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Evolution of Capitalism, Escalation of Imperialism

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The purpose of this essay is to show that as capitalism has evolved from the early stages of small-scale manufacturing to the current stage of the dominance of finance capital, its arena of expropriation has, accordingly, expanded from the early colonial/imperial conquests abroad to today's universal dispossession worldwide, both at home and abroad. Specifically, it aims to expose the class nature of imperialism independent of nationality and/or geography, and to indicate how this profit-driven characteristic of capitalism is at the root of today's global austerity economics; an ominous development that dispossesses not only defenseless peoples abroad, but also the overwhelming majority of the people at home—a socio-economic plague that can be called the “new imperialism,” or “imperialism by dispossession” [1].

The new imperialism differs from the old, *classical* imperialism in at least four major ways.

First, contrary to the old pattern of colonial/imperial conquests and plunders, which often proved quite lucrative to the imperium, war and military operations under the new imperialism are not even cost efficient on purely economic grounds, that is, on grounds of national interests. While immoral, external military operations of past empires often proved profitable and, therefore, justifiable on national economic grounds. Military actions abroad usually brought economic benefits not only to the imperial ruling classes and war profiteers, but also (through “trickle-down” effects) to their citizens. Thus, for example, imperialism paid significant dividends to Britain, France, the Dutch, and other European powers of the seventeenth, eighteenth, nineteenth, and early twentieth centuries. As the imperial economic gains helped develop their economies, they also helped improve the living conditions of their working people and elevate the standards of living of their citizens.

This pattern of economic gains flowing from imperial military operations, however, seems to have somewhat changed in the context of the recent U.S. imperial wars of choice. Moralities aside, U.S. military expeditions and operations of late are not justifiable even on economic grounds. Indeed, escalating U.S. military adventures and aggressions have become ever more wasteful, cost-inefficient, and burdensome to the overwhelming majority of its citizens.

This should not come as a surprise in light of the fact that imperialist wars and military adventures are often prompted not so much by national interests as they are by special interests. Recent U.S. policies of military aggression are increasingly driven not as much by a desire to expand the empire’s wealth beyond the existing levels, as did the imperial/colonial powers of the past, but by a desire to appropriate the lion’s share of the existing resources (or tax dollars) for the military-industrial-security-intelligence establishment. This pattern of universal or generalized expropriation can safely be called *dual imperialism* because not only does it exploit the conquered and the occupied abroad but also the overwhelming majority of U.S. citizens and their resources at home.

Second, beneficiaries of war and military aggressions under the new imperialism tend to systematically invent (or manufacture, if necessary) external “threats to national security” in order to justify continued expansion of military spending. Enlargement of military spending during the Cold War era was not a difficult act to perform as the explanation—the “communist threat”—seemed to conveniently lie at hand. Justification of increased military spending in the post-Cold War period, however, has required the military-industrial-security-intelligence interests to be more creative in concocting “new sources of danger to U.S. interests.” This perennial need for international conflicts and/or external enemies is what makes the new, post-Cold War imperialism more dangerous than the imperialist powers of the past ages.

War profiteering is, of course, not new. Nor are bureaucratic tendencies in the ranks of military hierarchies to build parasitic, ceremonial military empires. By themselves, such characteristics are not what make the U.S. military-industrial-security-intelligence complex more dangerous than the military powers of the past. What makes it more dangerous is the “industrial” part of the complex: the extent to which war has become big business. In contrast to the United States’ arms industry, arms industries of the past empires were often owned and operated by imperial

governments, not by profit-driven private corporations. Consequently, as a rule, arms production was dictated by war requirements, not by market or profit imperatives of arms manufacturers. As far as arms industry is concerned, instigation of international conflicts, or invention of external “threats to national security,” is a lucrative proposition that would increase both its profits by expanding its sales markets abroad and its share of national budget at home.

This has had dire consequences for world peace and stability. Under the rule of past military empires, the subjugated peoples or nations could live in peace—imposed peace, of course—if they respected the nefarious geopolitical interests and economic needs of those imperial powers and simply resigned to their political and economic ambitions. Not so with the U.S. military-industrial-security-intelligence empire: the interests of this empire are nurtured through “war dividends.” Peace, imposed or otherwise, would mean that the powerful beneficiaries of war dividends would find it difficult to either expand the sale of their armaments abroad or justify their inordinately large share of national tax dollars at home.

This means that, contrary to the model of past empires, mere perception of external threats is not sufficient for the accumulation of the fortunes of the U.S. military-industrial-security-intelligence empire. Actual, shooting wars—preferably manageable or controllable at the local or regional levels—are needed not only for the expansion but, indeed, for the survival of this empire. Arms industries need occasional wars not only to draw down their stockpiles of armaments, and make room for more production, but also to display the “wonders” of what they produce: the “shock and awe”-inducing properties of their products, or the “laser-guided, surgical operations” of their smart weapons. In the era of tight and contested budget allocations, arms producers need such “displays of efficiency” to prove that they do not waste tax payers’ money. Such maneuvers are certain to strengthen the arguments of militarist politicians against those (few) who resist huge military appropriations. Sadly, however, the incentive for the military industry to prove its efficiency is often measured, though not acknowledged, in terms of actual or potential death and destruction [2].

Third, as pointed out earlier, imperial dispossession has become increasingly more dispersed, generalized or universal: it deprives not only the peoples of distant lands, as did the old imperial/colonial powers, but also the overwhelming majority of citizens at home.

A variety of relatively newer instruments are now utilized to bring about the expropriation of the masses in favor of the plutocratic elites. These include privatization and commodification of public domain, public infrastructures and public services (such as healthcare and education); neoliberal fiscal policies that tend to lower tax obligations of the oligarchic interests by cutting social spending; continued escalation of military spending, which tends to disproportionately benefit the stock and/or stake holders of the military-industrial-security-intelligence spending; manipulation or utilization of financial crises to rescue, or bail out, the so-called *too big to fail* financial players; and (perhaps most importantly) asset price inflation by means of central banks’ policies of cheap or easy money, which benefits, first and foremost, the big banks and other major financial players that can outbid small borrowers who must borrow at much higher rates than the near-zero rates guaranteed to the big borrowers.

Instead of regulating or containing the disruptive speculative activities of the financial sector, monetary policy makers, spearheaded by central banks, have in recent years been actively promoting asset-price bubbles—in effect, further exacerbating inequality. This shows how the proxies of the financial oligarchy, ensconced at the helm of central banks and their shareholders (commercial banks), serve as agents of subtly funneling economic resources from the public to the financial oligarchy—just as the rent or tax collectors and bailiffs of feudal lords collected and transferred economic surplus from the peasants/serfs to the landed aristocracy.

Four, in the same fashion as the imperialist expropriation has over time expanded from the early pillage of resources abroad to include the currently generalized dispossession at home, so have imperialistic means of expropriation been diversified or expanded from the sheer military force of earlier times to today's multitudes of relatively newer means of regime change and dispossession. These newer means of worldwide dispossession include “soft-power” instruments such as color-coded revolutions, “democratic” coup d'états, manufactured civil wars, orchestrated and/or money-driven elections (peddled as manifestations of democracy), economic sanctions, and the like. Perhaps more importantly, they also include powerful financial institutions and think tanks such as the World Trade Organization (WTO), the International Monetary Fund (IMF), central banks, and credit rating agencies like Moody's, Standard & Poor's and Fitch Group.

These guardian-angels of global plutocracy can (and do) change “unaccommodating,” or “unfriendly,” regimes not only in the less developed countries but also in the core capitalist countries. This is how during the ongoing financial turbulence of recent years a number of governments have been changed in Europe. These have included the ousting of the Greek government of Prime Minister George Papandreou in 2011 and that of the Italian government of Prime Minister Mario Monti in 2013. This also explains the failure or defeat of socialist and/or social-democratic experiments in countries such as the Soviet Union, China, Vietnam, Chile, Nicaragua, Brazil, Cuba, and many countries in Europe. Threatened by the fear of sanctions, capital flight, economic isolation, or regime change, most of these countries have been forced to abandon their humane economic models of the immediate post-WW II period and adopt the cruel austerity economics of neoliberalism.

How are these historical transitions and transformations to be explained? What precipitated imperialism's transition from the earlier pattern of core-periphery plunder to the currently borderless or dispersed dispossession worldwide, at home and abroad? Are these changes the products of purely political/ideological calculations, or are they the results of some more fundamental changes in the structure of capitalist production?

While no single factor can be pinpointed as accounting for these historical developments, long-term systematic changes in the structure of capitalist production (from the early stages of manufacturing at home to the current stage of the dominance of finance capital worldwide) seem to be most explanatory. In the early stages of capitalism, raw materials were imported from the *periphery* of the *core* capitalist world, used for the production of manufactures at home, which were then sold abroad. In other words, the dominant mode of capitalist production was

manufacturing, the main location was the home country, and the dominant form of exports was commodity capital, or finished products.

This mode of production and international trade worked like a virtuous circle for the core capitalist countries: abundant and cheap imports of raw materials from abroad meant more production and higher employment at home, more production at home meant more exports abroad, more export of finished products meant more import of raw materials from abroad, and so on. This pattern of capitalist production, in turn, shaped the pattern of the colonial/imperialist means of safeguarding the interests of the imperium: military expeditions, colonial conquests and transfer of economic resources from the *periphery to the core* of the capitalist world—hence, the old, *classical* pattern of colonialism/imperialism.

Today, as the core capitalist economies are dominated by finance capital, the virtuous circle of trade, production and prosperity just mentioned has turned into a vicious circle: export of finance capital, or outsourcing, means less investment, less employment, less production and less income at home. This means, in turn, more imports from abroad, more borrowing to pay for those imports (more national debt), less tax revenue for the government, higher budget deficits, less social spending, more austerity, and so on.

By the same token as these developments tend to deprive the outsourcing countries of production and employment at home, they also bring the economic structure of host countries under the rules and regulations of neoliberal economics. Entrenchment of neoliberal economics on a global scale, however, requires more than the traditional armies or military forces of imperialism. Perhaps more importantly, it also requires new, metaphorical soldiers or armies such as WTO, the IMF, central banks, credit rating agencies, and the like—hence, the new imperialism: imperialism based on universal or generalized dispossession.

Globalization of capitalism and (along with it) universalization of economic austerity, has led to an indisputable cross-border class alliance between global plutocracies. Representatives of transnational capital and their proxies in capitalist governments routinely meet to synchronize their cross-border business and financial policies—a major focus of which in recent years has been to implement global austerity measures and entrench neoliberal policies worldwide. These meetings include the World Economic Forum in Davos, Switzerland, the World Bank and the IMF annual meetings, the Periodic G20 meetings, the Aspen Institutes Ideas Festival, The Bilderberg Group annual geopolitics forum, and the Herb Allen’s Sun Valley gathering of media moguls—to name only a handful of the many such international policy gatherings.

Today’s elites of global capitalism “are becoming a trans-global community of peers who have more in common with one another than with their countrymen back home,” writes Chrystia Freeland, Global Editor of *Reuters*, who travels with the elites to many parts of the world. “Whether they maintain primary residences in New York or Hong Kong, Moscow or Mumbai, today’s super-rich are increasingly a nation unto themselves,” she adds [3].

What is to be done? What are the political implications of this analysis for the working class and other grassroots? What can they do to protect their jobs, their communities and their environment?

Popular responses to these questions tend to focus heavily on protectionist policies of trade restriction, as often reflected in slogans such as “buy American.” Such populist sentiments are advocated by both the *rightwing* politicians such as Donald Trump and the so-called *leftwing* politicians such as Bernie Sanders. While nationalist and/or protectionist policies such as “buy American” may be pleasing to populist sentiments, long-term benefits of such policies to global labor and other grassroots are dubious. For one thing, such policies are bound to heighten international labor rivalry, thereby making labor more vulnerable to the accumulation imperatives of capital. For another, protectionist policies can easily become contagious with dire consequences in terms of trade wars, likely followed by actual/shooting wars.

Therefore, in challenging the unbridled corporate free trade agenda and, more generally, the global austerity of neoliberalism, the working people must put forth their own agenda, an agenda that would go beyond populist type of “buy domestic/national” slogans. A positive left-labor agenda must focus on, among other things, the importance of a long-term international labor strategy based on worker-to-worker or union-to-union links. Specifically, Such a strategy would aim at (a) eliminating or reducing international labor rivalry by taking the necessary steps toward the establishment of labor-cost parity within the same company and the same trade, subject to the cost of living and productivity in each country; and (b) establishing independent labor, community, and environmental organizations that would monitor, influence, shape and, ultimately, lead the world economy.

A strategy of this sort would replace the current downward competition between workers in various countries with coordinated bargaining and joint policies for mutual interests and problem-solving worldwide—just as the World Trade Organization (WTO), the International Monetary Fund (IMF), the World Bank, central banks, and other multilateral organizations are constantly seeking solutions to the problems facing global markets/capital. While this may sound radical, it is not any more radical than what the transnational plutocracy is doing: coordinating their cold-hearted neoliberal austerity strategies on a global scale.

If at an earlier stage of capitalist development “workers of the world unite” seemed an outlandish dream of the leading labor champion Karl Marx, globalization of capitalism, fantastic increases in labor productivity, the abundance of material resources, and enormous developments in technology, which have greatly facilitated cross-border organizing and coordination of actions by the worldwide labor and other grassroots, have now made that dream an urgent necessity [4].

References:

[1] See, for example, David Harvey, *The New Imperialism*, Oxford University Press, 2005.

[2] The preceding four paragraphs are based largely on excerpts from Chapter One of my book, *The Political Economy of U.S. Imperialism* (Palgrave-Macmillan 2007)].

[3]. “The Rise of the New Global Elite,” *The Atlantic*, January–February 2011, available at: <http://www.theatlantic.com/magazine/archive/2011/01/the-rise-of-the-new-global-elite/308343/>].

[4] For a longer discussion of these issues see Chapter 8 of my book, *Beyond Mainstream Explanations of the Financial Crisis: Parasitic Finance Capital* (Routledge 2015)].

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