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The Economic Roots of American Imperialism

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The manifestations of American imperialism began to appear as early as the nineteenth century, relative to Latin American countries, and later in the Pacific zone (expansionism toward Japan, conquest of the Philippines). Since the beginning of World War I, American imperialism has extended itself on a global scale. Thus, in the framework of inter-imperialist competition, American imperialism appears as the great victor of two imperialist world conflicts. In point of fact, it is the only victor whose military and economic forces gained from these two wars. All of the principal competitors were enfeebled by either one or both of these conflicts.

It is not necessary to examine in detail the causes of this superiority of American imperialism over her competitors. The

principal reasons are well known: immense richness in raw materials; greater equilibrium between industry and agriculture; broader territorial and demographic bases, which permitted the enjoyment of important economies of scale in matters of industrial mass production; the absence of semi-feudal vestiges, which allowed the expansion of a purer capitalism than that of the other imperialist countries, etc.

It must be accentuated, however, that the ascent of American imperialism toward the position of the first power in the world represents a dialectical process during which the contradictions of the rest of the world have had a tendency to breed, even in the midst of American society. The imperialist American bourgeoisie cannot engage in this expedition toward world domination without at the same time assuming the leadership of the entire capitalist world. In that position they are confronted by anti-capitalist forces which each day grow more numerous and powerful. Because of this fact, American imperialism is often directed in its decisions by the political imperatives involved in the global defence of the international capitalist system, a system which at times may enter into conflict with the *particular* historical interests of American imperialism itself. The Marshall Plan has to be interpreted in this light. Far from being an enterprise of the *pastoralization* of Europe or of its submission to the will of Washington, historically the Marshall Plan was the initial phase in the reconstitution of an *autonomous force* in Western European imperialism – that is to say, precisely the re-creation of a force competitive with that of the United States.

This decision was not, however, irrational. It simply reflects a choice between two evils, both of which Washington had to face following the Second World War: either assist in the collapse of Western European capitalism, or permit the reappearance of a powerful competitor. American imperialism chose the lesser evil, by its lights.

These prefatory remarks are essential in order to avoid falling into economism, and to prevent too simple an interpretation of the economic roots of American imperialism.

I. Surplus and Export of Capital.

The principal economic root of American imperialism remains the one classically defined by Lenin for the whole imperialist era: the existence, in imperialist countries, of a surplus of capital which is poured into other parts of the globe in search of superprofits. The only modification which should be applied to the Leninist definition is the conclusion that, in the actual historical context of the period following the Second World War, this surplus of capital was no longer directed exclusively, nor even principally, into colonial or semi-colonial (i.e. underdeveloped) countries, but was spread equally and in increasing proportions among other industrially developed imperialist lands.

This important variant of the Leninist theory can be explained by the following factors:

1. The significant difference in technology and the productivity of labour between American imperialism on the one hand, and that of the other imperialist powers on the other.
2. The difference between the military and political power of the United States and that of the other imperialist powers, a difference which is even more pronounced than that in the economic sphere.

3. The increasing insecurity weighing upon investments in colonial and semi-colonial countries, in which there is a growing profusion of revolutionary liberation movements.
4. The contraction of the geographic area in which surplus capital may still be invested with profit, a contraction resulting notably from the overthrow of capitalism in an expanding portion of the world. [1]

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The end result of these diverse tendencies is that the difference between the rate of profit in the United States and that which American capital (exploiting advantages of productivity which consequently assured it significant monopolistic superprofits) may obtain in other countries is sufficiently large to make exportation of capital into other imperialist countries definitely more appealing than investments in under-developed countries where greater insecurity neutralises the attraction of an even higher rate of profit.

Certainly, as American capital gradually discovers outlets in the world [2], a process of equal distribution and the levelling off of the productivity of labour and technological development will

progressively occur between the United States and the other imperialist countries. Such a process will reduce the difference in the rate of profit between them, and will “revalorize” the underdeveloped world as the only area where important superprofits may be acquired.

In the same way, an eventual prolongation of *détente* between the United States and the Soviet Union will open possibilities – although very modest ones – of investment of American capital in countries with a socialist economic base, similar to that already achieved by Fiat and Renault in the automotive field.

But all of the investment possibilities cannot change the fundamental fact that during the last quarter of a century the essential direction of the investment of exported American capital has been into other imperialist countries, rather than to the rest of the world.

It must be remembered that this export of capital admirably suits an economic necessity inherent in the capitalistic system of monopolies. It represents a response to a double menace: the decline in the average rate of profit experienced in the principal imperialist citadel, and the massive accumulation of capital which cannot be invested in that citadel without endangering the average rate of profit with a new, serious decline.

II. The growing role of the war and armaments economy in the United States

The accumulation of a growing surplus of capital which can no longer be profitably invested in the normal sectors of the economy not only encourages its export but also increases research in new fields of investment where capital will yield an average profit from the monopolised sectors of the

economy without threatening the rate of profit from the entire system of monopolistic capital. The production of armaments (and its extension into space production) constitutes a similar “substitutive field of unparalleled investment” (to use Rosa Luxembour’s phrase).

The advantages of the realisation of monopolistic capital in the area of armaments are obvious. It does not reduce the scope of capital already invested in the rest of industry. On the contrary, it markedly stimulated the production of heavy industry and certain specific raw materials. It does not become a substitute for other products normally produced. On the contrary, it creates merchandise whose sole purchaser is the State, and whose only value, in terms of consumption, is the strengthening of American imperialism internationally.

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It creates, in addition, other, by no means negligible, marginal benefits. It permits the reduction of conjectural fluctuations by stabilising a considerable volume of investment. Thus it protects the American economy against a return of a catastrophic crisis similar to that of 1929 (without the power, however, to prevent the appearance of periodic recessions which are not, finally, any less grave than the average crises which capitalism has known throughout its history). It brings an automatic guarantee of

profit to monopolies in a growing number of sectors (all those related to national defence).

The increasing importance of arms production in the American economy is indicated above all by the preponderance it acquires in expanding sectors, such as electronics, aircraft, and chemistry. It results in a double symbiosis which stimulates the imperialist expansion of American capital by producing a double self perpetuation.

1. The symbiosis of certain areas of the monopolies, and of the production of armaments in these areas, developing a “vested interest” in the maintenance and expansion of arms production.
2. The symbiosis of certain positions of authority in the armed forces and in the machinery of State, which gives these positions a “vested interest” in the maintenance and expansion of the military budget at an astronomical level.

This double symbiosis is all the more dangerous since it tends to reproduce itself in foreign countries, following the establishment of American bases abroad, the military missions in foreign countries and the military “aid” to “friendly” governments menaced by “internal subversion” or by “external Communist aggression.”

Even former President Eisenhower, as conservative as he was at the end of his Presidency, publicly expressed his fears about the formidable growth of the industrial-military-political establishment. That establishment lives on and prospers essentially from the continual increase in arms expenditures, and it

requires international conflicts in order to justify this expansion to the American taxpayer.

Nevertheless, it would be foolish to consider the important role the production of armaments plays in the heart of the American economy as simply the result of maneuvers by this particular Mafia in the centre of the large American bourgeoisie. The entire bourgeoisie is condemned to practice the politics of permanent rearmament, confronted as it is with a permanent revolution on a world wide scale and with the industrial and military growth of countries which have already overthrown capitalism. The goal of every one of the disarmament conferences is not actual disarmament, but the attempt *to rationalise the course of armament*, to render it supportable by the budgets of the USA and the USSR which are not, after all, unlimited.

In a world divided into two profoundly antagonistic camps, genuine disarmament is Utopian. Still more Utopian is the idea that monopoly capitalism could reorient the sixty or seventy billion dollars it annually spends on arms production to fields of public service, education, health, and aid to underdeveloped countries. Such a redirection would first of all require the conversion of the bourgeoisie, the very class devoted to profit motives, into a class working for the good of the human species. Any diffusion of masses of capital outside the areas of disarmament would rapidly menace the investment of “civil” capital and the rate of profit. It will never happen.

III. Supply of strategic raw materials.

Unlike most of its competitors, American imperialism was characterised by the fact that it found within its own borders the essential raw materials for modern industry. Even in the period immediately following World War I, the

importation of raw materials remained fundamentally secondary – rubber, silk, sugar or tin, products easily replaced by synthetics.

However, the formidable expansion of American industrial production at the end of World War II changed the situation. Today the USA must import increasing quantities of raw materials as essential as petroleum, iron ore, bauxite, copper, manganese, and nickel. Moreover America's own resources in these areas are rapidly diminishing and, in the case of petroleum, could be exhausted by the end of the century. America depends entirely upon imports for chromium, cobalt, and columbarium, indispensable to iron production.

In other words, three-quarters of a century behind its principal competitors, the USA must now launch a drive for new sources of raw materials in the world; for petroleum, in Latin America, the Middle East, and Nigeria; for iron ore, in Latin America and West Africa; for other minerals, in Canada, Australia, and Africa, etc. In this search it will collide not only with liberation movements in various colonial and semi-colonial countries, but with the competition of other imperialist nations like Great Britain, Japan, France, West Germany, indeed, even Spain.

Often the appropriation and possession of these sources of raw materials involves political conflict, *coups d'état* and local war (notably in West Africa in the last few years). It may involve the establishment of missions, perhaps American military bases. The need for new sources explains the tenacity with which American imperialism clings to countries like Venezuela and Brazil for they have become precisely the sources of supply of raw materials indispensable for Big Business in the United States. [3]

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IV. Inter-imperialist competition in the heart of the Third World

Although the export of American capital into underdeveloped countries has been of less volume than the same export into other imperialist countries, nonetheless it has not been negligible. When it concerns important countries, like Indonesia or Brazil, or countries of enormous, scarcely tapped potential, like the Congo, the export of American capital results in growing interference by American imperialism in the internal affairs of these semi-colonial countries. Conflicts develop with other imperialist powers, particularly the former colonial powers which American imperialism is gradually replacing.

In the last twenty years, the most typical examples of the way in which American capital has taken over from former colonial capital are its domination of Indonesia (replacing Dutch capital), Morocco (replacing French capital), and Iran (English capital). Without a doubt, in the Congo we are witnessing the début of a similar replacement of capital, in this case Belgian, although at this moment it is reflected less in capital investments than in the reorientation of foreign trade.

All this imperialist substitution was not achieved simply by maneuvering behind the scenes. It produced acute national and international conflicts, often accompanied by bloodbaths. From the overthrow of Mossadegh to the assassination of Ben Barka and the ascent to power of Mobutu by a *coup d'état*, the course of this substitution was marked by murder, conspiracy, and oppressive operations whose victims number in the hundreds of thousands.

In the end, American imperialism will not achieve world domination. The dream of an “American Century” lasted, in fact, only five years, from 1945 to 1950. The dream was destroyed not only by the strengthening of anti-capitalist forces on a world scale, but by the law of unequal development which functions inexorably in the heart of the imperialist world and does not permit any acquired position to last forever. In comparison with the 1945-1950 period, the principal competitors of American imperialism (with the exception of Great Britain) have strengthened, not weakened, their positions relative to American imperialism. The inter-imperialist competition is more acute than before. There will be no super-imperialism, but rather a continual struggle of imperialist forces to shift the revenue of power in their favour.

However, the battle of inter-imperialist competition is taking place in a new global context: the loss to Capital of a third of the world; the constant extension of new revolutionary forces and movements that threaten to wrest new countries away from Capital. In these conditions, inter-imperialist competition will dissolve into inter-imperialist solidarity before the vital threats which weigh on the total system. Stalin’s hope of seeing the outbreak of new inter-imperialist wars turns out to be in vain (assuming one disregards local conflicts between various pawns of imperialism in Africa, Cyprus, and elsewhere).

V. The defence of general conditions in the realisation of capital

One of the economic motives appropriate to American imperialism is that of defending the conditions of realisation of invested American capital when those conditions seem to be deteriorating, or when they are

exposed to threat. It is precisely in this sense that the *coup d'état* in Guatemala, in defence of the investments of United Fruit, must be understood; or the military mission to Venezuela defending the investments of Creole Petroleum; or the intervention of the CIA in the military *coup d'état* in Brazil in defence of United States Steel Corporation investments. The same intervention in the military *coup d'état* in Greece permitted America's Litton Industries to make huge investments of capital under exceptionally favourable conditions.

However, it would be false to see this imperialist intervention in too restricted a way, that is as merely the defence of capital already invested. Additionally, imperialist intervention is a question of preserving future opportunities and avoiding the danger of a chain reaction which would menace strong positions in one country by events in another.

For example, direct investments of American capital in South Vietnam are very modest. But there are more important investments in Thailand, and considerably more important ones in Malaysia, in Indonesia and India. By intervening with a counterrevolutionary war of aggression in the civil war in Vietnam, American imperialism covers capitalist positions in all the neighbouring countries and attempts to preserve its future opportunities in the eastern part of the Asian continent. Today, the imperialist strategy is unavoidably a global one. Necessarily, the defence of capital does not take place where that capital is invested but occurs in other countries the collapse of whose advance positions would constitute a grave threat to those, properly called, strong areas.

That is why an analysis of the global, economic moving forces of American imperialism can come to only one conclusion: to be effective, anti-capitalist forces must oppose the international

counterrevolutionary strategy of Big Capital with a corresponding world-wide, global strategy.

Notes

1. An investigation by a firm of management consultants in Chicago in 1960 revealed that thirty-five large American trusts had a net rate of profit (corporate profits after taxes) of 9.2% in the U.S.A. and 14.2% abroad. (**US News and World Report**, Jan. 1, 1962, and **Newsweek**, March 8, 1965, arrived at analogous conclusions.)

2. Direct foreign investment by American corporations went from 7.2 billion dollars in 1946 to 40.6 billion in 1963 and 54.5 billion in 1966.

3. According to Harry Magdoff, American imports of certain raw materials evolved in the following manner in terms of percent of their production in the United States.

	1937-1939	1966
Iron Ore	3 %	43 %
Copper	-13 %	18 %
Lead	0 %	131 %
Zinc	7 %	140 %
Bauxite	113 %	638 %
Petroleum	- 4 %	31 %
