What Is New in Today's Imperialism?

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Nothing is more hollow than the claim that today's drive for permanent war lacks an economic basis. If that were so, a total break with Marx's Marxism would be called for. As this year's Marxist-Humanist Perspectives argues: "Imperialism is not the product of a cabal of right-wing ideologues who have taken control of the Bush administration. Imperialism is the expression of a determinant stage of capitalist production. It can be stopped and uprooted only by abolishing the capitalist system as a whole."(1)

What is the SPECIFIC aspect of capitalism that gives rise to new stages of imperialism? It is the drive to concentrate and centralize capital in ever-fewer hands. Just as the rise of cartels, trusts, and monopolies in the late 19th to early 20th century put traditional laissez-faire capitalism to rest, so the rise of state-capitalist imperialism in the post-World War II era resulted from a new stage in the concentration and centralization of capital.

As Raya Dunayevskaya wrote in 1960: "The reason that the capitalistic world, from its division into five power blocs in World War I, came out of World War II with two, and only two, power blocs, nuclearly armed, is that there is just no room for more if this madhouse of 'production for production's sake,' where the dead labor of machines and not the living labor of human beings has the decisive voice, is to continue. In fact, there is no room for two."(2)

The fact that the concentration and centralization of capital has advanced so far that by now "there is no room" for even two superpowers underlines the present effort by the U.S. to achieve global domination through its drive for permanent war.

IS IMPERIALISM A STABILIZING FACTOR?

However, it is insufficient to point to the economic factors underlying imperialism. The key is how one conceives of the role played by these factors. That is, does the economic basis of imperialism enable capitalism to overcome its endemic contradictions, or does it bring them more sharply to the fore?

This was spoken to in a letter by Raya Dunayevskaya of 1951 that appeared in the July 2003 issue of NEWS & LETTERS under the title: "Rudolf Hilferding and the 'Stability of Capitalism.'"

Hilferding's theory of finance capital was hugely influential. Lenin's theory of imperialism was in part indebted to it. Yet there was a key difference between Lenin and Hilferding. Whereas Hilferding saw the rise of imperialism from out of finance-and-monopoly capital as a stabilizing feature (in the 1920s he even argued that economic depressions were no longer possible), Lenin viewed it dialectically, as fomenting instability and "transformation into opposite."

As Dunayevskaya put it: "Hilferding sees the new stage of capitalism in its financial razzle-dazzle appearance and becomes enamored of its capacity to 'unify' commercial, industrial, and financial interests [instead of being] concretely aware of the greater contradictions and antagonisms of the new monopoly stage of capitalism….That meant tacit acceptance of the capacity of capital to gain a certain 'stability,' to modify its anarchism as a 'constant' feature. [He] saw in [this] new stage not a transition to a higher form, but something in itself already higher, although 'bad.'"

This conceptual ground must serve as our vantage point for probing into today's realities. Is the greater concentration and centralization of capital that underlies the U.S. drive for permanent war a "stabilizing" feature, or it is fomenting greater instability and crisis? How we approach this issue will determine whether we project a liberating alternative to today's realities or pose instead a theory of retrogression.

IMPERIALISM'S NEW FORM

To explore this, we need to take a closer look at what distinguishes today's imperialism from that of previous periods. The Marxist-Humanist Perspectives Thesis for 2003-2004 mentions several differences:

1) The U.S. today does not seem interested in direct territorial control of the rest of the world, in contrast to the classic stage of imperialist-colonialism of the late 19th and early 20th century. Ever since the rise of neo-colonialism in the post World War II era, it has preferred more indirect methods of domination, by relying on local surrogates and economic compulsion.

2) Whereas a century ago imperialism hid the tendency of the rate of profit to decline through the extraction of super-profits from exploited lands overseas, today the decline in the rate of profit openly drives capital's imperialist expansion.

There is another difference, noted by Dunayevskaya in 1951, when she stated that whereas Lenin emphasized the export of capital as a prime motive for imperialist expansion, the present period is quite different:

The bankruptcy of capitalist production compels not the export of capital for surplus profit; it compels the dominant capitals to seek to incorporate and submit to their domination the total national capital of other nations. The smaller national capitals, such as Britain and France, continue to resist, but they are steadily being forced into a situation where their capital, manpower, scientific knowledge, etc. are being incorporated into the services of the U.S. The same process is being followed by Russia. This is the process of statification of production and centralization of capital on a gigantic national and international scale.(3)

This shift in the nature of imperialism was not obvious at the time. The U.S. came out of World War II as the world's biggest exporter of capital. As Dunayevskaya noted in NATIONALISM, COMMUNISM, MARXIST-HUMANISM AND THE AFRO-ASIAN REVOLUTIONS (1959), whereas after World War II Russia "looted everything in sight, from East Germany to Manchuria, the U.S.….found it had to give rather than take," as seen in the Marshall Plan for Europe and Truman's Point 4 Program of aid to the Third World. It was by no means easy to see in 1951 that imperialism had shifted from the export of capital to the incorporation of other national capitals. But by being rooted in Marx's CAPITAL and in ongoing reality, Dunayevskaya grasped what eluded many others.

This remains pivotal for today. In the Korean War the U.S. shifted from a creditor to a debtor nation, largely due to military expenditures. The situation became permanent with the Vietnam War. Since the 1980s, the U.S.'s debtor status as a net importer of surplus capital has been a central feature of the world economy. U.S. indebtedness has by now reached phenomenal levels. This year's U.S. trade deficit is $450 billion. The federal budget deficit is $455 billion. The two add up to 11% of U.S. GDP. This is no sign of strength. It is a sign of WEAKNESS.

To finance these enormous deficits the U.S. is forced to tap the resources of foreign capitalists by getting them to buy U.S. treasury bonds and various securities. The U.S. is importing far more than it is exporting and it's going deeper and deeper into debt. The

U.S. is now more dependent on foreign capital than at any time in the past 50 years. Foreign capitalists now own 46% of all U.S. treasury bonds!

U.S. STRENGTH AND WEAKNESS

As any student of economic history knows, foreign indebtedness is no recipe for world dominance. From the Hellenic city-states in the post-Alexandrian period to the crisis besetting Rome in the fourth and fifth centuries AD, and from the more recent examples of the decline of British imperialism to the collapse of the USSR after the latter fell into a massive debt crisis in the 1980s, the list of empires that came apart under the impact of foreign indebtedness is a long one indeed. So how can the U.S. sustain such massive foreign debts and still claim to rule the world economy?

Of course, many contingencies define the size of the trade deficit. This year the dollar has fallen in value by 25% against the euro, and a weaker dollar tends to reduce the size of the trade deficit. There's nothing that says the size of the trade deficit will forever expand, though shortly after the Iraq war Bush declared that he's committed to strengthening the value of the dollar.

Whatever impact this may have, one thing is clear: instead of dumping its surplus capital abroad, as was true in Lenin's day, the U.S. continues to draw in massive amounts of foreign capital. Its "dominance" of the world is based on a profound dependence.

The bulk of this imported surplus capital comes from Europe and Asia. Yet while the U.S. imports far less capital from the Third World than from Europe or Japan, the human impact is far more devastating on the Third World since it has so much less capital to begin with. The lack of flow of investment capital to the technologically underdeveloped countries continues to devastate Africa especially.

Why does foreign capital continue to invest in the U.S., since many factories in West Europe and Japan are more automated than those in the U.S. and U.S. labor productivity is lower than in many countries? The introduction of new technologies is spread around the world and many countries have invested more per capita in high tech than has the U.S. One major industry in which the U.S. enjoys a competitive advantage over its rivals is military production (aside from agriculture, which is heavily state subsidized). So why don't European and Asian capitalists just invest their surplus capital at home?

Recent reports on the U.S. economy provide a clue. Since 1970 productivity growth in the U.S. has lagged behind most European countries–1.4% a year, while Europe grew in excess of 2%. But since 1995 U.S. productivity growth has increased vis a vis Europe. Why?

The answer is indicated in figures which show that labor productivity in the U.S. grew in the first quarter of 2003 by 5.7%. What explains such a massive growth in productivity? Have U.S. capitalists invented a new machine that has radically boosted labor productivity? Have U.S. workers decided to work harder for their bosses? Hardly. The reason is that U.S. companies are laying off workers and cutting health benefits even as they force out ever-more production. As one report puts it: "Output has been growing while employment has been shrinking, producing the explosion of productivity growth that we observe in the U.S. data."(4)

Here is part of the reason why foreign capital floods into the U.S.–because wages and benefits are so low. Keeping wages and benefits as low as possible is a key part of U.S. capital's strategy to attract foreign capital.

Yet this is not the only factor. No less key is U.S. military might. Capitalists like to avoid risk. They feel there is no safer haven for their capital than the land which aims to rule the world through military prowess.

It is here, far more than on the issue of oil, that we can locate the economic basis of the U.S. drive for permanent war. Permanent militarization projects an all-powerful image which acts as a magnet to attract foreign capital. Unlike the Gulf War of 1991, foreign capital has not agreed to DIRECTLY pay for today's Iraq war. However, foreign capital is footing much of the bill through a more circuitous route. The U.S. deficits place added pressure on foreign capitalists to invest their surplus dollars in U.S. treasury bonds, thereby transferring much of war's cost to countries overseas–including those which opposed the war!

Militarization is a function of state power. The anti-globalization movement has focused on attacking "free trade" and "neoliberalism" because they allow multinational corporations to buy up the assets of formerly-public enterprises. But the movement tends to overlook the fact that global capital obtains the dollars needed to buy up such newly-privatized assets through the acts of STATE powers, the U.S. especially. By directing surplus capital to the U.S. through its government deficits (induced largely by its military expenditures), the state plays a key role in enabling U.S.-based multinationals to buy up the world's economic assets.

As Michael Hudson writes, “What is novel about the new state capitalist form of imperialism is that it is the state itself that is siphoning off economic surpluses….What turns this financial key-currency imperialism into a veritable super imperialism is that the privilege of running free deficits belongs to one nation alone.”(5)

Yet does this “super imperialism” which fuses industrial, financial and military interests provide the U.S. with “stability”? Hardly! Military production is inherently wasteful, as the surplus value soaked up by it does not lead to real growth. As Dunayevskaya wrote in PHILOSOPHY AND REVOLUTION (p. 234), “Militarization of the economy, gargantuan as it has become in a nuclear world, further intensifies the general crisis.”

The U.S. drive for permanent war may help it fund its massive deficits by tapping the resources of foreign capitalists, but that hasn’t enabled it to overcome the problem it has openly faced since the mid-70s–the decline in the rate of profit.

From 1997 to 2000 the rate of profit in the U.S. non-financial sector fell by 20%. In the past five years the profit rate in corporate manufacturing has fallen 42%. That the rate of profit has fallen even as productivity has risen confirms Marx’s argument that “The rate of profit does not fall because labor becomes less productive, but because it becomes more productive.”(6)

Marx’s point was that capitalism is not only about the production of material wealth, but also about the production of value. The magnitude of value is determined by the amount of socially necessary labor time that it takes to produce commodities. There is always a contradiction between producing for material wealth and producing for value. As productivity rises, more goods are produced in the same unit of time, and so the value of each commodity falls. The increase in material wealth corresponds with a decline in the magnitude of value. Costs of production fall and prices (and profits) tend to fall as a result.

In response, capitalists try to boost productivity, since the greater the output, the easier it is to realize the value of their investment. Productivity is generally increased by introducing labor saving devices. The resulting growth in productivity, however, reproduces the problem, since the growth in material wealth leads to a further decrease in the value of each commodity. Capitalism is based on a treadmill effect, in which the system is driven toward constant technological innovation at the expense of living labor to resolve a problem that only gets reproduced on an ever-higher level.

In sum, though the U.S. rules the world economy, its dominance rests on shaky foundations. It may try to turn its debtor status into an asset by borrowing all this foreign capital, but that still puts it deeper into debt, and debts eventually have to be repaid.

So how can the U.S. still claim to rule the roost? It's due not just to economics. It's also due to the failure of the revolutions of the past century to create a new society and the refusal of much of today's Left to support genuine struggles for freedom and democracy. This has enabled the U.S. to appropriate the fruits of popular struggles against tyranny for its own false purposes. There are many examples of this, such as the way the U.S. has coopted the Kurdish leadership in Iraq.

Yet we must not overstate U.S. strength even on this level. For the lies and miscalculations that have characterized the U.S. war in Iraq, along with the deteriorating economy at home, is leading to growing anger against the system by workers and youth around the U.S.–including by many who are in the military. We can't speak to this growing ferment unless we project a comprehensive alternative to the present system. It's a task which defines the reason for being of an organization like News and Letters Committees.

Notes

1. See "Draft for Marxist-Humanist Perspectives, 2003-2004: War, Resistance, and the Need for a New Alternative," NEWS & LETTERS, July 2003.

2. "War and Peace," THE RAYA DUNAYEVSKAYA COLLECTION, no. 2789.

3. "The Internal Situation in the Fourth International" [May 1951], THE RAYA DUNAYEVSKAYA COLLECTION, no. 1413.

4. "America wins the prize with a supermarket sweep," by Robert Gordon, FINANCIAL TIMES [London], August 20, 2003.

5. SUPER IMPERIALISM, by Michael Hudson (London: Pluto Press, 2002), p. 30.

6. Marx's CAPITAL, Vol. III (New York: Vintage, 1981), p. 347.

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