

# Triumphing toward International Disaster: The Impasse in American Grand Strategy

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The numbering of footnotes has been maintained as in original, although it seems that there are no indicators in the text for footnotes 2 and 4. [Marxsite redaction].

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**ABSTRACT :** This article situates the Bush administration's new strategy in the historical context of the international capitalist order established by the United States at the end of the 1940s and argues that

this order, though extraordinarily successful for some decades, is now in crisis. The unique capitalist international community that the United States established under its primacy revived international capitalism while preventing geopolitical rivalries between the main capitalist centers. The leading sectors of U.S. business have become dependent on the preservation of the unipolar primacy order for

its own economic security and expansion while the American domestic political economy has failed to

revive as an industrial economy meeting the rules of international economics, exhibiting growing problems with current account deficits and rising levels of debt. To manage the resulting tensions between the orientation of American transnational sectors and problems in the domestic American political economy, the United States has developed an international monetary and financial regime that

is destabilizing and dependent upon the preservation of American political primacy over the capitalist

world. But the Soviet collapse has destabilized the primacy system, while the dominant sections of American capitalism are committed to rebuilding it. The Bush administration is seeking to rebuild U.S.

primacy, using U.S. military dominance. But this carries very high risks.

The turn of American global policy undertaken by the Bush administration poses sharply fundamental

questions about the nature of the American state, about the impulses emerging from it, and about its relationship with the rest of the world. This article seeks to explore these issues by trying to characterize the evolving shape of American capitalism as a social system (both political and economic), analyzing its extraordinarily successful organization of the capitalist world during the cold war, and then attempting to grasp the challenges it has faced in the recent past in attempting to find a fit between its own shape and the political and economic structures of the rest of the capitalist world. (1)

These explorations thus give us the possibility of assessing the new Bush strategy. The paper concludes by exploring the likely consequences of the Bush strategy.

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## **Part 1: The Configuration of American Capitalism**

### **The Distinctive Features of the American State**

Each capitalist society is politically organized in a specific way since its state has been shaped by distinctive social power struggles involving the various main classes in its internal and external environment through time.

The twentieth-century American form of state organization has been strikingly original: a unique formation that could be called a business democracy — a state with universal suffrage, which celebrates and accepts the world view and values of only one class, the business class, and which gives the business class extraordinary sway over public policy formation. (3) Other capitalist states have sought political cohesion by claiming the supposed ethnic unity of all classes or by claiming to be heirs of an ancient civilization, by dressing up in the garb of ancient monarchies or aristocracies or by claiming to be a social partnership state of labor as well as business. But not the United States. The American dream is one-dimensional: business success. The core American value is freedom-defined-as-free market opportunities. Both the mainstream American parties celebrate these values of the American business class.

And these values reinforce and are reinforced by the institutional mechanisms and processes of the American political system. Thus, business groups directly control the American party system and the other institutions of the American state in a more or less unmediated way. Candidates in elections are funded by business as are the mainstream parties. The serious work of policy analysis, debate, and formulation is carried out in think tanks funded by big business. And the state executive is directly staffed and managed by leaders of the business class — inners-and-outers from the corporate world, corporate law, and the financial sector — as well as by specialist intellectuals from the think tanks funded by big business. (5) The origins of the characteristic contemporary forms of this American business state seem to lie in the McKinley election of 1896, when the farmer-populist movement's candidate, William Jennings Bryan, was defeated. McKinley's business coalition then embarked upon

vigorous efforts to restructure American politics to shore up business dominance, demobilizing other major classes. (6) At about this time also the formation of institutions for concentrating strategic policy debate in business-class institutional networks distinct from the electoral and party system sphere emerges, along with efforts to systematically select and train political-managerial leaders for the business class — an informal but very powerful “establishment.” (7)

This character of the American state must, of course, be maintained through a constant struggle, which involves both meeting and defeating the aspirations and demands of other social classes through methods and policies that at least officially affirm the principles of the American state. Even the New Deal was no more than pragmatic amendments rather than a new principle of social organization. And throughout the postwar period the business state principles have been maintained, despite the momentary wobble of Lyndon Johnson’s Great Society idea of the late 1960s, an attempted amendment quickly swept away in the mid 1970s as large segments of the business class embarked on a long drive to fund and promote conservative political ideas and policy solutions. Indeed this great revivalist movement made a decisive breakthrough with the Reagan presidency and has continued to gain in social and political strength right up to the present. The Clinton presidency presided over an extraordinarily triumphant affirmation of the capitalist business state, on a scale probably not seen since the 1920s. And despite all sorts of strains in the American polity at the present time, the political form of the American state at the level of its basic business values and institutional structures faces no serious challenge.

Of course, it is far from obvious that a state devoted officially to the social power and values of the business class and openly and directly controlled by the leaders of that class is actually the optimal form of capitalist state. It can, instead, become a state devoted to the immediate gratification of the desires of business people to the exclusion of all the other considerations that a capitalist state should concern itself with. There are plenty of symptoms of this kind of problem at the present time. The emergence of leaderships capable of resisting immediate gratification of the business class in the name of longer-term goals that require reorganizations unpalatable to powerful business coalitions is very difficult in the United States. (8)

There are other distinctive features of the American state. The great power of Congress and loose party disciplines have facilitated the political integration of very diverse regions, while making the control of foreign policy by the executive — typical of other advanced capitalist countries — much more difficult. Another distinctive feature is the large role played by various kinds of Christian religion in American civic life and in American politics — perhaps a compensating mechanism for the narrowness of an official state ideology of individual enrichment through action in the market.

At the same time, the American state of the late twentieth century was shaped not only by the

outcome

of domestic social conflicts, but also by the way in which it related to other social forces on an international scale as the leadership of the United States built its dominance over the capitalist world after 1945.

### **The Cold War Alliance System as a Positive American World Order**

The forms of American state leadership of the capitalist world during the cold war are conventionally viewed as being a by-product of the polarization between the capitalist world and the Soviet Bloc and

Communism. Yet cause and effect were more complicated than this conventional account suggests.

### ***Controlling the Geopolitical Orientations of Allies***

Antagonism between the USSR and the United States was surely absolutely inevitable because these two centers represented alternative, rival modernization projects. America's character, after all, as a private business-led state championing freedom-defined-as-free market opportunities was bound to be

deeply hostile to Communism, even though both systems did emerge from some common Western modernist historical sources. And the capitalist classes of Germany and Japan as well as of other Eurasian capitalisms were also bound to be hostile to Communism. But as the name cold war implies,

the polarization took a specific, militarized form and this was far from inevitable: it was consolidated only at the end of the 1940s, especially with NSC-68 in 1950, with its insistence on tripling the U.S. military budget and thus exerting maximum military pressure on the USSR and its allies.

Some have viewed NSC-68 as merely a quantitative intensification of preexisting trends expressed by

containment. (9) But as George Kennan (architect of the Containment Doctrine but strong opponent of

the Acheson-Nitze project, see below) saw at the time, this misses the point. (10) The intensification turned quantity into quality. It mounted a huge military challenge to the Soviet Bloc, impelling the USSR to adopt the only deterrent option available to it at the time: the threat to overrun Western Europe. This, in turn, bound the West European allies, utterly dependent on U.S. strategic nuclear forces, to the United States, justified an integrated military command structure, mobilized the American

population for a permanent commitment of resources to American world leadership and provided the American economy not only with a strongly militarized component but with a brand of military Keynesianism after the serious recession of 1949. NSC-68 also ensured that anticommunism and anti-

Sovietism would become what Zbigniew Brzezinski has called a quasi-religious ideology of the West cementing the new American-centered world order. (11)

It remains standard to explain this militarized cold war as the result of the U.S.-Soviet conflict. Yet Paul Nitze, the author of NSC-68 and Dean Acheson's key lieutenant in organizing the militarized cold

war, disputes this explanation. In an essay called "Coalition Policy and the Concept of World Order," which he wrote for a book by Arnold Wolfers at the end of the 1950s, (12) Nitze criticized the idea that

America's postwar alliances were negatively generated by the Soviet threat. He accused John Foster Dulles of being "sometimes but not always a member" of that negative school that saw the U.S.

alliances as mainly generated by the conflict with the USSR. Nitze stressed that there was a second school of which he was a member. This school believes that "United States foreign policy is, or should be, positive and not merely negative and defensive. It maintains that United States interests and United States security have become directly dependent on the creation of some form of world order compatible with our continued development as the kind of nation we are." And he explained that the construction of this positive world order began in 1946 and continued until it was completed in 1953.

Building the new world order centered on the construction of a system of regional alliances. The distinctive positive feature of these alliances lay in the fact that they gave the United States direct command of the geopolitical orientations of all the other main capitalist centers and indeed of their national security policies. This was historically unprecedented. It unified the geopolitics of the entire advanced capitalist world under U.S. leadership. The means for establishing this positive order was the militarized confrontation with the USSR. The encirclement and the build-up of military pressure on the USSR at the start of the 1950s gave Moscow only one effective deterrent at the time: the threat of conventional retaliation against Western Europe and Japan. This in turn made these centers entirely dependent for their security upon American (nuclear) strategic services. And in return for offering such protective services, the United States took command of the external orientations of the states concerned, especially West Germany and Japan.

On this reading, the militarized confrontation with the USSR should be seen as the means for constructing a positive American world order. Later, of course, the USSR acquired its own strategic nuclear capacity, but since West Germany and Japan were not allowed their own nuclear weapons, they still remained dependent on U.S. tutelage.

Nitze's view has the merit of being, so to speak, from the horse's mouth and it also corresponds to what we now know about perceptions and motivations among American leaders when the alliance system was being constructed. As Melvyn Leffler has shown, none of these leaders believed the Soviet Union was planning an attack against the West. (13) Nitze's suggestion that the militarized cold war system should not be seen as an effect of the Soviet confrontation seems well founded. With the collapse of the Soviet Bloc and with the Chinese turn toward capitalism, the Nitze thesis has passed what we might call an empirical test. These new events have not led the United States to dismantle its military alliance systems at each end of Eurasia; they have led, instead, to attempts to revitalize them.

### ***Entering the Political Economies of the Allies and Homogenizing Their Internal Political Systems***

But if U.S. control over the geopolitical orientations of the other main capitalist powers was one result of Nitze's positive, U.S. alliance-based world order, Huntington points to another. The way the

United

States used the alliances to open up the allies' societies to U.S. organizations. An important article by

Samuel Huntington in 1973 gives us a sense of the social substance encased within the U.S.-led postwar security alliances. As he put it:

*"Throughout the two decades after World War II, the power of the United States government in world*

*politics, and its interests in developing a system of alliances with other governments against the Soviet*

*Union, China and Communism, produced the underlying political condition which made the rise of [business] transnationalism possible. Western Europe, Latin America, East Asia and much of South Asia, the Middle East, and Africa fell within what was euphemistically referred to as "the Free World,"*

*and what was in fact a security zone."*

The governments of countries within this zone found it in their interests: (a) to accept an explicit or implicit guarantee by Washington of the independence of their country and, in some cases, of the authority of the government; and (b) to permit access to their territory by a variety of U.S. governmental

and non-governmental organizations pursuing goals which those organizations considered important....

The "Pax Americana," as I.F. Stone put it, "is the 'internationalism' of Standard Oil, Chase Manhattan, and the Pentagon." (14)

It is worth noting an important variation here in U.S. policy. In the early days of the alliances, the emphasis on opening allied political economies to U.S. capitals was much stronger in the case of Western Europe than in the case of East Asia. Gaining access to Western Europe's product markets and

labor markets (for U.S. foreign direct investment [FDI]) was considered crucial for American capitalism. In Japan, South Korea, and elsewhere in East Asia the stress was first on capitalist economic

revival rather than on strong efforts to open the domestic economies there. The drive to open Japan and

then South Korea and elsewhere in that region came much later, in the 1980s and 1990s.

The sociopolitical depth of the U.S. alliance order within the societies of the U.S. system is also important to stress. The cold war cleavage operated not only in the field of geopolitics but also in the sociopolitical field within each alliance state — through its "freedom" versus "Communism" dimension. This dimension of the cold war cleavage was officially thematized as "democracy" versus "Communism," but it was actually a cleavage between the "freedom-of-capitalism" and socialist challenges to capitalism. Where freedom-as-capitalism could safely be organized in a liberal democracy, well and good. But where this was judged unsafe, then authoritarian rule was the preferred

Alliance domestic arrangement. This was the case for most of the cold war in South Korea and Taiwan

and along much of the north shore of the Mediterranean for much of the cold war: Spain and Portugal

until the mid-1970s, Greece, most openly under the Colonels' dictatorship from the mid-1960s until the

mid-1970s, Turkey, where the United States openly favored bouts of military dictatorship, and, in the

Italian case, a façade democracy with strong, authoritarian elements.

But in all cases, the officially legitimate politics was that which was strongly committed to capitalism rather than socialist transformation and was also strongly committed to the U.S.-led alliance system against the USSR. The result was that any domestic political leaderships that wished to oppose the U.S.

alliance principle or wished to move beyond capitalism would face very strong internal forces of resistance even without active U.S. intervention.

This homogenization of the domestic mass politics of the whole core (in a way that buttressed U.S. leadership) was a very important political change in comparison with the earlier period of European dominance. The European order had been plagued by the misfit of domestic political systems, whereby

the political right in the main states sought to maintain the dominance of the propertied classes domestically through an international politics of nationalist hostility to the other European powers.

There was, of course, a partial dissident amongst the other core powers: France under de Gaulle and his

successors. France's withdrawal from the military side of NATO, its insistence on retaining its autonomy in its geopolitical orientations and its internal political system involving a nationalist party dominating the center-right, made it a dissident force within the protectorate structure. But France was

isolated amongst the significant core powers in its dissent and at the same time its dissent was only partial.

### ***The Transformation of the American State and Political System Itself***

This postwar construction of the new American-centered order in the capitalist world also transformed

important features of the American state itself. In the first place, the domestic political mainstream became anchored to American "internationalism" — in other words to a commitment to the measures

necessary to maintain this global power structure. Both the main parties swung behind cold war internationalism, and anticommunism gave the American state a new mission and identity — that of defending and extending the Free World in the fight against Communism. This mission did indeed dovetail well with the freedom-as-free market ideology of the American business state.

At the same time, the new mission involved a permanent militarization of the American state. This was

a new and a major material transformation. It was an inevitable consequence of NSC-68, but one with

profound implications for both American domestic politics and economics. Some of these can be listed:

The military budget has acted as a crucial counter-cyclical fiscal policy tool in macroeconomic management — a functional alternative to a large welfare state repertoire of instruments.

Military spending has also acted as an important lever of industrial policy by offering a protected state

market for large industrial sectors, ranging from aircraft manufacturers like Boeing to the big car companies and many other, largely civilian sectors, as well as armaments contractors.

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Military spending has also acted as a very important center of state research and development (R&D) spending, which, though formally devoted to military R&D (plus "dual use" R&D during the Clinton period), in reality provides a central mechanism for generating new high-tech sectors in the national civilian economy.

Military spending has also been an important way of binding the American South into the American state through the large role of southerners in the military, the large numbers of U.S. bases in the South and Sun-Belt states, and the significant military-industrial activity in the South/Sun-Belt (in addition to California). (15)

The defeat in Vietnam did lead to a serious split in the governing elites of the American state in the 1970s, but the militarization of the United States was not, in the end, reversed. On the contrary, it was eventually reinforced by the Reagan administration in the early 1980s.

### ***The American Order as a Political System***

The postwar arrangements for the capitalist world established at the end of the 1940s proved remarkably robust; the hub-and-spokes alliance systems indeed outlasted the Soviet Bloc and became institutionalized. They were presented publicly as systems of cooperative security amongst equals and their watchwords were those of partnership resting on shared values. As descriptions of the subjectivity of this system, there is a great deal of truth in these phrases. The American-centered order was broadly



accepted by the state and business elites of the subaltern allies. And it is important to recognize that Washington itself treated the allies as a community of capitalisms under its leadership, a community that Washington should work hard to keep satisfied.

But at the same time, the system's power structure was unipolar, not collegial, and Washington, as the hub of each alliance relationship, had the right to take unilateral decisions, if necessary, on the big political issues facing the security zones under its protection. Indeed, the two poles of community and unipolarity were structurally related. American leaders in the late 1940s grasped that the dynamism and vibrancy of American capitalism could best be assured by generating dynamic capital accumulation in the other main centers — especially Western Europe but also Japan and East Asia.

Yet the risk in such a project was that, once revived, these other centers would have the resources to construct their own geopolitical spheres of influence or regions, which could close up and possibly mount another challenge to American power. So by directly taking over unipolar control of the geopolitical orientations of the other main centers, this risk was neutralized. And precisely those centers designated as regional industrial hubs — West Germany and Japan — were to be the centers whose geopolitics was most tightly controlled. A very elegant arrangement.

True, from 1947, successive American administrations promoted "West European Integration," often referring even to "European Unity" as the U.S. goal. Yet such discourse referred strictly to a political-economy project for Western Europe, not a project for the building of a West European state or even a West European political alliance in international politics. Far from it. Within NATO Western Europe remained a fragmented nonentity, and attempts at various times by West European leaders to form such caucuses were firmly slapped down by Washington: the de Gaulle-Adenauer attempt in the early 1960s, the efforts by Brandt, Pompidou, and Heath vis-à-vis the Middle East crisis in the early 1970s, and the attempt, led by the French, to revive the Western European Union in 1984.

This was a political order over the capitalist core that could be described, in the jargon of American Grand Strategy, as a system of U.S. Primacy. (16) Unlike the British in the nineteenth century, which played a game of "offshore balancing" vis-à-vis Europe — a strategy that some U.S. strategists like Kennan favored (17) — the primacy system involves the United States taking command of the geopolitical strategies of the other core powers.

Another way of thinking about this primacy system would be to think of it as a type of empire, organized on three axes: first, the geopolitical alliance system under U.S. primacy, turning the other advanced capitalist centers into quasi-protectorates; second, the internal regime frameworks of the quasi-protectorates — they would not be allowed to go socialist or to produce regimes on the right seeking to switch alliances to the USSR; and third, an axis involving economics and economic regimes, assuring an expansive and leading position for American capitalism, as the quote from Samuel Huntington indicated above. We will examine this third axis in more detail below.

The alliance systems can be seen as the heart of the empire structure and since the alliances were formalized in treaties, it would be wrong to characterize this imperial structure as “informal.” But it is also wrong to see empire as resting simply on such treaties plus some sort of coercive imposition by Washington. It rested rather on Washington’s ability to shape the environment of the protectorates to ensure that they did cleave to Washington’s leadership. The crucial part of the environment that was so shaped was the Soviet Bloc itself: by pressing it militarily, the United States made it a military threat to its protectorates (especially the nonnuclear ones). But another part of the way that Washington shaped the environment to ensure dependency on the part of its allies was through its willingness to project its power also into the South. Using bases within its protectorates, the United States then took upon itself to protect the key zones for raw materials (including energy) and markets in the South of its allies. As they grew and expanded outwards, they thus became increasingly dependent on this other aspect of U.S. power projection. (18) This aspect of Washington’s commitment, of course, landed it in serious problems both in Vietnam and in other parts of the South, such as Iran, during the cold war.

### ***Fitting the Expansion of American Capitals into a Capitalist World Economic Order***

A basic issue in the international relations of capitalism is the fact that the capitalists of one state can extend one or more parts of their circuits of capital accumulation abroad, into other jurisdictions. Economic assets themselves (capital) being able to exist in many different forms (money, fixed physical assets, plus labor and raw materials and commodities) are mobile. Capitalisms have, therefore, been able to expand abroad on a far broader front than earlier systems of production and extraction. 19 No capitalist state has understood this key feature of international capitalism as well as the American business state with its staffs of corporate lawyers and bankers from Wall Street working in the executive and seeking ways to extend the circuits of American capital accumulation outwards into other jurisdictions.

With both ends of Eurasia devastated by war in 1945 and with U.S. capitalism at a qualitatively higher level of industrial technology and capacity, the task of managing economic growth in the other centers and assuring U.S. capitalist ascendancy was straightforward enough. But when, by the 1970s, the rest of the core industrial centers had revived and were challenging the United States for market share, the task of managing both international capitalist growth and American ascendancy within it became much more difficult.

Officially, the tensions are resolved through the application of liberal principles that in turn offer optimal outcomes for all in a positive-sum game: the multilateral free trade principle, policed through

the GATT, undergirded by the multilateral Most Favored Nation (MFN) principle. But the United States has never, in fact, been a principled free trader state. Nor did it ever legally join the GATT. And

a study of international trade law suggests that the legal rules consist of thickets of positive law, rather

than norm-based rules. Successive U.S. governments have used multilateral free trade ideology to legitimate quite different approaches, namely, opening other markets to the new growth sectors in the

American economy (while leaving some sectors of the U.S. economy protected in various ways).

But it is also important to note that while trade in goods was very important for other capitalisms in the

postwar period, for the United States FDI was always more important in quantitative terms. Today U.S.

sales from American subsidiaries producing and selling overseas are five times larger than total U.S. export sales. Thus the U.S. executive has been able to be much more relaxed about goods trade issues,

provided that its companies have had access to foreign jurisdictions for FDI. By gaining completely free

access to the Federal Republic of Germany (FRG) for FDI, for example, under the 1955 Economic Agreement, and by gaining the treaty-based right of all capitals in the FRG to sell their products through the EEC, the United States assured its industrial capitals completely unrestricted access to the

EEC, whatever its external trade regime.

The fact that much of East Asia was far less open to U.S. FDI than Western Europe led to substantial tensions with the United States in the 1980s. But the main way in which the United States has sought to

assure the international ascendancy of its capitals has been through trying to generate new growth sectors within the United States and then through opening all other jurisdictions to those new growth

sectors. An important feature here is its use of its huge military sector and military budget for industrial

policy and for R&D to generate new growth sectors. And this has been remarkably successful right up

through the information technology (IT) and telecoms transformations. Another important U.S. advantage has been the scale of its own domestic economy, giving it a big home base for launching new

sectors. And in those sectors where the United States leads internationally, it does champion free trade

and accept a procedural rule-based approach. This enables other centers to try to enter and compete in

the new growth sector being established by the United States.

Where major capitalist centers resist opening their markets to U.S. growth sectors that Washington considers basic to its international strength, Washington will react with great vigor. In the face of German (and other European) reluctance to open their telecoms systems to American capital, the Clinton administration made it clear to the Europeans that this was a national security issue for the United States — an issue, in other words, determining whether the United States would continue to view them as an ally in the military-political field. Germany then buckled, citing the 1955 Economic Agreement ending the occupation of Germany as the reason.

And it is in high tech, new growth-sector fields that the United States reacts most aggressively when it perceives a challenge from other centers, particularly in the field of capital goods for the world economy. This was the great U.S. fear in the 1980s over Japanese electronics and semiconductors. In such conditions, the United States has been ready to insist upon bilateral, managed-trade deals.

Another, key dimension of concern for the United States has been the emergence of new growth centers, such as those in East and Southeast Asia. Washington will go to great lengths to ensure an opening of these new centers to penetration by U.S. capitals on the widest possible front.

In all these areas of potential conflict, Washington's role as the security protector power over relevant states has given it extra leverage for pressing its economic interests upon the states concerned.

## **Part 2: The Bifurcation of American Capitalism and Its New Regime Requirements for the World Economy**

The establishment of a community-under-primacy embracing the entire capitalist core after 1945 provided American business with security to expand abroad greatly, knowing that the American state can ensure the safety and the interests of very large American private economic assets abroad. But there have been a number of important consequences of this international expansion.

### ***The Bifurcation of American Capitalism***

A striking result of American capitalism's postwar expansion has been the emergence of a social division within American capitalism. Insight into this division is provided by an exploration of the sources of profits for American business.

In the year 2000, the domestic American economy's GDP was roughly \$9 trillion in sales, of which perhaps \$8 trillion were sales of American corporations; about \$0.7 trillion of output was exported abroad and the profits from these exports thus depended upon foreign markets. To this we should add about \$3 trillion of output and sales by some 24,000 U.S. affiliates abroad — nearly half of the output and sales (\$1.4 trillion) were in Europe. (20) If we then add the earnings of the U.S. financial sector (commercial banks, investment banks, insurance, etc.) and U.S.-based rentiers from foreign debt and portfolio capital, we get a further large flow to U.S. capitalists from overseas financial operations, probably worth about \$0.5 trillion per annum in profits.

These figures are simply illustrations of the fact that the profits-generating fields for U.S. transnational capitalist organizations and for the U.S. social classes ultimately receiving the profits can no longer be equated with the field represented by the U.S. domestic economy. Perhaps 40 percent of the streams of value accruing to the American corporate sector may be realized abroad. We could call the groups of capitals to which this applies American transnational capitalism, in contrast to American capitalists and other American social groups whose incomes are overwhelmingly domestically derived; these could be

called American domestic market forces. These two groupings are, of course, more two ends of a spectrum rather than neatly separated groups. But they are nevertheless increasingly polarized in terms of economic policy, social interests, and, indeed, political stances within the United States.

It has been fashionable amongst some globalization theorists to claim that the transnational capitalists have broken with their own "territorial" state. This seems very wide of the mark as far as the relations between American transnational capitalism and the American state are concerned. This sector of American capitalists has, through its representatives, controlled the American state for decades, has invested large amounts of money in politics to maintain this control, and has shown something like hysteria at the prospect of political forces hostile to its transnational interests gaining power within the United States.

And this political posture has surely been a rational one from their angle. After all, the American state has worked tirelessly to open other jurisdictions to these internationalist American capitals, to further their implantation abroad and their interests abroad in a thousand ways. And if history has taught capitalists one thing about investments abroad, it has surely taught the importance of projecting the power of their state to protect their capitals from hostile forces in other states. All this suggests that the relationship between American transnational capitalists and the American state remains that of robust, mutual loyalty. One key empirical test of this would surely be to see whether this (dominant) wing of the American capitalist class has worked to build new, supranational institutions for enforcing their property rights internationally, over and above the American state. There is not the slightest evidence of this. Another would be to see whether the American state has worked to penalize the transnational expansion of American capitals. Again, no evidence of this exists.

The IMF proves exactly the contrary. The IMF has been a public insurance company for U.S. financial operators' investments abroad. But it has performed this role under the tight control of the U.S. Treasury and time and again this has proved extremely valuable to American international financial operators. They would not have got some \$25 billion of European money for the Mexican blowout of 1994-5 but for the breathtaking maneuvers of the U.S. Treasury, nor would U.S. banks have led the negotiations with South Korea in 1998 without the U.S. Treasury's muscle. (21) And the Brazilian bailout later would not have occurred without U.S. Treasury muscle. The story of the value for U.S. transnational capitals of the U.S. state's dominance over international institutions is repeated across the spectrum of such institutions. The complete absence of efforts by U.S. international capitalist groups to break up this structure for cosmopolitan regimes above Washington surely speaks volumes.

Of course, in states that do not exert political primacy over the entire capitalist world, a tension between the expansionist interests of their transnational capitals and the state's geopolitical orientation can exist. When J.P. Morgan facilitated tens of millions of dollars of investment in Japan and Germany well into

the 1930s, it was objectively aiding the future enemy of the American state. (22) Morgan was either naively globalist or profits-first in the interwar period. Some might say the same folly is being committed today with the flood of American investment into China. Yet today the extraordinary power and reach of the American state makes it unlikely, to say the least, to imagine that China will take the same road taken by Japan in the late 1930s. (23) In short, the global reach of American capitals today does not contradict American state power and its reach; it may, rather, presuppose it.

On the other hand, there are tensions and trade-offs of a different kind. Not between globalizing capital and the American state, but between two kinds of American economic groups: those who depend upon growth and dynamism in the American domestic productive economy and those Americans who profit from the extractive operations abroad of American capitals.

But before examining these tensions and how they have been managed we should outline the main transformations in the nature of American transnational capitalism since the crisis of the 1970s.

### **The Changing Patterns of American Capital Accumulation**

After facing a series of defeats of its once dominant industrial capitals at the hands of international competitors in the 1970s and 1980s, American capitalism underwent a profound set of transformations.

Although the information and telecoms sectors have often been held up as the leading edge of the new American transnational capitalism, by far the most important structural transformation was that placing the financial sector in the lead.

### ***The Transnational Sector***

American banks, investment banks, brokerage houses, insurance companies, and pensions and mutual funds have massively expanded their transnational activities since the 1980s and now dominate the huge expansion of the internationally open U.S. financial markets as well as their satellite financial markets in London.

The American transnational financial sector provides services to capitalists in other countries. It can supply them with access to capital markets and thus bond issues, access to bank loans, hedging instruments, offshore tax havens, and ways of parking their property abroad through capital flight, attractive investment opportunities in securities of various kinds, foreign exchange speculation, etc. It also supplies this range of services to a huge new market that has arisen since the 1970s: the governments of the world, typically keen, if not desperate, to borrow.

The American state vigorously backs this international expansion by American financial operators, demanding both the dismantling everywhere of capital controls and the complete freedom of entry and exits by U.S. financial operators along with national treatment for them. It also pushes for

institutional

arrangements on corporate governance, banking regulation, and stock market construction — all of which assure U.S. capitals decisive local competitive advantages.

It is striking that although the Clinton administration's international economic policy was seen as par

excellence a policy prioritizing Wall Street's interests and international expansion, the centrality of this

orientation has been maintained by the Bush administration, even forming an important part of the National Security Strategy of September 2002 and being a central demand in the administration's drive

for so-called Free Trade Agreements.

The ascendancy of the U.S. financial sector internationally is not inimical to the expansion of the nonfinancial U.S. corporations. Their expansion abroad has increasingly altered its form in the 1990s.

They now expand abroad not so much by Greenfield investment in new productive assets but through

mergers and acquisitions (M&As) — gobbling up other existing capitals and centralizing ownership in

American hands. Insofar as American commercial banks and investment banks gain central places within other financial systems, they can quickly acquire insight into the whole business structure of the

economy concerned and can assist their American corporate clients to acquire openings for M&A activities in the country concerned.

Here again the American state plays a central role in pressing other states to adopt corporate governance

systems that are stock market based and oriented to "shareholder value" to ensure that hostile takeovers

are possible.

In principle, this raises the possibility of opening up other capitalist systems, say in China and other growth centers in East and Southeast Asia, to the extent that American capital can in large part concentrate its efforts on acquiring the industrial and banking assets of these countries, profit from the

pools of cheap labor in these centers, and abandon efforts to build up the domestic American industrial

base. American finance and American rentiers could become the owners of and destinations of the value-creating labor of the East Asian working class, just as the New York financial operators at the heart of the trusts in late nineteenth-century America became the recipients of the profits of industrial

operations far to the West.

In both Germany and Japan there has been strong resistance to these drives from the U.S. financial and

nonfinancial corporate sectors. Both these centers remain predominantly industrial capitalisms in their

most advanced sectors and resist having their industrial sectors chewed up in waves of American-led M&As. Resistance has proved much more difficult in weaker capitalisms or in states like South Korea

that were hit by the East Asian financial crisis and then opened up by the U.S. Treasury. (24)

Financial penetration and rentier capitalism on a transnational scale would be utterly dependent upon the legal arrangements within the overseas states concerned. The ingenuity of corporate lawyers is indispensable. But even if law is indispensable, it is also fragile: extremely vulnerable to political shifts.

A political movement within a state could sweep into the dustbin overnight a whole raft of laws on which American financial operators depend. In other words, it would depend upon the political leverage of the American state over the regimes in the target states concerned.

### ***The Domestic American Economy***

Since the 1970s, the American domestic economy has been de-industrializing instead of re-industrializing. This trend is often presented as a natural and inevitable one. It was not. Indeed, there were evident hopes that the massive restructuring efforts of the 1970s and 1980s would revive the United States as a great modernized industrial power. But this did not happen. The reasons for this are no doubt complex, but one central reason must surely have to do with the political structure of the American state, which was structured to be able to hit labor hard — much harder than any other advanced capitalist country, because of the great, monopolistic political ascendancy of the business class within the state. The American way to restructuring was simply to hammer labor with huge layoffs, downsizing, and pay cuts, while liberating capital from every conceivable form of restraint — in taxation, accounting standards, executive perks, and other regulatory restraints. Capital was encouraged to go offshore and to enrich itself.

Since the domestic economy still depended upon rising consumer spending — with wage rates held down — expansion required expansion of consumer debt. To counterbalance fears of indebtedness, wealth effects were generated through the state-backed Savings and Loans (S&Ls) then Fannie Mae and Freddie Mac, generating housing booms and re-mortgagings; wealth effects were also generated through the great stock-market boom.

Yet the result was not a revived, modernized industrial giant. It was a deep financialization of the domestic economy, the rise of a rentier/bondholding class, (25) and an expanding sector of personal services that cater to the consumer needs of the top 20 percent of U.S. wealth-holders. A striking feature has been the way in which the executives of industrial corporations have turned themselves into rentiers, gearing their industrial policies to self-enrichment, often at the expense of product innovation and future industrial growth. (26) The entertainment industries flourished as did the IT and telecoms sectors, but these have not, it seems, laid the basis for a new industrial revolution. There has been a dramatic modernization of the military industries but these do not constitute an adequate growth motor for the whole economy. Meanwhile, U.S. corporations have shifted large parts of their production activity abroad in search of cheaper labor.

The consequences of these trends have been shown in the structural tendency of the American economy to breach the rules of the international economy. These rules say that the national balance of payments matters. The trade balance indicates whether the given state is buying from the world more than it



sells.

The U.S. has long been doing just that. With the (American) scrapping of the Bretton Woods system this test has become less critical. With the free movement of private finance, the key question has become credit-worthiness. Insofar as the state is creditworthy, it can simply borrow, making up for its

current account deficit on the capital account. A serious crisis arises only if a chronic current account

deficit is combined with a loss of creditworthiness. The crisis in a typical state can take both a financial

form (the inability to borrow more finance) and a monetary form (the inability to acquire the currencies

required to pay the creditors). Typically, then, the government concerned is required to devalue its currency and simultaneously extract large resources from social groups within the country to pay off its

creditors.

The American state has, since the start of the 1980s, been falling steadily into ever greater levels of foreign debt. As a proportion of GDP, American international debt levels have not reached crisis proportions by any means, but the trend continues and deepens, without any reversal in sight. Other things being equal, this trend could not continue indefinitely. A point should be reached when foreign

creditors will say: Enough is enough — we will not continue to lend, because we have lost confidence that the American state will continue to honor its debt obligations; we fear that like Russia in 1998 or

Argentina in 2002 Washington will default, repudiating its debts to foreign bondholders.

The result could be a fear of a dollar collapse leading foreigners to dump the dollar, making it fall massively (given the huge international overhang of dollars) while simultaneous efforts by the U.S. Federal Reserve to stabilize the dollar by sharply raising interest rates could produce domestic debt deflation within the United States.

Another symptom of serious problems in the American domestic political economy has been the chronic tendency toward budget deficits, only very briefly checked by the Clinton administration's effort to reverse the trend. Budget deficits have been driven both by tax cuts and by an inability to rein

in federal spending programs, both in the military and other fields. The ballooning levels of public sector debt have been funded mainly by borrowing on the Treasury bond market, which has expanded

enormously since the start of the 1980s. Tax cuts for the rich have enabled the increasingly wealthy rentier class to buy and profit from the Treasury bonds, (27) but increasingly the budget deficits are also

being funded by foreign borrowers, above all the Japanese and Chinese Central Banks.

It would thus seem that federal governments are able neither to meet all domestic claims on the budget

by expanding taxation, nor to cut back on spending programs to bring them into line with revenues. This is a symptom of an incipient sociopolitical crisis within the United States in coming years, if these

trends continue.

**Squaring the Circle at the Expense of a Global Regime for Stable Capital Accumulation:  
The**

## Dollar-Wall Street Regime

The American state has not been standing idly by in the face of the domestic economy structural imbalances and the new financial thrust of American transnational capitalism. It has been reorganizing central pillars of the international political economy to compensate for the former and enhance the latter.

The first big move was to destroy the existence of a homogeneous global monetary unit by closing the gold window in 1972; (28) rejecting a stable international exchange-rate regime later in the 1970s; (29) and subordinating international monetary management to exclusively American goals in the 1980s. (30)

The stable and secure extension of business operations across the core capitalist countries requires a homogeneous monetary unit embracing the whole capitalist world. (31) While the European empires imposed their fiat money on their colonies, they were always concerned to provide such a homogeneous money for economic linkages amongst their core capitalist economic operators, namely, the gold standard. This principle, which was maintained by Bretton Woods, enabled any capitalist anywhere to calculate the value of his/her assets and to make rational calculations about any foreign operations (investment, trade, etc.).

By breaking with the gold standard, imposing the dollar as a fiat currency on the world, and refusing any exchange rate coordination for stability, the U.S. authorities broke decisively with the idea of a stable international monetary framework for the international economy. It then proceeded to work with the money market and bond market on Wall Street to swing the dollar up and down in great arcs against the other main currencies in line with its economic strategy for the American (political) economy.

The second large move was the drive to sweep away capital controls and allow completely free movement of all types of financial flows in and out of national economies, while also pushing for the complete freedom of U.S. financial operators to enter and exit from other countries' financial systems.

Third, it turned the IMF and the World Bank into instruments for assisting these changes, not only by ensuring that they reorganized domestic political economies to fit with the new regime but also by turning the IMF into a public insurance organization for American (and, to a lesser extent) European financial operators and speculators.

These changes, taken together, have produced great insecurities in international economic relations and have plunged emerging market economies in the South into endemic instabilities and crises. But they have simultaneously both reduced the vulnerabilities of the American domestic economy and enhanced the expansion of American transnational capitalism.

The dollar as global fiat currency meant all countries had to enlarge their dollar reserves, in other words send large flows of funds into the U.S. Treasury bond market (soaking up American debt). The unstable exchange rate environment and the rapid, lethal switches of hot money across the globe forced states to massively increase their (dollar) foreign exchange reserves, thus further increasing the inflows of funds into U.S. debt. Endemic and often devastating financial blowouts (in some two-thirds of IMF members since 1980) generated new injections of capital flight into the New York debt market. The local propertied classes in unstable economies now had the option of shifting their property out of the country into New York and London and they took this opportunity to the tune of hundreds of billions of dollars of inflows into these centers.

Simultaneously, all such instabilities and every currency or capital account crisis in Latin America or East and Southeast Asia or the former Soviet Bloc were new opportunities for the U.S. Treasury, working through the IMF and World Bank, to open up the distressed political economy further to American (and other) core capitals.

### ***The Relation of Other Parts of the World to the New Rhythms of American Capitalism***

It is widely believed that the other core capitalist centers both benefit greatly from and fully support these metamorphoses of the relations between American capitalism and the rest of the international political economy.

There is some truth in this, but not as much as may be supposed. It is perfectly true that the European banks and financial operators have participated heavily in the array of new processes structured by the Dollar-Wall Street Regime and the U.S. international financial drive. The European banks were heavily engaged in East Asia before the crisis hit and were thankful for the free insurance provided by the IMF. There has also been broad support for the “structural adjustment” operations of the IMF and World Bank since the debt crisis struck in the early 1980s. And the West Europeans have engaged in their own variant of heavily coercive socioeconomic reengineering in East Central Europe over the last thirteen years with strongly baleful effects on the capacity of those economies to engage in sustained growth. More broadly, the West European capitalisms share the general problematic of expelling problems and internal social tensions outwards from the core onto the South as much as possible.

The American state has also offered other capitalist classes a series of fresh ideas for living with the American-centered system for the world economy: new domestic fields for capital accumulation through privatizing social services, utilities, transport systems, pension rights, etc. There have also been lots of ideas for giving very large pecuniary advantages for the business class through enriching themselves as rentiers (through stock options, stock market bubbles, junk bond buyouts, and waves of

M&As organized by Wall Street investment banks to give extremely lucrative payouts to private groups, even if the M&A activity typically brings no more rational business system after it). All such themes and tricks are thematized programmatically through what Philip Bobbitt calls the goal of building a “market state.”

Yet the Eurozone political economy sticks to the rules of an international economy by guarding its payments position. And the German heartland remains predominantly structured as an industrial capitalism producing capital goods for export; it and the Eurozone do not need the unstable monetary

and financial regime that Washington requires. An end to hot money flows, for example, would be perfectly acceptable. And the construction of the Dmark zone and then Euroland was not only about restructuring capitalism within Western Europe; it was also about constructing a shield against what was viewed as an irresponsible and even “imperial” transformation of the international monetary system by the United States. Furthermore, the Eurozone states have been very hostile to the U.S. Treasury’s manipulations of the IMF for purely U.S. national goals, as in the Mexican crisis in 1994-95

and the Brazilian crisis in 1998. Finally, the efforts to consolidate and expand the Eurozone in effect take regions and countries out of the U.S.-Treasury-IMF remit into that of the European Central Bank

and economic authorities. Thus overall, the West European concert of capitalisms is responding to the

Dollar-Wall Street Regime by building a regional base and seeking to expand its sway eastwards collectively from that base.

The more astute European business leaders also remain agnostic as to the viability of much of the Anglo-American bag of tricks thematized as the “market state” program. A glance at the British model

of this program raises questions as to whether the bag of tricks is actually capable of stabilizing new institutionalized arrangements. The unstable and near-chaotic problems of the British private pensions

sector, health system, education system, transport system, burgeoning American-style prison population, and rising crime statistics, as well as the increasing polarization between rich and poor, do

not command wide admiration in the Eurozone.

Britain is distinctive in comparison with the Eurozone: London operates as a satellite center of the Dollar-Wall Street Regime. The social groups in Britain benefiting from this status are very influential

and tend to see Britain’s role as expanding in the slipstream of U.S. operations. London is inhibited mainly by the fear of being locked out of an increasingly cohesive new European center. Spain, too, whose banks are extremely powerful, has participated very strongly in expansion into Latin America over the last ten years and has operated, in many ways, in partnership with Washington in that region

(in politics as well as economics).

As far as the Japanese are concerned, the Dollar-Wall Street Regime and other aspects of American economic policy since the 1980s have been very difficult and even dangerous. Japan is thus very vulnerable and needs a regional frame work. But Japan has been unable (politically) to construct the kind of protective shield enjoyed by Germany. In the rest of East and Southeast Asia there is great suspicion of Washington’s operations in the international political economy as a result of the U.S. Treasury’s operations in the East Asian crisis. But regional solutions, widely discussed, are difficult to

achieve. One key reason has been that while the European and North American regions mainly trade with themselves (internally), East and Southeast Asia still trades outwards, for the most part, beyond its own region and often in competition with other economies in the region. But insofar as China increasingly becomes the center of gravity of economic linkages of the other main East Asian economies that problem could be overcome.

Thus the international economic strategy of the American state is very far from being “hegemonic” in the rest of the core. Its main supports lie in the negative consequences of failing to cooperate in the preservation of the system. One key negative consequence would be the international macroeconomic consequences of a collapse of the dollar and a debt depression in the United States, given the size of the American economy, its importance as a product market for the world’s new growth center in East Asia, and the stagnationist trends in both Japan and Western Europe. But if these patterns change, the U.S. posture would become much more vulnerable.

Behind all these issues of the American-international linkages in the international political economy lies the question of political power frameworks. The fiat dollar regime could not have been implemented and consolidated without U.S. political primacy over the core in the cold war. And the security of the Dollar-Wall Street Regime today depends crucially on America’s political leverage internationally.

### **Part 3: The Drive for a New Post-Cold War Primacy Order and Potential Challenges to It**

The analysis we have made above suggests that the American state achieved a degree of dominance over the capitalist core after 1945 without any historical precedent. It used this dominance to construct a core-wide political system that was unipolar in structure and could be described as a kind of community of protectorates under U.S. primacy. This political system survived the revival of economic strength in Western Europe (centered on Germany) and in Japan.

The primacy system also created a context in which American capitalism was profoundly reshaped. It shifted its center of gravity outwards, relying increasingly on international operations as central elements in its reproduction rather than basing its operations more or less exclusively on its relations with its domestic labor force. And following the industrial crunch of the 1970s, stress on the centrality of the financial sector in American international expansion has been increasing. This implies a drive to open and reorganize other main capitalist centers to ensure that the American financial sector can play a central role in the reproduction of these capitalisms.

At the same time, the American business state has not sought to rise above the business class itself to reorganize the domestic American economy to ensure that it reverses its chronic payments problems. Instead it has used the perks of primacy and its ability to manipulate international monetary and financial relations in order to draw freely on resources from the rest of the world, offering dollar-denominated IOUs in exchange.

This analysis would suggest that there should be an overwhelming consensus within the U.S. business class and amongst its most authoritative political leaders for the American state to make a priority of restoring the kind of primacy world order that existed over the capitalist world during the cold war in the post-cold war world. Such a world community-under-primacy would both serve the American transnational capitalist class's expansionist interests and protect the U.S. domestic political economy from important vulnerabilities.

### ***The Drive for a New Form of American Primacy over the Capitalist World***

The United States had primacy over the capitalist world during the cold war in the form of the cold war. With the end of the cold war the United States faced a major political problem. It was the dominant world power on all indices except those concerning the imbalances and vulnerabilities of the American domestic economy, but its cold war political form for disciplining and shaping the politics of the capitalist world had in large part disintegrated. This has been the central political problem facing the leaders of the American state since 1991: how to build a new primacy political structure.

The reality and status of this problem of constructing a new primacy structure is often missed, particularly by analysts on the Left of the political spectrum who tend to see international political conflict as a resultant of economic tensions and conflicts. World order construction in capitalism does relate very directly to the problem of organization of the international political economy and to economic conflicts. But it is not the resultant of economic conflicts. It results from the fact that economic conflicts are inevitable and unpredictable. No one can know what clashes over the structuring of the international economy may occur in five or ten years time. No one knows what the economic conjuncture may look like then. Therefore the United States must construct a world order system now that will be robust in the face of almost any possible future type of political-economic clash or vulnerability.

[It] is important to recognize that although there have been all kinds of differences amongst the leaders of the American business class on U.S. foreign policy since 1991, there have not been significant differences on one basic, programmatic issue: the need to rebuild the international capitalist political order as a community-under-American-primacy.

Both scholarly and journalistic literatures suggest that a commitment to American primacy runs very

deep in American state-business establishment circles. (32) A lengthy and detailed study in the late 1990s by Posen and Ross notes that primacy was the programmatic goal for the elder Bush administration and was also the goal of the Dole candidacy. (33) But they also note that key figures amongst strategic thinkers associated with the Democrats also share the goal of primacy.

And they add that despite the presence of some opponents of primacy, notably amongst Defense Department civilian officials, the basic concept of the Clinton administration was also that of primacy, albeit wrapped up in the language of cooperative security. Clinton's national security adviser, Anthony Lake, made this very clear in his first major keynote speech on U.S. grand strategy. Lake stressed the fundamental "feature of this era is that we are its dominant power.

Those who say otherwise sell America short....Around the world, America's power, authority and example provide unparalleled opportunities to lead...our interests and ideals compel us not only to be

engaged, but to lead." The word "lead" here is code for protectoratism. Lake continued: "The successor

to a doctrine of containment must be a strategy of enlargement — enlargement of the world's free community of market democracies." (34) Secretary of State Warren Christopher also left little room for

doubt as to where he stood on this issue. As he declared after his retirement, "by the end of the [first Clinton] term, 'should the United States lead?' was no longer a serious question." (35) The Clinton National Security Council's chief analyst, Philip Bobbitt, also leaves us in no doubt about his own passionate commitment to U.S. primacy in his book *The Shield of Achilles* (Allen Lane, 2002); Madeleine Albright and her mentor, Zbigniew Brzezinski, strongly supported U.S. primacy as well. (36)

Paul Wolfowitz, a leading architect of the contemporary doctrine of primacy, acknowledged before the

Bush Junior administration came to office, that the Clinton administration had espoused the doctrine that he (Wolfowitz) and those around Dick Cheney had outlined in the first Bush administration.

Although Wolfowitz acknowledges that when he, Lewis Libby, and others in the Bush Senior administration first expressed the doctrine in the "Defense Policy Guidelines" leaked in 1992, there was

a great deal of criticism. He claims, however, that the doctrine had by 2000 become the consensus, questioned only by Pat Buchanan on the Right. (37) Wolfowitz's criticism of the Clinton administration

was not that it rejected his goal of primacy (or Pax Americana), but that it did not pursue it vigorously

and boldly enough. As he puts it: "In reality today's consensus is facile and complacent....Still, one should not look a gift horse in the mouth." William Pfaff, from a different political standpoint than Wolfowitz's, nevertheless concurs on the broad consensus for primacy. He points out that Al Gore shares the same programmatic goal of American primacy or unipolar hegemony as the neoconservatives. (38) And he adds that the American coalition for this programmatic goal is very wide, including the leadership of the U.S. business class.

Our earlier analysis of the shape of American transnational capitalism makes this goal of primacy a rational one for the U.S. transnational business class as a whole. So too does our stress on the vulnerabilities of the American domestic economy. Three key features distinguish primacy from other

American world order/grand strategy concepts such as “cooperative security” or “offshore balancing”:

first, it involves creating basic security dependencies on U.S. power for the other major capitalist states;

second, it implies active U.S. management of the geopolitical and international accumulation strategies

of the other core states — American leadership of them in that sense; and third, it allows the United States to claim special rights and privileges as the (capitalist) world’s protector power. Since it guarantees the security on which the world can establish stable rules and institutions, the United States

should not and could not be itself bound by such rules and institutional constraints.

### ***The Problems of Rebuilding a Community-under-Primacy after the Soviet Collapse***

Rebuilding primacy after the collapse of the Soviet Bloc has posed very large strategic problems for the

American state: first, a new scale problem; second, a new dependency-generating problem; third, the

hub-and-spokes problem; fourth, a new cleavage problem; and fifth, a new domestic American linkage

problem. We will briefly sketch each of these problems.

#### ***1. The Scale Problem***

During the cold war the primacy order was, in geographical terms, quite small scale: it covered the two

rimlands of Eurasia: Western Europe and some states in East Asia — Japan, South Korea, and Taiwan.

Now a primacy order over the decisive centers of capitalism must be built on a far wider scale. It must

somehow incorporate China and Russia as well as including some important “emerging markets” elsewhere, not least in East and Southeast Asia.

#### ***2. The Dependency-Generating Problem***

Dependency on the United States was generated during the cold war in large part by other core states’

strategic dependence on the United States, given Soviet Bloc capacity. This has now gone, especially for Western Europe (though much less so for Japan and East Asia).

Clinton’s efforts to rebuild European dependence on U.S. military leadership via the maneuvers in the

Western Balkans and the expansion of a U.S.-led NATO up against Russia did not really work and remained largely at the level of institutional manipulation rather than genuine military security dependency. And the possibilities exist for Eurasian powers to develop mutual security arrangements

that would make U.S. military power increasingly redundant as a security guarantee to important capitalist centers: Russia and Western Europe could build such structures; Korean unity could, in some

scenarios also create such structures, threatening the one American land base in East Asia.

#### ***3. The Hub-and-Spokes Problem***



Closely connected to the dependency deficits is the tendency toward the erosion of the hub-and-spokes structure of U.S. relations with other capitalist centers necessary for stable primacy. While the United States allowed low-level cooperative caucuses on political economy issues (provided they did not exclude U.S. capitals), as in the case of the EC, it did not permit caucuses for geopolitics or for large international political united fronts on the part of other core centers (e.g., on the Middle East). But the weakening of dependency structures has been combined with steps toward a geopolitical caucus in Western Europe (e.g., with the European Security and Defence Policy) and with political united fronts outside the hub-and-spokes alliance frameworks: for example, on the UN Security Council, and toward Iran, Syria, and, in early 2001, the Korean Peninsula. In aggregate none of these phenomena amounted to much, but they were symptoms of the erosion of hub-and-spokes relations.

#### *4. The Political Cleavage Problem*

A world order structured as American primacy cannot be popularly legitimated in its own terms: the populations of the world will not accept America's right to some kind of imperial rule simply because of its great military capacity. A primacy order can be legitimated only indirectly, through a mass political cleavage on a global scale that seems to require American power as an instrument of security.

And this cleavage must be stable over the long term and deep enough to justify at a popular level American exemption from rules and institutional constraints that apply to others.

This was a spectacularly successful feature of the cold war. The Clinton administration began to attempt to develop a new cleavage structure around rogue states and genocidal or egregiously oppressive regimes in which the United States would lead a cosmopolitan coalition for human rights and democracy, but this was a rather weak cleavage structure and one that generated contradictions in

American policy while offering the West Europeans great scope for trumping the United States on both

cosmopolitan law and human rights. Furthermore, America's enormous military and intelligence apparatus and all its other statecraft instruments could hardly be legitimated by the problems of Serbia,

Rwanda, or, for that matter, Saddam Hussein.

#### *5. The American Domestic Linkage Problem*

A new primacy order had to make sense as an urgent and vital priority for the domestic American electorate. Again the cold war order was spectacularly successful in this respect. But there has been a

dangerous lack of compelling domestic politics in the United States since then, raising the possibility that a political force could arise in the United States challenging the American transnational capitalist

class with a politics of putting American domestic issues first.

The direction of transnational American capitalism over the last twenty years has appeared far from optimal to significant, diverse sectors of the American domestic economy and society. There has been

resistance from what could be described as American domestic capitalists, as in the Ross Perot challenge in the early 1990s, and also from American labor, fearful over the declining American manufacturing base. All sorts of groups have also been making claims on the American federal and state budgets for a whole range of needs, which the American state has seemed unable either to meet or to decisively reject.

The Clinton boom eased all these domestic strains and indeed the resistance to the line of the transnational wing of American capitalism remains fragmented, especially in the ideological field where it is divided into right and left fringes of the mainstream. But without the solvent of rapid economic growth these centers of potential resistance could grow stronger and could be accompanied by a rejection of the costs of the political expansionism of the American state as well as its international economic orientation.

#### *6. The Collective Class Rationality Problem*

One of the fundamental bases of primacy during the cold war was what can be described as the class rationality basis of American primacy. The United States was the trusty sword of capitalism on an international scale against the class enemies of capitalism. At the same time, it offered a viable path to capital accumulation for all the main centers.

With the collapse of the Soviet Bloc, the pressing threat from anticapitalist modernization movements has receded and with it the trusty American sword for defending capitalism in general. At the same time, the American way of reorganizing international capitalism meets with suspicion both in parts of Western Europe and in East Asia, particularly after the East Asian crisis and the U.S. Treasury's activities in that crisis.

As a result, U.S. efforts to restore primacy appear to many capitalist class leaders as burdensome, not least because they can tend to undermine their authority within their own populations insofar as they simply bandwagon with American thrusts. These frustrations are evident both in Western Europe and in South Korea and even in Japan. And added to this, the U.S. economic program for other capitalisms is not trusted; there are fears of predatory elements in the program and fears also of inbuilt destabilizing elements through generating monetary and financial instabilities.

#### *7. The Linkages with Europe as a Problem*

Though frequently overlooked in the journalistic and even academic literatures on international relations, the advocates of a new primacy order in Washington see the main potential threat to an American primacy order as coming from Western Europe. This is first of all because the West European capitalisms are no longer enthusiastic supporters of American primacy and do indeed favor a more collegial form of world management. In such a collegial arrangement, America would retain predominant influence because of its size and resources. But they want the United States to

negotiate key objectives and tactics, to accommodate their interests.

The West European states, in other words, reject neither the idea of a core capitalist community nor the idea that the United States would be the leading power within it. But they try to renegotiate the terms of U.S. leadership and to subordinate such leadership to collegial norms and rules.

There are powerful reasons why Washington should handle these West European claims with care. Western Europe remains the most important center outside the United States for American business. Furthermore, Western Europe and the EU are by far the closest to the United States in approach to organizing the international political economy. Indeed, typically, Western Europe has been the key partner-transmission belt for launching new regimes onto the international political economy. In addition, the politically engaged American population retains a strong sense of the importance of the cultural/value links with Western Europe, and it has supported the idea of West European unity and transatlantic partnership for over forty years. And very large American economic groups gain great advantages from the EU.

It should also be said that the West European stance for a collegial world order involving a group of leading capitalist states rather than a primacy order commands great sympathy among many other states, so that even if the West Europeans themselves currently lack much political cohesion, their message resonates widely. Apart from Britain and Australia, the solid, positive coalition for American primacy amongst major states seems very thin. And last but by no means least, the West European states have substantial credit power and other nonmilitary resources that the American state sorely lacks for many kinds of international operations.

All these factors exert pressure on the American state to avoid an open confrontation with the West Europeans. The Clinton administration was sensitive to this. It sought to engage in all kinds of preemptive maneuvers to build a new European order under American dominance through a reorganized NATO. But it did so with a discourse and public diplomacy of multilateralism. Yet simultaneously, Western Europe, however loosely organized, has been the main center of opposition to the goal of U.S. primacy.

The Bush team came into office determined to address these strategic problems for achieving the consensual business-class goal of rebuilding a primacy order. This was its mission. September 11 produced the occasion for launching a new strategic path for rebuilding primacy.

The Bush strategy first of all offers a new path toward making the security of all the main Eurasian powers more dependent upon the United States. It does so through a dramatic forward push into the geographical zone in the heart of Eurasia, from the Eastern Mediterranean to the Western Chinese border. This is a very important zone for all the Eurasian great powers for a number of reasons.

First, because it is a zone of instability and conflict that thus generates security problems for them. If American power dominates this zone it becomes highly salient for these powers' security.

Second, at the heart of this zone lies the overwhelming bulk of the world's oil reserves — in the Gulf and around the Caspian. If the United States controls these regions and the supply routes from them, it

generates acute security dependence on the United States for China, Japan, and Western Europe.

The Bush strategy has also produced a new global cleavage structure. This is discursively framed in a two-dimensional way. There is the formally universalistic language of the terrorist, state-sponsor of terrorism, evil state, and weapons of mass destruction threat; this could in principle be used as a signifier anywhere. But there is also the second, more substantial, discourse of an Islamist threat. Both these threats are the defensive legitimators of American primacy.

American power is needed to protect the world from these dangers. But the new cleavage structure also offers a positive legitimation of American primacy: the American state and American capitalism will lead the world in a great mission to bring democracy, modernity, and prosperity to the great central zone of Eurasia. The positive as well as the negative dimensions of the cleavage structure are equally important as instruments for reorganizing mass politics on a global scale, particularly in the core capitalist regions.

And as in the case of the Soviet threat during the cold war, the threat structure must not simply be a matter of American propaganda: it must become a real potential threat, just as Soviet SS-20s really did point at Western Europe. The Bush strategy does this by rousing and baiting the Islamic world with its support for Ariel Sharon's policy and its flagrant aggression against Iraq. Intellectually, of course, these are violations of core Western liberal principles of international politics and they have raised great ethical outrage in other capitalist centers committed to liberalism. But it will be in the Islamic and Arab world where popular political opposition to these Bush drives will be sustained and such opposition will not be sustained under the banners of Western liberalism; it will rise and deepen under Islamist, anti-Western banners. And since many of the Eurasian powers have large Islamic communities, an Islamist threat to these societies will tend to become real and sustained.

To these strategic concepts, the Bush administration has added a crucial demand to the main Eurasian powers: they must fall in behind the new U.S. strategic path to primacy or risk being targeted publicly as opponents of U.S. vital interests. They must be for America or be dubbed as being against it; no third way or neutrality. But if they join the new coalition under U.S. command they will be entering a hub-and-spokes alliance system committed to the Bush administration's National Security Strategy program of September 2002. This program legitimates U.S. global primacy explicitly and gives the United States the unilateral rights to aggressive war and regime change, rights denied to all other states — a flagrant claim for a global imperium. This way of framing the options for other great powers has already successfully split the West European states.

Last but by no means least, the Bush strategy has exploited 9/11 as the basis for mobilizing the American electorate in a sustained way behind the American state's drive for primacy.

## **Conclusion: The Strains and Risks of Primacy**

The primacy order that the Bush administration is driving to consolidate requires that the United States simultaneously claims special imperial rights for itself while also gaining active, multilateral cooperation from the other main capitalist powers. These special rights are sweeping and contradict the existing framework of international law. They involve the recognition that Washington can decide who the enemies of the international community are, can act to overthrow the regimes in enemy states, and can preventively attack them. These rights can, according to the Bush administration, not be constrained by the UN Security Council or by the collective decision-making bodies of its security alliances.

Yet at the same time, the United States has a vital interest in the maintenance of a whole series of multilateral institutions that multiply the resources available to Washington for maintaining order internationally: the security alliances supply military and other resources for nation building and conflict management; the IMF and World Bank provide large resources for economic statecraft and for restructuring economies outside the capitalist core; and UN agencies play a multiplicity of important roles in addressing international problems.

The Iraq war and its aftermath have demonstrated the difficulties of achieving both the primacy rights and the multilateral support systems. It indicates that the American state has some distance to go before it can both assert its primacy rights and brigade the other main powers into strong multilateral supports for its forward thrusts. As a result, the Bush administration is having to draw mainly upon its own resources for the Iraq occupation and for its wider Middle East strategy and to depend critically upon maintaining its domestic backing within the United States.

Assuming, for the sake of argument, that its efforts in Iraq provide it with a stabilized, pro-American Iraqi regime, the Bush program implies continued international activism to assert again its primacy rights and to pressure the members of its security alliances to support actively its new order. These needs can lead it to radicalize its drives, taking on more rogue states with threats of military action against them, and seeking to punish allies that fail to fall into line with the primacy doctrine. In relation to rogue states, the United States cannot afford failure, since this will be viewed internationally as the failure of the whole doctrine. At the same time, the forward projection of U.S. power into the heartland of Eurasia can present the United States with all kinds of unexpected challenges in this very unstable region, whether in the Middle East, around the Caspian or in Central and South Asia (notably Pakistan). And it faces potentially very dangerous flashpoints in East Asia as well. Such challenges can appear in Washington as threats to U.S. national interests and national prestige and can draw the United

States

into costly and unpredictable involvements in many different theaters simultaneously.

And the task of pressuring the allies can involve attempting to disrupt the cohesion of the EU and attempting to make allied governments flout their own public opinions, thus weakening their domestic

authority if they comply with US pressures. This tendency is evident in Washington's pressure on South

Korea and Japan to contribute to the occupation of Iraq. Even if the United States succeeds in moving

forward on these fronts in the immediate future, there is the danger that it will face countervailing pressures from its allies in other international political and policy areas. A characteristic pattern is that

the allies who give in on issues like Iraq will seek compensating gains in other areas of policy.

If these problems were occurring in a context in which American international leadership was generating or facilitating dynamic international economic growth and social development amongst other advanced capitalist countries, many of the tensions generated by the primacy drive could be eased.

The business classes of the allies, which exercise predominant influence within their states, could be an

important U.S. informal ally, pressuring their governments to fall into line with the new U.S. order for

the sake of harmonious capitalist development. But the international economic context is, in fact, extremely uncertain and tension-ridden.

Furthermore, the American state's economic policy both under the Clinton administration and under Bush has been perceived as being aggressively mercantilist in many respects, a perception shared both

in Western Europe and in East Asia. And in both regions there are strong pressures toward trying to shield themselves from swings in the dollar and other features of U.S. external economic policy through

greater regional integration.

There have also been signs of the West European and East Asian states resisting U.S. policies in the World Trade Organization and elsewhere. Pressures exist upon allied governments from their most internationally oriented business groups to maintain cooperative relations with the United States on the

international political economy. But many of these pressures result from fears of the withdrawal of U.S.

support for their international activities, rather than from more positive motives of supporting American

international economic policies. And the new militarism of the United States creates new international

economic insecurities.

All these problems occur against a background of a very large deficit of legitimacy at a popular level internationally for the Bush administration's primacy drive. This was demonstrated and reinforced by

the failed U.S. diplomacy at the UN Security Council in the run-up to the Iraq war and it has been exacerbated since then. A continuation and deepening of this trend will tend to increase the difficulties

of implementing the primacy drive in the medium term. The Bush administration is thus pushed toward radicalizing its efforts to build constituencies on the right amongst its allies, giving it greater leverage within their political systems. It is difficult to see how this can be achieved without much more dramatic perceptions of threats from terrorism and/or rogue states, thus relegitimizing the United States as the necessary instrument for protecting the allies.

Yet despite all these problems with the Bush strategy, the American state does have the military-political resources to press forward, escalating and radicalizing its efforts to generate sustained success. It has the capacity to destroy any rogue state and it has lots of instruments for pressuring its allies to fall into line. The Bush administration seems well positioned to win its 2004 election and in any case many of the Democratic Party candidates broadly support the drive for primacy. In the background, the internal shift of American capitalism to the right in economic, social, and political terms in the last two decades and the international economic drives of the American transnational business sector, led by finance, favor the continuation of the primacy drive.

There are evidently very large constituencies within America open to searching for a new path to another possible America. This could be one happy with a more collegial management of world politics and happy also with a restructuring of American economic and social management to reduce inequalities, reduce the stress on the military budget, and redirect the huge financial resources of the country toward domestic social and economic goals. Yet the energy and drive of the conservative coalition, backed by huge financial resources from the business class, remains great. And the external primacy drive has so far largely strengthened the domestic base of the conservative coalition, rather than fragmenting it. Meanwhile, the constituencies for another America remain programmatically divided and lacking strong support from sections of the business and political elites.

Yet the triumph of the primacy drive would almost certainly be a political triumph with pathological consequences in the longer term. It could, indeed, have disastrous results including the spread of international turmoil in large parts of Eurasia, the degradation of political life, involving a rise of an authoritarian right in advanced capitalist countries, and the risk of regional wars. It could also lead to serious disruptions of the international economy. There could also be deep splits in the U.S. alliance systems, leading toward political confrontations between advanced capitalist countries of the sort that have not occurred since the end of World War II. At the same time, the very grave economic and social problems of the majority of the world's population in the countries of the South would remain unaddressed and thus be aggravated, with all sorts of dangerous global consequences.

The central, underlying problem beneath the current strains is the fact that international capitalism is, of necessity, a politically fragmented system; yet it is simultaneously a system of deep transnational interpenetrations, also as a result of necessary logics. (39) For a while the European great powers

managed that central contradiction in a way that produced capitalist development. They stabilized their internal fronts with a politics of ultranationalism, militarism, and imperialism and they used the construction of empires in the periphery as a multipurpose safety valve system. On these bases they managed an international, cooperative order of the Concert of Europe and the gold standard. Britain, as a quintessential empire and rentier state, acted as a stabilizer, able and willing to retreat into the role of financial clearinghouse and also into imperial exploitation when industrial competitors like Germany and the United States gained ascendancy. But eventually the system stumbled to a disaster that was always latent in a cooperative international order based upon domestic fronts stabilized by a politics of hatred for the other main European nations. And once the blunder of 1914 had been committed, the European states could not put their system back together again, either on the internal fronts or on the external.

The post-1945 American ascendancy offered radically new ways of managing this contradiction. The primacy order of the cold war was a way of both unifying international capitalist linkages for a world economy and politically homogenizing internal fronts through the Free World/Communism domestic cleavage. But the dominance of a single power over the entire capitalist core is not a permanent solution to the contradiction — just another way of expressing it and trying to manage it. American primacy produced a strong development project for the capitalist world until the crisis of the 1970s.

And it retained its effectiveness as a stable political framework for international economic life through to the end of the cold war. But efforts to rebuild primacy on a global scale after the collapse of the Soviet Bloc seem incapable of offering a viable global development framework either in the political or the economic field. If the drive to achieve this triumphs, the result will be a regressive framework in which domestic and international institutions will erode popular revolts, authoritarian regimes will spread, and regional wars and international tensions will multiply in the context of mounting social crises and international epidemics.

The United States is too weak to be able to consolidate primacy as an institutionalized, stable order that provides a framework for global political and economic development. Its primacy project would be maintained only by constant activism, maneuver, and rule-breaking of the sort we have seen since 9/11.

Yet, on the other hand, the United States is too strong for the other main centers to be able to impose a new collegial form of capitalist international management upon it. And the social groups within the United States committed to rebuilding U.S. primacy seem deeply entrenched within the American state itself. Primacy seems to be the logical consequence of an American state in the monopolistic hands of the American transnational business class. Just as that class is geared to ever stronger international economic expansion under the leadership of its financial sector, it seems also committed to ever greater political expansion for world domination. Only a combination of external defeats and domestic revolt



seems likely to reverse this double logic.

So the crisis of international order is very deep. Talk of “globalization” and transcendence of the political fragmentation of the world is just talk. There are few signs that the leaders of the various main capitalist classes have strong political and economic ideas on new ways of handling the contradiction between political fragmentation and transnational capitalist expansion in a collegial way. The main solution on offer in the Atlantic world seems to be to jointly screw the political economies of the South and find ways of excluding East Asia from decision-making on world problems.

A genuine solution to the contradiction of political fragmentation of the world and the need for deep linkages transnationally would require the opening up of two paths: first, a much more socially (politically and economically) inclusive organization of the fragments, thus easing tensions within each state and making populations more receptive to transfers of political authority upwards; and second, public control of transnational socioeconomic linkages to ensure that they do not take the often predatory or rapacious forms that they frequently take today.

The basic directions being taken now are exactly opposite to these paths: toward increased social exclusion (politically and economically) of the bulk of populations within states — not just the poorest — and an increase in chaotic and rapacious financial operations that lack any normative basis in any kind of development economics. But without strong political forces capable of leading in these directions, politics is being driven by the overwhelming appetites of the business class for immediate, urgent gratification and by the tendency of American leaders to pick up the (military) levers bequeathed by the cold war order and to play again the twentieth-century game of power politics to bring the other great powers to heel. George Bush’s America has the material resources to do this, but using them could result in a triumph toward international disaster.

## Notes

1. Throughout this article I use the term “capitalism” in a specific way to mean not an economic order but a social system that is centered on a set of social relations for organizing both economics and politics. Capitalism as a social system constitutes a distinct type of economics and a distinctive type of politics. But the causal relations between capitalist economics and capitalist politics in any given conjuncture are matters for empirical investigation.

2. See Robert Cox, *Production, Power and World Order* (New York: Columbia University Press, 1987); and Nicos Poulantzas, *Political Power and Social Classes* (London: Verso, 1978).

3. See Gabriel Kolko, *Main Currents in Modern American History* (New York: Harper and Row, 1976); and Thomas J. McCormick, *America’s Half Century: U.S. Foreign Policy in the Cold War and After* (Baltimore: Johns Hopkins University Press, 1995).

4. Charles Lindblom, *Politics and Markets: The World's Political and Economic Systems* (New York: Basic Books, 1977).
5. Kolko, *Main Currents*.
6. Walter Dean Burnham, *The Current Crisis in American Politics* (New York: Oxford University Press, 1982); Walter LaFeber, "The Tension between Democracy and Capitalism during the American Century," in *Ambiguous Legacy: U.S. Foreign Relations in the "American Century,"* ed. Michael Hogan (Cambridge: Cambridge University Press, 2000).
7. Walter Isaacson and Evan Thomas, *The Wise Men: Six Friends and the World They Made* (New York: Simon and Schuster, 1986).
8. FDR was an interesting and unusual exception to this general rule: his twelve generations of roots in a leading New York family and his resulting social independence and confidence as well as his temperament and personal history enabled him to rise to just such independence in particular circumstances, against ferocious resistance from very powerful business sectors. But a study of the Rockefellers points to the more general rule, explaining why the Wall Street business leadership of the Republican Party preferred Nixon in 1960 to Nelson Rockefeller: "They saw the Vice-President as a political tabula rasa on which they could write their own interests. A Rockefeller, on the other hand, immune from controls imposed by begging for contributions, might be destructively headstrong." (Peter Collier and David Horowitz, *The Rockefellers: An American Dynasty* [New York: Holt, Reinhart and Winston, 1976], 340).
9. See, for example, Melvyn Leffler, *A Preponderance of Power. National Security, the Truman Administration, and the Cold War* (Stanford: Stanford University Press, 1992).
10. Walter L. Hixon, George F. Kennan: *Cold War Iconoclast* (New York: Columbia University Press, 1989).
11. Zbigniew Brzezinski, *The Grand Chess Board* (New York: Basic Books, 1997). 12. Arnold Wolfers, *Alliance Policy in the Cold War* (Baltimore: Johns Hopkins University Press, 1959).
13. Leffler, *A Preponderance of Power*.
14. Samuel P. Huntington, "Transnational Organizations in World Politics," *World Politics* 25 (April 1973): 333-68.
15. The argument here is not that there is a "military-industrial complex" understood as an interest group. As Kolko explains in *Main Currents*, we are referring to a nexus serving the business class as a whole in pursuit of much wider more general interests than the profits and power of a narrowly conceived interest group. Furthermore, each step in the construction of this nexus has been combined with a reduction of the influence of the military over American state policy-making — a trend that continues under Secretary of Defense Donald Rumsfeld.
16. See Barry R. Posen and Andrew L. Ross, "Competing Visions of U.S. Grand Strategy," *International Security* 21, no. 3 (winter 1996-97); Robert Jervis, "International Primacy: Is the Game

Worth the Candle?" *International Security* 17, no. 4 (spring 1993): 52-67; Samuel Huntington, "Why Primacy Matters," *International Security* 17, no. 4 (spring 1993): 68-83; Stanley Hoffman, *Primacy or World Order: American Foreign Policy since the Cold War* (New York: McGraw Hill, 1978).

17. John Lamberton Harper, *American Visions of Europe: Franklin D. Roosevelt, George F. Kennan, and Dean Acheson* (Cambridge: Cambridge University Press, 1994).

18. Bruce Cumings, "Revisionism, Postrevisionism or the Poverty of Theory in Diplomatic History," *Diplomatic History* 20, no. 4 (1996).

19. See Justin Rosenberg, *The Empire of Civil Society* (London: Verso, 1994); and Benno Teschke, *The Myth of 1648* (London: Verso, 2003).

20. Joseph Quinlan, Letter, *Financial Times*, 31 January 2003, 10.

21. Paul Blustein, *The Chastening: Inside the Crisis that Rocked the Global Financial System and Humbled the IMF* (New York: Public Affairs, 2001).

22. Ron Chernow, *The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance* (New York: Simon and Schuster, 1990).

23. There may, of course, be other incentives for China to play the game the American way, notably the incentives the American state can offer to the emergent Chinese business class if it implements internal regimes favorable to the United States.

24. Blustein, *The Chastening*.

25. E. Ray Canterbury, *Wall Street Capitalism: The Theory of the Bondholding Class* (Singapore: World Scientific Publications, 2000).

26. Will Hutton, *The World We're In* (London: Little, Brown, 2002).

27. Canterbury, *Wall Street Capitalism*.

28. Joanne Gowa, *Closing the Gold Window: Domestic Politics and the End of Bretton Woods* (Ithaca, N.Y., and London: Cornell University Press, 1983).

29. See Nicholas Bayne, "The G7 Summit's Contribution: Past Present and Prospective," in *Shaping a New International Financial System: Challenges of Governance in a Globalizing World*, ed. Karl Kaiser, John J. Kirton, and Joseph P. Daniels (Aldershot: Ashgate, 2000), 19-36; and Peter Gowan, "Globalisation: Process or Policy?" Paper prepared for a colloquium sponsored by the Center for Social Theory and Comparative History, UCLA, 4 June 2001.

30. Peter Gowan, "Explaining the American Boom: The Roles of Globalisation and U.S. Global Power," *New Political Economy* 6, no. 3 (2001).

31. Giovanni Arrighi, *The Geometry of Imperialism: The Limits of Hobson's Paradigm* (London: NLB, 1978).

32. Peter Gowan, "11<sup>th</sup> September, American Grand Strategy and World Politics," *Recherches Internationales*, no. 66 (2002).
33. Posen and Ross, "Competing Visions."
34. Anthony Lake, "From Containment to Enlargement." Speech delivered at the School of Advanced International Studies, Johns Hopkins University, Washington, D.C., 21 September 1993.
35. Warren Christopher, *In the Stream of History: Shaping Foreign Policy for a New Era* (Stanford: Stanford University Press, 1998).
36. Brzezinski, *The Grand Chess Board*.
37. Paul Wolfowitz, "Remembering the Future," *The National Interest*, no. 59 (spring 2000).
38. William Pfaff, "The Question of Hegemony," *Foreign Affairs* 80, no. 1 (January/ February, 2001): 221-33.
39. See Christopher Chase-Dunn, *Global Formation: Structures of the World Economy* (Oxford and Lanham, Md.: Rowman and Littlefield, 1998); and Istvan Mezaros, *Socialism or Barbarism: The American Century to the Crossroads* (New York: Monthly Review Press, 2001).

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**P.S.**

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