capitalists. This behaviour allows private capitalists to protect their savings while risking foreign debt which is guaranteed by the local state. External borrowing and overseas investment have become a lucrative way of life for a small but powerful stratum of capitalists. When local conditions are unfavourable, gains can be maximised through international financial circuits; national productive activity becomes secondary, almost a pretext, for increasing flows of loans and investment. When conditions become more favourable, then capital can shift back from international circuits into local investments. [65]

The debt crisis thus involves not so much a conflict between nation states, rich versus poor countries, but a class struggle, in which the Latin American bourgeoisie, increasingly integrated into international financial circuits, aligns itself with the Western banks and multinational corporations in demanding solutions which further open up their economies to the world market. As Petras and Morley observe, ‘[a]usterity has a different meaning for those who are able to move their assets outside the domestic environment than for those whose assets or livelihood[s] are immobile and are being directly affected by debt payments and IMF austerity programmes.’ [66]

3. *Internationalisation of capital.* The evolution of the Third World thus reveals the same process evident at the centre of the world system – the increasing international integration of capital. We can say of the two main tendencies in terms of which Bukharin defined imperialism that, if the first, towards state capitalism, dominated in the period 1875–1945, the second, towards the internationalisation of capital, became increasingly

important after 1945. I shall not dwell too long on this subject, since it has been discussed in much detail by writers associated with this journal. [67]

Developing during the long boom, but if anything accelerated in the subsequent years of protracted crisis, this trend towards the global integration of capital had three main dimensions: first, the internationalisation of production through the emergence of what Nigel Harris calls a ‘global manufacturing system’, organised primarily by the great multinational corporations; secondly, the growing weight of international trade, made possible by the political unity of Western capitalism and the formation and expansion of the European Community, but to a significant degree involving transactions within multinational companies and their outworks of component suppliers; thirdly, the development of international financial circuits largely outside the control of nation states, a process promoted by the growing inability of the US to perform its post-war role as lynchpin of the global monetary system, and accelerated by the manias for deregulation and stock-market speculation characteristic of the Reagan-Thatcher era.

The most important consequence of these changes was drastically to reduce the ability of the nation state to direct the economic activities taking place within its borders. What Harris calls ‘the end of capitalism in one country’ was a major factor in the great recessions of the mid and late 1970s. Keynesian demand management techniques proved to be feeble instruments of economic control when profitability sank and money could cross the globe in microseconds. The global integration of the system made itself felt in a variety of ways, from the collapse of the Mitterrand government’s attempt in 1981–3 to reflate the French economy at a time of world wide slump to the retreat from autarky by Third World regimes previously bitterly hostile to *laissez faire* such as China under Deng Xiaoping and South Africa under P.W. Botha.

It was, however, those economies where the tendency towards nationally organised capitalism which proved in the end to be hardest hit by the internationalisation of capital. The revolutions in Eastern Europe and the associated crisis in the USSR marked the point at which the Stalinist regimes, increasingly disabled by their bureaucratic command economies from reaping the benefits of participation in the international division of labour, finally broken under the strain, cracking open to allow the incorporation of these states into the global market. It was obvious to all (except the eccentric Dr Fukuyama dreaming of the end of history) that a new epoch in world history had begun. [68]

Imperialism after the Cold War

1. Back to a world that is politically as well as economically multipolar. The East European revolutions marked the end of the Cold War, in the sense of the partition of the globe into two competing imperialist blocs. The replacement of the Stalinist regimes in Eastern Europe by governments which, whether liberal, authoritarian or neo-Stalinist in political colouration, were committed to policies designed to push their economies deeper into the world market and the disintegration of the Warsaw Pact as an effective military alliance amounted to the collapse of any coherent Eastern Bloc. A large chunk of Central and Eastern Europe suddenly tipped into the Western sphere of influence. At the same time, a variety of factors – arms negotiations between the superpowers, the economic crisis in the USSR, domestic isolationist pressures in the US, the unification of Germany, and the Second Gulf War – combined to make it likely that the huge concentrations of troops and weapons on the Central Front in Europe would be fairly rapidly run down. Meanwhile, outside Europe, a weakened USSR was effectively compelled to make massive concessions to Western interests in various regions, perhaps most notably Indochina and southern

Africa. Third World regimes and movements which had previously been able to rely on Russian support now found themselves isolated.

One popular interpretation of these changes has been that they have allowed the US to assume a position of global predominance even greater than it had enjoyed in the aftermath of the Second World War. Particularly with the onset of the Western assault on Iraq it became popular to proclaim the US the 'lone superpower'. The **Independent on Sunday** asked:

Where are the Germans and Japanese now? They are not to be found in the Gulf, unless as businessmen. How very clever, some will say, to go on busily manufacturing motor cars and computers while America and Britain sacrifice themselves on behalf of the West. But what is the end of the sacrifice? In America's case it could be an apotheosis of her military and economic might. It must be dawning on the world that no other country could design and produce so many wonders of technology and then ship them on such a scale halfway across the world and use them to such apparent effect. No other country would want to; certainly not the Soviet Union, preoccupied in trying to hold itself together. That is the point about being a superpower. It is a matter of ability and of will. Only the United States has both. [\[69\]](#)

Arguments of this kind are not wholly invalid. The immediate impact of the East European revolutions was to increase the global political and military weight of the US. But proclamations of a 'one superpower world' wholly mistake the real tendency of events. The collapse of Stalinism was an episode of world historical importance precisely because it broke up the rigid bipolar division of the world characteristic of the post-war era and thereby allowed a return to an era of much more fluid inter-imperialist competition, in which a plurality of Great Powers dominated the stage rather than the two superpowers. The economic pre-conditions of this political transformation were laid in the Cold War era: the relative economic decline of both the US and the USSR, the increasing domination of world trade by other major capitalist powers, notably Germany and Japan,

and the emergence of the NICs represented marked shifts in the global balance of forces which had increasingly destabilised the system in the two decades after 1968. But it was only after the disintegration of the Eastern Bloc that the political contours of this new phase of inter-imperialist competition became clear.

There were now at least four major actors on a global scale. The US remained the most powerful state. The USSR, so long as its rulers could hold together enough of the inner empire (the Russian heartland, plus economically crucial regions such as the Ukraine and Azerbaijan), would also remain a force to be reckoned with. Germany, already the world's largest exporter and the dominant force in the European Community, had re-emerged as a world power thanks to unification and the retreat of Russian influence in Central and Eastern Europe. Japan's dynamic export economy had made possible in the 1980s a huge surge in foreign investment, including much of the loans needed to fund America's foreign debt. The USSR's reduced global role helped to make more visible the growing tensions between the US and the other major Western powers, especially the German-led EC. The German ruling class, their political confidence boosted by the Federal Republic's astonishingly rapid absorption of East Germany, seemed increasingly willing to shake off Washington's reins: thus Chancellor Helmut Kohl settled the question of unified Germany's membership of NATO in bilateral negotiations with Mikhail Gorbachev in July 1990, without bothering to consult the Bush administration. More threateningly, Bonn was instrumental in holding the EC to the hard line which caused the collapse of the GATT trade talks in December 1990, conjuring up fears of a tariff war comparable to that of the 1930s. Finally, Germany's and Japan's reluctance fully to endorse US policy in the Gulf threatened to make their 'disloyalty' to the Western alliance a major issue in American domestic politics.

The growing conflicts among the Western capitalist powers highlighted the contradictory position of the US itself. The

Reagan administration of 1981–9 had sought to reverse America’s relative economic decline. In fact, its effective economic policy, increased public and private spending financed by large scale borrowing, served instead further to reduce US competitiveness and to create the ‘twin deficits’ – on state expenditure and the balance of payments – which transformed America into the world’s greatest debtor. In the 1980s the US came to depend on a net transfer of financial resources from the rest of the world, rich and poor alike (see [Table 4](#)). The most notable domestic economic trends were a vast speculative investment in real estate and the stock market – exciting in the height of the junk bond boom in the mid-1980s but resulting in the almighty hangover of the Savings and Loans crisis, which involved by 1990 some \$500 billion of bad debts – and a reorientation of manufacturing industry towards military production, a shift which reflected the huge increase in arms spending begun by the Carter administration at the end of 1970s and continued under Reagan. [\[70\]](#) This ‘military Keynesianism’ itself exacerbated US capitalism’s long term problems by diverting resources from productive investments which might have enhanced American industries’ competitiveness. Indeed, it highlighted the US economy’s growing dependence on imports. According to one Congressional study, over 80 percent of the semi-conductors used in the high tech weapons systems so widely praised as a sign of America’s technological prowess were in fact produced in Asia, mainly in Japan. [\[71\]](#)

Table 4:
US Financial Dependence: Net Resource Transfers to the United States,
by Regions, 1980–1988* (\$bn)

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Canada	-0.3	0.8	8.3	9.4	12.7	13.4	10.6	9.8	7.7
Japan	9.8	14.9	15.9	23.2	36.2	42.8	54.5	56.2	50.5

W. Europe	-16.6	-9.0	-2.9	5.8	23.3	32.5	36.3	35.5	22.4
of which W. Germany	1.8	2.4	4.8	7.8	12.8	15.4	18.9	20.2	-
Latin America & Caribbean	-0.9	-4.4	6.3	20.0	22.8	18.7	15.2	16.9	11.8
of which Mexico	-2.4	-5.1	4.5	10.4	8.3	7.9	7.9	8.8	-
Major oil exporters of Africa & Asia	36.1	26.6	7.6	2.7	6.2	4.0	2.5	7.6	4.7
Other developing countries	-2.5	0.7	2.2	11.0	21.3	22.4	32.7	41.4	46.4
European planned economies	-2.5	-2.8	-2.7	-1.5	-2.0	-1.1	0.2	0.0	-1.3
Other countries	-0.1	-4.7	-3.4	-5.9	-3.7	-2.9	-1.9	-3.2	-4.5
<i>Total</i>	23.0	22.1	31.3	64.7	116.9	129.8	150.1	164.3	127.8

* i.e. balance of payments on goods, private transfers and services other than investment income, with sign reversed

[Source: United Nations, **World Economic Survey 1989**]

Nevertheless, the expansion and reconstruction of the US military apparatus in the 1980s gave the American ruling class

the means to pursue strategies designed to compensate for economic decline by reasserting their military and political leadership of the Western capitalist bloc. [72] These strategies were pursued along various dimensions. First, Reagan sought to use the period of heightened confrontation with the USSR after the invasion of Afghanistan in 1979 to force Japan and Western Europe into line – for example, the attempts to sabotage the USSR’s gas pipeline deals and to impose sanctions on Poland after the December 1981 coup. Secondly, and more successfully than these fiascos, Washington promoted the development of right wing guerilla movements – the Nicaraguan Contras, and UNITA in Angola – which were intended, along with economic pressures, to subvert hostile Third World regimes. [73] Thirdly, a series of efforts were made to overcome the ‘Vietnam syndrome’ – American domestic opposition to direct military intervention abroad – with a growing measure of success: Lebanon 1982–3, Grenada 1983, Libya 1986, the Gulf 1987–8, Panama 1989–90.

The American naval build up which allowed Iraq to defeat Iran in the First Gulf War was probably the most important of these interventions, however ironic it may now seem. In the first place, the Gulf, containing 54 percent of the world’s oil reserves, is the most important economic region outside the core areas of North America, Western Europe and Japan. Secondly, the Iranian Revolution of 1978–9 was second only to the Vietnam War among the defeats US imperialism suffered during that decade. It was in response to this humiliation that Jimmy Carter announced in January 1980 the doctrine bearing his name, under which the US declared its willingness to go to war if its interests in the Gulf were threatened. In line with this policy the Rapid Deployment Force was established. Renamed Central Command it provided the framework of the US military build up in the Gulf in the summer of 1990. Thirdly, the methods used by the Reagan administration to defeat Iran in 1987–8 – for example, the use of the United Nations Security Council (and hence the tacit compliance of the USSR) to sanction the American naval

build up and close co-operation with key Arab states such as Saudi Arabia and Egypt – foreshadowed Bush’s strategy against his erstwhile ally Saddam Hussein, namely the construction of a UN approved international coalition to legitimise the US’s first real ground war since Vietnam. As Robert McFarlane, formerly Reagan’s National Security Assistant, noted when Iran finally sued for peace in July 1988, ‘we ought to remember how we did it, for we may have to do it again.’ [74]

Bush’s decision to ‘do it again’ on a far greater scale by going to war against Iraq did not simply mark Washington’s effort decisively to break the Vietnam syndrome or even the policy, implicit in the Carter Doctrine, of preventing any other power from acquiring a dominant position in the Gulf. The Second Gulf War is only intelligible against the background of the more fluid and unstable period of inter-imperialist competition opened up by the East European revolutions. As Bush and his advisers made plain in numerous speeches, the war drive in the Gulf was a means of reasserting American global political and military leadership. Seizing the opportunity offered by the USSR’s retreat on the world stage and implosion into an all-absorbing domestic crisis, Washington sought to use the Gulf crisis to demonstrate to the world’s ruling classes that the stability of the global economy depended ultimately on the military power of the American state. The message was aimed most specifically at Bush’s restive allies in Tokyo and Bonn – both to remind them that only the Pentagon could guarantee the security of their oil supplies and to bind them more tightly to US diplomatic leadership.

To some extent, whether this strategy succeeds will depend on the length and outcome of the war. But even in its opening days there were signs that the Second Gulf War might simply intensify the conflicts within the Western Bloc. The rows provoked by Washington’s demand that the European and Japanese allies should contribute to the costs of the war, Germany’s reluctance to come to Turkey’s aid should the latter NATO state be drawn into the war, France’s equivocal stance in

the final days of peace – none of this seemed to augur the beginning of the new *Pax Americana* predicted by some commentators. [75] The fact that the Bush administration expected to raise \$36 billion of the estimated \$50 billion cost of the war from contributions from Saudi Arabia, Kuwait and other allies only indicated how far the US had declined from its global economic predominance after 1945. [76] The US had come a long way from the days of Lend Lease, when it financed the Allied war effort against Germany and Japan. As Noam Chomsky sardonically observed, America seemed to have become less the world's policeman than the world's mercenary: 'We carry out the intervention, and other people pay for it.' [77] The Second Gulf War is more likely to accelerate than it is to reverse US decline.

2. *The rise of sub-imperialisms in the Third World.* A key factor in the development of a more pluralistic and therefore more unstable world order has been the rise over the past two decades of the sub-imperialisms – that is, of Third World powers aspiring to the kind of political and military domination on a regional scale which the superpowers have enjoyed globally. The Middle East, as the most unstable region since 1945 (the present war in the Gulf is the seventh major war in the area; there have in addition been several civil wars and protracted insurgencies), is unfortunate enough to have the largest number of contenders for this role – Israel, Iran, Iraq, Egypt and Syria, Turkey. But there are others elsewhere: India, Vietnam, South Africa Nigeria, Brazil, and Argentina are among the most important examples: A conflict between two of these powers – Iran and Iraq – led to the First Gulf War (1980–88), the longest period of conventional warfare this century. Now all the might of the US is being pitted against the victor in that earlier war. Plainly the nature of the sub-imperialisms is a crucial issue in any attempt to understanding contemporary imperialism.

Behind the phenomenon of the sub-imperialisms lies the partial industrialisation of the Third World and the consequent

emergence of new centres of capital accumulation outside the imperialist core. As in the case of the original emergence of imperialism in the latter part of the 19th century, the possession of a developed industrial base has typically been a pre-requisite for building up regional military power. Typically, but not universally: Vietnam emerged after the final defeat of the US in 1975 as the dominant power in Indochina, even though its economy had been shattered by war and was to be further weakened by the Western trade and aid embargo orchestrated from Washington. Nevertheless, the rise of the sub-imperialisms poses in its acutest form the question of the political consequences of the development of industrial capitalism in the Third World.

A fairly widespread response on the left has been simply to deny these trends any significance. Typically this has involved invoking what has been the orthodoxy among left nationalists and Third Worldists for the past generation, namely the idea that decolonisation represented a purely superficial change in the relations between rich and poor countries. The ties of economic dependence on the advanced countries have, on this account, kept the ex-colonies in effectively the same position as they were before independence. Constitutionally these ‘neo-colonies or semi-colonies may be sovereign, but the real relations of global power mean that they are still firmly subordinated to the Western imperialist countries. The term ‘sub-imperialism’ was originally coined within this theoretical framework. Thus Fred Halliday wrote of the Middle East in 1974, when he was still influenced by Maoism and a firm opponent of imperialism:

The stability of the imperialist system in the area has rested on building up a set of intermediate capitalist states which are in general populous and strong enough to play a major regional role. These are sub-imperialist states, intermediaries in the exploitative whole. The armies and ruling classes of these states are the major agents of imperialism in the area, while imperialism itself maintains bases and provides covert aid. [78]

The obvious difficulty with this kind of approach is that it is just implausible to describe capitalist states such as Islamic Republican Iran and Ba’athist Iraq – which have been prepared to defy and even, in the latter case, to fight the US – merely as ‘agents of imperialism’. Some Third World ruling classes plainly have a considerable degree of autonomy from the imperialist powers. In the reaction over the past decade or so against dependency theory and related notions such as neo-colonialism, quire large sections of the left have moved to the opposite extreme. Bill Warren, for example, argued: ‘The concept of dependence has always been imprecise; such significance as it has relates almost entirely to political control of one country by another.’ An implication of this claim, which Warren tacitly drew, was that the attainment of political independence provided the bourgeoisie in the Third World with the means to end their dependence on the advanced economies. [79] In line with this kind of thinking, some Iranian socialists adopted a defeatist position during the First Gulf War, even after the US intervened in the summer of 1987, arguing that Iran was a developed capitalist power in essence comparable to the US. Without even the excuse which the Iranian left had of having suffered at the hands of the mullahs’ secret police, **New Left Review** adopted a similar stance in the lead up to the Second Gulf War, declaring: ‘The Left should not support the military ambitions of any of the predators now confronting one another in the desert.’ [80]

There is something pretty absurd about equating Iraq, with a population of 17.8 million and a GNP per capita of \$2,140, and the United States, with a population of 245.8 million and GNP per capita of \$19,780. [81] How then are we properly to measure the difference between them? Let us note first the elements of truth advanced by Warren and other opponents of dependency theory. In the first place, the formation of a constitutionally independent state undoubtedly can act as the focus of crystallisation of an autonomous capitalist class: even a venal regime heavily dependent on external support is likely to

promote some economic development in order to widen its social base and increase the national income from which state revenues can be extracted; and activities designed to consolidate the territorial power of the new state – for example school and road building – will also create the conditions for capital accumulation. The imperialist carve up of the Middle East after the First World War, when most of the modern states in the region were created under the aegis of London or Paris, provides illustrations of this process. Thus Hanna Batatu writes of Iraq under Faisal I, summarily removed by the British from the kingdom of Syria he had proclaimed after the Arab rising and placed instead on a new throne in Baghdad in 1921:

Though a creation of the English the Hashemite monarchy was, in the first two decades of its life, animated by a spirit inherently antithetical to theirs. Owing to the initial interweaving of its dynastic interests with the fortunes of the pan-Arab movement, its basic instinct in the period 1921–1939 was to further – to the extent that allowed its status of dependence – the work of nation-building in Iraq.

Thus Faisal drastically expanded the education system as a means of forging a sense of national identity in a highly diverse population, as he put it, ‘devoid of any patriotic idea, imbued with religious traditions and absurdities, connected by no common tie’, and sought to build up the army as an instrument of independent state power. The British responded by seeking to restrict the size of the army and building up the power of the tribal chiefs in order to weaken the embryonic nation state Faisal sought to build. [82] A similar process took place in the Arabian peninsula, where the Wahhabi zealots under Ibn Saud succeeded in the early 1920s in driving out Faisal’s father, Hussein, the Sharif of Mecca. Ibn Saud was as much a British client as the Hashemites, only he was financed and armed by the India Office, and they by the Foreign Office: (Arnold Toynbee commented: ‘It would be cheaper, and more manly of the civil servants in the two belligerent departments, if these had fought each other direct’.) [83] But even the state Ibn Saud created,

Saudi Arabia, despite its dynastic politics and reactionary Islamic ideology, was able to use its oil revenues to generate substantial capitalist development. [84]

This process of state building took place, however, within definite limits. In part these were economic. The British ambassador to Iraq reported to the Foreign Office in 1934:

The foreign commercial interests in Iraq are, owing to the existence of the British connection, predominantly British ... The greater part of the country's foreign trade is carried in British ships. The foreign capital sunk in the country is almost exclusively British. Two out of three banks are entirely British ... All important insurance business is in the hands of British firms. In another sphere of activity, the Euphrates and Tigris Steam Navigation Co is a long established British company ... operating, with but one native competitor, rival transport on the Tigris between Basrah and Baghdad ... In every direction, despite the intense Japanese competition, British commercial influence remains paramount. [85]

In addition to these ties of economic dependence, the Arab states were bound to the metropolitan power by formal political restrictions. Thus the Anglo-Iraqi Treaty of 1930, effectively renewed by the 1948 Portsmouth agreement, guaranteed Britain air bases and control over the country's foreign policy. Behind such formal ties lay the reality of imperial military power. When King Farouk of Egypt refused to appoint the Prime Minister proposed to him by the British ambassador, his palace was surrounded by tanks on 4 February 1942, until he gave way. States in this position, even though constitutionally independent, are effectively semi-colonies. [86]

Memories of such humiliating subordination to the imperialist powers survived long after the acquisition by these states of a much more effective degree of independence. They help to explain why anti-imperialist rhetoric continues to have a massive popular appeal in countries which can no longer in any sense be regarded as semi-colonies. What forces were involved in the

emergence in the Third World of autonomous capitalist classes capable of aspiring to a sub-imperial role? First, decolonisation did play a part, because of what the dismantlement of the European colonial empires implied in economic terms. The exclusive control of colonial and semi-colonial economies by individual metropolitan powers was now replaced by a more fluid state of affairs in which multinational corporations from a variety of Western states invested in the same country, giving the local state room for manoeuvre between them and the tax revenues to promote the expansion of native capital. The transformation of the Southern Irish economy over the past generation is a case in point: no longer an exporter of agricultural commodities to Britain, the Twenty Six Counties has become a major site of direct investment by US, West European and Japanese firms, especially in the chemicals and manufacturing industries which have now outstripped food, drink and tobacco as its main source of exports. [87]

This much more diversified relationship to Western capital has been accompanied, secondly, by the expansion of locally controlled industrial capitalism. One of the most careful discussions of this question is by two Argentine Marxists, Alexandra Dabat and Luis Lorenzano. Challenging the consensus on the Argentine left, including orthodox Trotskyist groups such as the MAS (Movement for Socialism), that Argentina is a Western 'semi-colony', they argue that the country experienced after 1945 'capitalist development on a state monopolist base' characterised by the stagnation of foreign investment from the late 1960s onwards and the growth, not merely of state intervention in the economy, but of state owned industries. Consequently, 'the bourgeoisie as a whole is the dominant class and ... its most powerful fraction is now the modern monopolist-finance bourgeoisie (which articulates big agrarian, industrial and commercial capital) fused with state capital and the civil-military bureaucracy.' [88]

Dabat and Lorenzana therefore reject the view that Argentina is a ‘dependent’ capitalism, its bourgeoisie mere compradors:

Argentina is a net importer of capital and of the goods (including technology) that it needs for expanded reproduction and intensive industrialisation. But from the 1960s onwards, as it increased its technological and financial independence, Argentinian capitalism began to develop an export industry and to strengthen its role as a regional exporter of capital. Since 1966, it has also managed to resume its role as a major grain exporter, while its powerful military state-machine has extended its sphere of operations into the Southern Cone, Central America and the South Atlantic. These active phenomena should be seen as expressing the ‘external’ interests of Argentinian capitalism – that is to say, a stage of externally oriented expansion in which commercial, financial and military factors are substantively unified. It is thus possible to characterise Argentina as an emerging regional capitalist power, combining financial, commercial and technological dependence with the development of a capitalist monopolist economy with regional imperialist features. [89]

On the basis of this analysis Dabat and Lorenzano attack the position taken by the bulk of the Argentine left during the Falklands/Malvinas War of 1982, when they supported the Galtieri regime against Britain on grounds well expressed by the MAS: ‘Britain is an imperialist country, Argentina is a semi-colonial country. We workers fight on the side of the colonised in any confrontation between an imperialist country and a semi-colonial country’. Rejecting this left nationalism, Dabat and Lorenzana argue:

The war ... was a continuation of the Junta’s anti-democratic internal policy and its expansionist external thrust. Although it was waged against British imperialism for a historically legitimate claim, it was neither an anti-colonial conflict nor a struggle by an oppressed against an oppressor nation. The contending parties were an emergent capitalist country with regional and continental imperialist features, and a long-standing imperialist power which, though in marked decline, is still a powerful force. There was not a progressive and a reactionary camp ... One reactionary side was

bent on extending its influence, while the other was concerned to retain the last wisps of its former empire and to establish a pecking order among the national components of the capitalist bloc. [90]

Generalising from this broadly correct analysis of the Falklands War, we could then argue that the same process of capitalist development which gave rise to imperialism in the first place now produces sub-imperialism. As centres of capital accumulation crystallise outside the imperialist core of the system, the tendencies analysed by Lenin, Bukharin and Hilferding towards monopoly, finance and state capitalism take on an even more pronounced form, given the central role of state intervention in promoting Third World industrialisation. Inevitably, the expansion of industrial capitalism bursts out of national borders, giving rise to regional conflicts between rival sub-imperialisms – between Greece and Turkey, India and Pakistan, Iran and Iraq – and often, in the absence of such rivalries, to the growing regional dominance of a particular sub-imperialism (South Africa in southern Africa, Australia in the South Pacific). [91]

While this analysis has a large measure of truth, it is essential to qualify it. For the rise of the sub-imperialisms has not taken place in a vacuum. Nor has it created a world composed of capitalist states the differences between whose power are ones of degree rather than of kind. The bulk of the world's industrial production and military power is still concentrated in North America, Western Europe, Japan and the USSR: indeed, in 1984 the less developed countries' share of world industrial production was 13.9 percent, marginally less than the 14.0 percent share they had achieved by 1948 thanks to import-substitution during the Great Depression and the Second World War, but subsequently lost as a result of the long boom of the 1950s and 1960s. [92] This imbalance in economic power is reflected in the politico-military hierarchy which exists among the world's states, and in particular the dominant role of the Western imperialist powers. The emergence of regional powers

in the Third World has altered but not abolished this hierarchy. Indeed – and this is the third factor at work in the rise of the sub-imperialisms – the policies of the superpowers have played a major part in permitting certain medium sized states to aspire to regional dominance.

Thus the very origins of the term ‘sub-imperialism’ can be traced to the strategy pursued by American capitalism as part of an attempt to extricate itself from the Vietnamese catastrophe. Called the Nixon Doctrine, after the President who first publicly announced the policy in July 1969, it envisaged part of the burden of defending Western interests in the Third World being taken on by regional powers which would receive in exchange military and economic aid. Iran under the Shah is a good example of the way in which industrialising Third World states sought to fill the vacuum left by a politically weakened imperialism – in this case, the Gulf after Britain’s final withdrawal East of Suez in 1971. [93] More generally, sub-imperialisms have been able to aspire to a regional role not merely by virtue of a certain level of capitalist development, but thanks to the support of one or both of the superpowers.

Usually it has been the US, as the most powerful imperialist state in the world, which has acted as the patron of regional powers, but Russian aid to Vietnam allowed Hanoi to dominate Indochina despite an economy that is a basket case, and India has attained hegemony in South Asia thanks in large part to its ability to manoeuvre between the two superpowers, both of which have been eager to cultivate good relations with it.

It does not follow that sub-imperialisms are mere puppets of their superpower sponsors. The arrangements which permit certain states to play regional roles typically rest on a convergence of interests between the two ruling classes concerned, rather than the control of patron over client. Interests that converge can also conflict. Thus, even the sub-imperialism most directly dependent on US military and economic aid, Israel (US aid at its peak of \$4.2 billion in 1986 amounted to 18

percent of Israeli gross national product) has been able often to defy Washington – the Shamir government’s obduracy over the Palestinian question led US Secretary of State James Baker publicly to express his anger and frustration only weeks before the Iraqi invasion of Kuwait. Nevertheless, there are limits to the autonomy of any sub-imperialism which, if infringed, may lead to a direct confrontation with the Great Powers.

It is only in this context that events in the Gulf over the past decade become intelligible. The Iranian Revolution of 1978–9 removed the US’s most powerful ally in the area. Willy nilly Washington began to tilt in the direction of the only state willing and able to take over the Shah’s role, the Ba’athist regime in Iraq. The subsequent evolution of American policy gives the lie to those socialists who saw the First Gulf War of 1980–8 as a regional version of 1914–18, a struggle between two sub-imperialisms in which workers on each side should welcome their own government’s defeat. Dilip Hiro summarises the US attitude:

So long as stalemate prevailed on the front lines Washington was content to maintain a semblance of neutrality in the conflict. But as the scales began to tilt increasingly in Iran’s favour in late 1983, the US changed its position and stated that Iraq’s defeat would be against its interests.

With every Iranian military success – from the Majnoon Islands in 1984 to Fao in 1986 and Shalamanche a year later – Washington increased its backing to Baghdad, culminating in an unprecedented naval build up in the Gulf and, for all practical purposes, the opening of a second front against the Islamic Republic. [94]

Iran’s defeat in the First Gulf War was a brutal demonstration of US imperialism’s ability to determine the outcome of regional conflicts. Now, of course, a much more savage display of American military power has been launched to crush the state which won that war with Washington’s support. The Iraqi invasion of Kuwait was a direct consequence of the First Gulf

War, both because the Ba'athist regime sought to solve the economic crisis inherited from the war and to consolidate its regional hegemony by seizing Kuwait and its oil wealth, and because the good relations between Washington and Baghdad encouraged Saddam Hussein to misread the ambiguous signals coming from the State Department ('we have no opinion on the Arab-Arab conflicts, like your border disagreements with Kuwait,' the US ambassador to Iraq told him on 25 July 1990) [95] as a green light. The Bush administration decided, for reasons discussed above, to treat the invasion as sufficient cause for war. As a result, the difference between an imperialist and a sub-imperialist power is being established beyond any serious dispute.

3. A precarious balance between nation state and world market.

The internationalisation of capital has, as we have seen, been a major factor in undermining the political and economic arrangements characteristic of post war imperialism. This tendency has, however, often been misinterpreted both by neo-liberals such as Tim Congdon and by some socialists as marking the effective obsolescence of the nation state. [96] Such arguments are mistaken. Although the pronounced tendency towards the global integration of capital over the past generation has severely reduced the ability of states to control economic activities within their borders, private capitals continue to rely on the nation state to which they are most closely attached to protect them against the competition of other capitals, the effects of economic crisis, and the resistance of those they exploit. This is obvious in the economic sphere, though I shall not rehearse at length arguments much discussed in the pages of this journal which will in any case be given definitive shape in a forthcoming article by Chris Harman. [97] The long recovery of the Western economies from the 1979–82 recession would have been inconceivable without the spread of classical Keynesian policies of high state spending and easy credit from the US to Britain, Japan and, finally, Germany. More spectacularly, the

collapse of the world financial system during the stock-market crash of October 1987 was averted only thanks to the intervention of the US Federal Reserve Board and other Western central banks. The economic role of the state in Western capitalism may have been reduced and partially restructured, but it is the merest monetarist fantasy that it is being, or can be, abolished.

The intensified competition made possible by the internationalisation of capital has if anything exacerbated the national antagonisms within the world's bourgeoisie. This is most evident in the marked tendency for the biggest economies in the world to form regional trade blocs around them. This is clearest in the steps being taken towards the further economic integration of the EC, since German trade and investment are heavily concentrated on the European continent. But there are striking similarities in the prodigious expansion of Japanese capital and commodities into East Asia over the past few years and in the US's efforts to extend its Free Trade Agreement with Canada to Mexico, creating a North American trade bloc. [98]

The collapse of the GATT talks in December 1990 merely underlines the danger that the world market might fragment into protectionist blocs as it did in the 1930s. However, a repetition of this process is unlikely because of the much greater degree of global economic integration: Japanese capital, for example, has not been concerned primarily with recreating the wartime Greater East Asia Co-prosperity Sphere by economic rather than military means but with expanding its direct investments in the US and Western Europe; equally, a full scale trade war with Japan would cut American industry from its main source of micro-electronic components. Nevertheless, the appearance of rival Western trade blocs serves both to destabilise the world economy and to encourage individual capitals to look to their nation states to defend their interests in a hostile world.

One crucial question here concerns the implications of these trends for military conflicts between states. Congdon's

predictions that 'military antagonisms between nations will become literally absurd' because of the internationalisation of capital itself looks pretty absurd in present circumstances. So long as a world system that consists of capitals competing economically and integrated into rival nation states continues to exist, war will remain the final arbiter of conflicts. But what, more concretely, can be said about military competition in the 'new world order'? Although a full picture will have to await future developments, a number of important points can be made.

First, military competition between the superpowers has not ended and will not end. The disintegration of the two great European military coalitions, NATO and the Warsaw Pact, does not mean that the US and the USSR are disarming. On the contrary, as John Rees has shown, both are currently engaged in the modernisation and reorganisation of their armed forces to allow them to fight high tech wars rather than the massed tank battles of the Second World War. [99] The USSR's loss of its East European empire and its retreat in the Third World have not created an identity of interests between Washington and Moscow. On the contrary, there is evidence to suggest that it is only the Russian regime's heavy dependence on Western goodwill that has led it to support US policy in the Gulf, despite the fact that the USSR has little interest in seeing the US destroy a long time ally in a region bordering on its own increasingly unstable Muslim republics. Long term antagonisms survive between the superpowers, and will continue to fuel the arms race between them.

Secondly, as we have seen, the US is seeking to take advantage of the USSR's weakness definitively to reoccupy the position it held at the end of the Second World War, as the leader of the world's capitalist classes. The economic decline and financial dependence of American capitalism, however, compel it to rely on its military power to claim this role – to act as the world's policeman when it is no longer, as it was in the 1940s, the world's producer. One does not have, as Paul Kennedy tends

to in **The Rise and Fall of the Great Powers**, have to posit a mechanical relationship between economic strength and military power, to predict that the contradictions inherent in this situation are likely to make themselves increasingly felt, whatever the outcome of the present Gulf crisis.

Bush's attempt to reassert US hegemony is, in large part, a response to the most important feature of the present phase of imperialism – the return to a world that is politically as well as economically multipolar, reflected in the growing weight of Germany and Japan in world affairs. This raises a third point. Post-war imperialism was characterised, as we have seen, by a partial dissociation of economic and military competition – rivalries between American, Japanese, and German firms over markets did not lead to wars between their respective states. Is the collapse of the superpower blocs likely to lead to a reintegration of economic and military competition, to Japan and Germany becoming military as well as economic superpowers? This is a particularly difficult question to address in the present state of flux internationally. All that can be safely said is the following. One can see pointers which might suggest that the answer to this question should be yes. Japan already has the third largest military budget in the world. Germany is clearly pursuing its own policy in relation to Eastern Europe and the USSR; furthermore, one aim in the current discussions about further EC integration is to co-ordinate European foreign and defence policies, a step which might increase German influence globally. **Newsweek** went as far as to predict in its New Year 1991 issue that both Japan and Germany would acquire nuclear weapons over the next few years.

Nevertheless, the Gulf crisis illustrates how great the obstacles are to the development of Japan and Germany into major military powers. Both states have played a marginal role in the crisis, in part because of domestic opposition to foreign military entanglements, in part because neither (and especially Germany) is particularly well-equipped to engage in the kind of long range

operations being mounted against Iraq. Britain and France, much weaker capitalisms which have kept relatively large military establishments in order to preserve vestiges of a global imperial role, have had a far greater weight, one pursuing its traditional 'Atlantic' policy of acting as Washington's sergeant major in Europe, the other as typically equivocating before firmly joining the American camp. Behind Japan's and Germany's relatively minor role in the Gulf lies a long term tendency: their success in capturing world markets has been in large part a consequence of their relatively low rates of military spending, an advantage which their military expansion would undermine. The resulting division of labour in the Western alliance, with the US playing the main military role, has been a source of endless conflict: the onset of the Second Gulf War was naturally enough the occasion of an especially bitter row about burden sharing. But the war has accentuated tensions not simply between the US and its Western economic rivals, but within the EC itself between the enthusiasts for a military solution (chiefly Britain and Holland) and most other members, which are likely to make themselves felt in the negotiations over further European integration.

If therefore any tendency for the Japanese and German ruling classes to translate their economic strength into military power is still at its early stages, one further point about the post Cold War world is already clear. The disintegration of the superpower blocs makes major wars more likely. The end of the partition of Europe and the USSR's retreat in the Third World have, in the short term at least, reduced the chances of a military confrontation between the superpowers. But at the same time the constraints which the Cold War imposed on individual states have been removed. It is unlikely that the present Gulf crisis could have taken place a decade ago, when tensions between the superpowers were acute. Moscow, which then still counted Iraq among its closest allies in the Middle East, would in all probability have restrained Saddam Hussein from seizing Kuwait, while Washington would have been more cautious in its

response to the invasion, had it occurred, for fear of precipitating another eyeball to eyeball confrontation with the USSR, like the Cuban missile crisis of October 1962.

In the more fluid world which is emerging, regional powers are more likely to take risks which may in turn evoke a more savage reaction from an America no longer restrained by the USSR's presence in Eastern Europe and the Third World. Even if, unlike the present Gulf War, Western imperialism does not become directly involved in all the resulting conflicts, instead leaving it to existing and would be sub-imperialisms to slug it out, the portents for humankind are grim. Though the shadow of a general war between the superpowers has receded slightly, the proliferation of nuclear weapons in the Third World (Israel, South Africa, India and Pakistan are among the states known to possess such weapons) means that the first regional nuclear war may not be far off. War shows no signs of becoming obsolete.

Conclusion

At the beginning of the present century Lenin, Luxemburg, Bukharin, Hilferding and others developed an analysis of imperialism as that stage of capitalist development in which the concentration and centralisation of capital led to a world dominated by the rivalries of a handful of military and economic Great Powers. Despite the transformations which the world system has undergone in the past 100 years, this theory still identifies some of the main characteristics of contemporary capitalism. Indeed, we are now entering a period of more ferocious, and more unstable inter-imperialist competition.

The significance of these facts is very far from being primarily theoretical. Despite the weaknesses of his version of the theory, Lenin remains the theorist of imperialism for two reasons. Firstly, he grasped more clearly than anyone else that

imperialism is not a mere policy, but a stage, indeed the highest stage, of capitalist development. Thus he attacked Kautsky for arguing that ‘imperialism is not present-day capitalism; it is only one of the forms of present-day capitalism.’ [100] The implication of Kautsky’s argument was that military conflict and war could be eliminated within the framework of capitalism, to which Lenin replied that only socialist revolution could put an end to imperialism and its destructive tendencies. Lenin’s political understanding of imperialism is indeed where his second main contribution lies. He grasped that the political and economic hierarchy which imperialism imposed on the world would give rise to struggles developing under the banner, not of revolutionary socialism, but of revolutionary nationalism, struggles therefore which would challenge imperialism in order to realise the aspiration for an independent capitalist state.

Lenin understood that, despite the political distance between these movements and international socialism, they could give rise to wars and revolutions which would weaken imperialism, and therefore the hold of the world’s ruling classes. He expressed this insight most clearly when defending the Dublin rising of Easter 1916 against Bolsheviki who wished to dismiss it as a petty bourgeois ‘putsch’:

To imagine that social revolution is *conceivable* without revolts by small nations in the colonies and in Europe, without revolutionary outbursts by a section of the petty bourgeoisie *with all its prejudices*, without a involvement of the politically non-conscious proletarian and semi-proletarian masses against oppression by the landowners, the church, and the monarchy, against national oppression, etc. – to imagine all. this is to *repudiate social revolution*. [101]

So it is not merely that imperialism can be removed only through the overthrow of capitalism, but imperialism will provoke movements which, despite their bourgeois interests and ideology, in Lenin’s words, ‘*objectively ... attack capital*’:

The dialectics of history are such that small nations, powerless as an *independent* factor in the struggle against imperialism, play a part as one of the ferments, one of the bacilli, which help the *real* anti-imperialist force, the socialist proletariat, to make its appearance on the scene ... We would be very poor revolutionaries if, in the proletariat's great war of liberation for socialism, we did not know how to utilise *every* popular movement against *every single* disaster imperialism brings in order to intensify and extend the crisis. [102]

The experience of the past 25 years has amply confirmed Lenin's analysis. The Vietnam War, though fought to establish an independent state capitalist regime, inflicted a serious defeat on American imperialism – and stimulated the growth of authentically anti-capitalist movements throughout the Western world. Since then even stranger forces than Vietnamese Stalinism have become the focus of confrontations with imperialism – the fundamentalist mullahs of Iran and of Lebanon and now even the Iraqi Ba'athist regime, despite its miserable history of collaboration with the US. In such confrontations revolutionary socialists hope for the defeat of the imperialist power. Such a position in no sense involves revolutionaries giving political support to the regime fighting imperialism. Trotsky brought this out in his response to the Japanese invasion of China in 1937:

In a war between two *imperialist* countries, it is a question neither of democracy nor of national independence, but of the oppression of backward non-imperialist peoples. In such a war the two countries find themselves on the same historical plane. The revolutionaries in both armies are defeatists. But Japan and China are not on the same historical plane. The victory of Japan will signify the enslavement of China, the end of her economic and social development, and the terrible strengthening of Japanese imperialism. The victory of China will signify, on the contrary, the social revolution in Japan and the free development, that is to say unhindered by external oppression, of the class struggle in China.

But can Chiang Kai-shek assure the victory? I do not believe so. It is he, however, who began the war and who

today directs it. To be able to replace him it is necessary to gain decisive influence among the proletariat and the army, and to do this it is necessary not to remain suspended in the air but to place oneself in the midst of the struggle. We must win influence and prestige in the *military* struggle against the foreign invasion and in the *political* struggle against the weaknesses, the deficiencies, and the internal betrayal. At a certain point, which we cannot fix in advance, this political opposition can and must be transformed into armed conflict, since the civil war, like war generally, is nothing more than the continuation of the political struggle ... the working class, while remaining in the front lines of the military struggle, prepare[s] the *political* overthrow of the bourgeoisie. [103]

It is necessary, therefore, in a confrontation such as the Second Gulf War, to advocate the defeat of the imperialist side while continuing the political struggle against the bourgeois regime leading the anti-imperialist side. Underlying this stance is Trotsky's theory of permanent revolution. In its general form this asserts that no capitalist class can consistently fight imperialism. Even the most militant nationalist movement aspires essentially to its own independent capitalist state. It seeks, therefore, not to destroy the imperialist world system but to win a larger stake in that system. If it is forced to fight imperialism to achieve this objective, the ensuing struggle may weaken the entire system. But eventually the nationalist movement will come to terms with imperialism, as Sinn Fein did at the end of the War of Independence, the Vietnamese Communist Party after both Indochina wars, the Islamic Republic of Iran following its defeat in the First Gulf War. The aim of revolutionary socialists is therefore primarily, as Lenin puts it, to 'utilise' the crisis created by the confrontation between imperialism and its nationalist opponents to 'help the real anti-imperialist force, the socialist proletariat, to make its appearance on the scene'. But the working class can only settle accounts with imperialism by overthrowing, not merely the ruling classes of the advanced

capitalist countries, but those bourgeois regimes which may temporarily challenge Western domination.

Classical Marxism thus contains, in the writings of Lenin and Trotsky, an analysis of imperialism and a strategy for fighting it which retain their validity. The portent offered by the slaughter in the Gulf suggests that we will have much need of them in the coming years.

Notes

My debt to John Rees's article *The new imperialism*, **IS 2 : 48** (1990), whose subject matter overlaps with that of this article, should be obvious.

1. T. Congdon, *How the City is Making Economic Nationalism Obsolete*, **Spectator**, 13 Feb 1988, pp. 21, 25.

2. K. Kautsky, *Imperialism*, in J. Riddell, ed., **Lenin's Struggle for a Revolutionary International. Documents 1907–1916 The Preparatory Years**, New York 1984), p. 180.

3. **Ibid.**, p181.

4. A.J. Mayer, **Why Did the Heavens Not Darken?** New York 1990, p. 31.

5. B. Warren, **Imperialism – Pioneer of Capitalism**, London 1980), pp. 9, 10.

6. Lenin, **Collected Works**, Moscow 1964, XXII (hereinafter **LCW**), pp266, 267.

7. See, for example, M. Kidron, **Capitalism and Theory**, London 1974), ch. 6, M. Barratt Brown, **The Economics of Imperialism**, Harmondsworth 1974, ch. 8 and Warren, **Imperialism**, pp. 57–70.

8. **LCW**, p. 298.

9. N.I. Bukharin, **Selected Writings on the State and the Transition to Socialism**, Nottingham 1982, pp. 16–7.

10. **Ibid.**, **Imperialism and World Economy**, London 1972, pp. 25–6, 125.

- [11.](#) See my discussion of Lenin and Bukharin in *Imperialism, Capitalism and the State Today*, **IS 2 : 35** (1987), pp. 79–88.
- [12.](#) The concept of uneven and combined development is, of course, one of Trotsky's main contributions to Marxism. Without it one cannot explain either the hierarchical nature of imperialism (the domination of the advanced countries) or its instability (the unequal division of resources gives rise to constant inter-imperialist struggles to repartition the world).
- [13.](#) J. Schumpeter, **Imperialism and Social Classes**, New York 1955, pp. 64–5, 94, 96.
- [14.](#) A.J. Mayer, **The Persistence of the Old Regime**, New York 1981, pp. 4, 305, 314.
- [15.](#) **Ibid.**, **Why Did the Heavens Not Darken?**, p. 3.
- [16.](#) **Ibid.**, p. 456.
- [17.](#) J. Schumpeter, **Imperialism**, p. 69.
- [18.](#) **Ibid.**, pp. 81, 84, 88.
- [19.](#) For recent versions of this argument (both of which refer to Mayer), see P. Anderson, *The Figures of Descent*, **New Left Review 161** (1987) and T. Nairn, **The Enchanted Glass**, London 1990. Anderson read **The Persistence of the Old Regime** in draft: see **Ibid.**, p. x.
- [20.](#) See, for example, E.P. Thompson, *The Peculiarities of the English*, in **The Poverty of Theory and Other Essays**, London 1978, A. Callinicos, *Exception or Symptom?*, **New Left Review 169** (1988), C. Barker and D. Nicholls, eds., **The Development of British Society**, Manchester 1988), and on Germany, D. Blackburn and G. Eley, **The Peculiarities of German History**, Oxford 1984.
- [21.](#) For accounts that stress the impact of industrial capitalism, see J. Romein, **The Watershed of Two Eras**, Middletown 1978, N. Stone, **Europe Transformed 1878–1919**, London 1983, and E.J. Hobsbawm, **The Age of Empire 1875–1914**, London 1987. I discuss Mayer's work at more length in **Against Postmodernism**, Cambridge 1989, pp. 39–44.
- [22.](#) J. Schumpeter, **Imperialism**, p. 18, and pp. 7–22 *passim*.
- [23.](#) See esp. J. Brewer, **The Sinews of Power**, London 1989.

- [24.](#) See Tables 4 and 16 in Barratt Brown, **Economics**, pp. 110 and 187.
- [25.](#) J. Schumpeter, **Imperialism**, p. 14.
- [26.](#) See J.A. Hobson, **The South African War**, London 1900, Part II, and T. Pakenham, **The Boer War**, London 1979, Part I.
- [27.](#) J. Schumpeter, **Imperialism**, pp. 72, 73.
- [28.](#) T. Nairn, **Enchanted Glass**, pp. 375–6.
- [29.](#) J. Schumpeter, **Imperialism**, p. 98.
- [30.](#) See esp. F. Halliday, **The Making of the Second Cold War**, London 1983.
- [31.](#) A. Callinicos, **Making History**, Cambridge 1987, pp. 157–72.
- [32.](#) E. Hobsbawm, **Age of Empire**, p. 51.
- [33.](#) W.H. McNeill, **The Pursuit of Power**, Oxford 1982, chs. 7 and 8.
- [34.](#) **LCW**, p. 255.
- [35.](#) M. Barratt Brown, **Economics**, ch. 8. All data on foreign investment are from this book.
- [36.](#) E. Hobsbawm, **Age of Empire**, pp. 73–4.
- [37.](#) R.P. Dutt, **India Today**, London 1940, ch. VII.
- [38.](#) Quoted in M. Barratt Brown, **Economics**, p. 195.
- [39.](#) A. Offer, **The First World War: An Agrarian Interpretation**, Oxford 1989. The text to this note is a most inadequate summary of a very rich and wide ranging book.
- [40.](#) R. Hilferding, **Finance Capital**, London 1981, p. 307.
- [41.](#) N. Bukharin, **Selected Writings**, pp. 18, 19.
- [42.](#) C. Harman, **Explaining the Crisis**, London 1984, ch. 2.
- [43.](#) M. Wolf, *The Need to Look to the Long Term*, **Financial Times**, 16 Nov 1987.
- [44.](#) E. Mandel, **The Meaning of the Second World War**, London 1986, is the only serious Marxist attempt at a global interpretation, though it is not without its weaknesses, notably Mandel's typically scholastic distinction between several different kinds of war involved in the conflict.

- [45.](#) See P. Kennedy, **The Rise and Fall of the Great Powers**, London 1989, chs. 4 and 5.
- [46.](#) See esp. G. Kolko, **The Politics of War**, New York 1970.
- [47.](#) L.D. Trotsky, **Europe and America**, New York 1971.
- [48.](#) See J. Waterbury, **The Egypt of Nasser and Sadat**, Princeton 1983.
- [49.](#) **Sunday Times**, *Insight on the Middle East*, London 1974, section IV.
- [50.](#) V.G. Kiernan, **The European Empires from Conquest to Collapse, 1815–1960**, London 1982.
- [51.](#) See M. Kidron, **A Permanent Arms Economy** (reprinted), London 1989, and C. Harman, **Explaining**, ch. 3.
- [52.](#) C. Harman, **Explaining**, ch. 3.
- [53.](#) This is, of course, the main theme of Kennedy's book: see esp. **Rise and Fall**, pp. 509–64.
- [54.](#) M. Kidron, **Capitalism**, p. ?
- [55.](#) World Bank, **World Development Report 1985**, New York 1985, p. 126.
- [56.](#) See, for example, A.G. Frank, **Capitalism and Underdevelopment in Latin America**, Harmondsworth 1971, and S. Amin, **Unequal Development**, Hassocks 1976, and among critiques of the theory of unequal exchange, M. Kidron, **Capitalism**, ch. 5, and N. Harris, *Theories of Unequal Exchange*, **IS 2 : 33** (1986).
- [57.](#) M. Kidron, **Capitalism**, pp. 134–7.
- [58.](#) N. Harris, **India-China: Underdevelopment and Revolution**, New Delhi 1974, p. 171.
- [59.](#) M. Kidron, **Capitalism**, p. 162, and N. Harris, **India-China**, pp. 173–4.
- [60.](#) See P. Clawson, *The Development of Capitalism in Egypt*, **Khamsin 9** (1981), and? Waterbury, **Egypt**.
- [61.](#) See N. Harris, **The End of the Third World**, London 1986, and A.H. Amsden, *Third World Industrialisation*, **New Left Review 182** (1990).

- [62.](#) United Nations Department of International Economic and Social Affairs, **World Economic Survey 1989**, New York, Table IV.4, p. 64.
- [63.](#) **Ibid.**, p. 25.
- [64.](#) **Financial Times**, 15 Nov 1989.
- [65.](#) J. Petras and M. Morley, **US Hegemony under Siege**, London 1990, pp. 197, 198.
- [66.](#) **Ibid.**, p. 201.
- [67.](#) See esp. N. Harris, **Of Bread and Guns**, Harmondsworth, 1983, P. Green, *[Nation States and the World Economy](#)*, **IS 2 : 19** (1983), Callinicos, *Imperialism*, and C. Harman, *[The Storm Breaks](#)*, **IS 2 : 46** (1990).
- [68.](#) The definitive analysis of the collapse of Stalinism is C. Harman, *The Storm Breaks*; see also A. Callinicos, **The Revenge of History**, Cambridge 1991.
- [69.](#) **Independent on Sunday**, 20 January 1991.
- [70.](#) See P. Green, *Contradictions of the American Boom*, **IS 2 : 26** (1985), and M. Davis, **Prisoners of the American Dream**, London 1986.
- [71.](#) J. Petras and M. Morley, **US Hegemony**, p. 78.
- [72.](#) **Ibid.**, chapters 1 and 2 offers a recent discussion of these strategies, though one which paints an exaggerated picture of the US ruling class's degeneration into a bunch of thugs and rentiers.
- [73.](#) See F. Halliday, **Cold War, Third World**, London 1989, ch. 3.
- [74.](#) **Guardian**, 29 July 1988. See, for a more detailed analysis of the war, A. Callinicos, *An Imperialist Peace?*, **Socialist Worker Review 112**, September 1988.
- [75.](#) See, for example, the articles by J. Rogaly and E. Mortimer, **Financial Times**, 18 January 1991.
- [76.](#) **Ibid.**, 28 January 1991.
- [77.](#) **Independent**, 19 January 1991.
- [78.](#) F. Halliday, **Arabia without Sultans**, Harmondsworth 1974, pp. 500, 502. Halliday, however, distanced himself from more extreme forms of dependency theory: see **Ibid.**, pp. 498–9.
- [79.](#) B. Warren, **Imperialism**, p. 182; see also **Ibid.**, pp. 150, 176.

- [80.](#) *Themes*, **New Left Review 184** (1990), p. 2.
- [81.](#) **Sunday Correspondent**, 12 August 1990 (1988 figures).
- [82.](#) H. Batatu, **The Old Social Classes and the Revolutionary Movements of Iraq**, Princeton 1978, pp. 25, 86ff., 99ff., 325ff.
- [83.](#) P. Knightley and C. Simpson, **The Secret Lives of Lawrence of Arabia**, London 1971, p. 147.
- [84.](#) F. Halliday, **Arabia**, ch. 2.
- [85.](#) H. Batatu, **Old Social Classes**, p. 268.
- [86.](#) Arguably the white Dominions (Canada, Australia, South Africa, etc.) should be placed in the same semi-colonial category, though their successful campaign for legislative independence, culminating in the Statute of Westminster 1931, reflects the growing autonomy of these developing capitalisms from Whitehall. There is a useful discussion of the concept of semi-colony, criticising Mandel's application of it to the NICs, in A. Dabat and L. Lorenzana, **Argentina: The Malvinas and the End of Military Rule**, London 1984, p. 168 n3.
- [87.](#) See K. Allen, [Is Southern Ireland a Neo-Colony?](#), Dublin 1990, esp. chs. 2–4.
- [88.](#) Dabat and Lorenzana, **Argentina**, pp. 29, 36–7.
- [89.](#) *Ibid.*, pp. 37–8.
- [90.](#) *Ibid.*, pp. 186 n30, 103–4.
- [91.](#) On the latter case, see D. Glanz, *Dinki-di Domination: Australian Imperialism and the South Pacific*, **Socialist Review** (Melbourne) 2, 1990.
- [92.](#) D.M. Gordon, *The Global Economy*, **New Left Review 168** (1988), p. 64.
- [93.](#) See F. Halliday, **Iran: Dictatorship and Development**, Harmondsworth 1979, ch. 9; there is a useful discussion of the concept of sub-imperialism on pp. 282–4.
- [94.](#) D. Hiro, **The Longest War**, London 1990, p. 261.
- [95.](#) **Guardian**, 12 Sep. 1990.
- [96.](#) See, for example, S. Lash and J. Urry, **The End of Organised Capitalism**, Cambridge 1987, and D. Harvey, **The Condition of Postmodernity**, Oxford 1989.

- [97.](#) See in addition to the articles cited in n67 above A. Callinicos, **Against Postmodernism**, pp. 137–44.
- [98.](#) See A. Callinicos, **Revenge**, pp. 78–9.
- [99.](#) J. Rees, *New Imperialism*, pp. 65–73.
- [100.](#) **LCW**, p. 270. Even Bukharin tended to treat imperialism as a policy: see, for example, **Imperialism and the World Economy**, ch. ix.
- [101.](#) **Ibid.**, p. 355.
- [102.](#) **Ibid.**, pp. 356, 357.
- [103.](#) **Leon Trotsky on China**, New York 1976, pp. 569–70.

