

# The political economy of American militarism

Nick Beams  
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*Below we are publishing the opening report to the World Socialist Web Site and Socialist Equality Party Conference "Political Lessons of the War on Iraq: the way forward for the international working class" held on July 5-6 in Sydney, Australia. The report was delivered by Nick Beams, member of the WSWs International Editorial Board and national secretary of the Socialist Equality Party in Australia.*

Three months after the US conquest of Baghdad, there is a growing realisation that the world has entered a new era. It is becoming ever clearer that the invasion of Iraq was only a phase, or an aspect, of what is a much broader strategy: the drive by the United States ruling elites, through the Bush administration, to undertake a complete reorganisation of world politics.

The conquest of Iraq forms part of a strategy that aims at global domination. We are now experiencing what Trotsky once called a "truly volcanic eruption of American imperialism". The aim of this conference is to reveal the underlying driving forces of this phenomenon, which truly opens up a new era in world history, and, on the basis of this analysis, develop a strategy and perspective for the international working class.

I shall review the fundamental economic forces at work later in this report. But at the outset we can obtain a measure or rough gauge of their strength by examining the scope, depth and extent of the lies on which the onslaught against Iraq was based.

It is not possible to detail all the lies put out by the Bush administration, repeated and embellished by its allies around the world—principally the Blair government in Britain and the Howard government in this country. But even a brief review will establish that nothing like it has been seen since the regime of Adolf Hitler.

The US has been engaged in military operations of one form or another against Iraq for the better part of 13 years. The latest phase began immediately after the September 11 attack, when key members of the administration, in particular Defense Secretary Donald Rumsfeld and his deputy Paul Wolfowitz, made it clear that conditions were now ripe for what had been mooted for some time—a full-scale military invasion of Iraq.

There was, however, a slight delay and Afghanistan was selected as the first target. But in the summer of 2002 the decision was made to launch an attack on Iraq and the preparations were undertaken to carry it out. The decision was taken that it was not possible to organise an invasion along the same lines as had been carried out in Afghanistan, that is, with US air power and special forces utilising armed opposition groups on the ground. There would have to be an invasion with US troops that would take some months to prepare.

In the meantime, as the troop build-up proceeded, the political preparation consisted of a campaign on Iraq's weapons of mass destruction. This had three components: that the Iraqi regime possessed chemical and biological weapons which could be used in the region or even against America itself; that Iraq had nuclear weapons or at least a very advanced program to produce and deliver them; and that Iraq was working with international terrorist groups, in particular Al Qaeda, and was ready to deliver them the weapons of mass destruction.

Speaking on August 26, 2002, Vice President Dick Cheney warned that

Saddam Hussein was "armed with an arsenal of these weapons of terror" which could be used to "directly threaten America's friends throughout the region and subject the United States or any other nation to nuclear blackmail". On September 26, 2002 Rumsfeld claimed that he had "bulletproof" evidence of the link between Saddam Hussein and Al Qaeda.

On October 7 Bush, seeking war powers from Congress, delivered a major speech laying out the case for war. He claimed that Iraq had attempted to purchase high-strength aluminium tubes needed in the uranium enrichment process and that this constituted evidence that it was "reconstituting its nuclear weapons program".

That was not all. "We have also discovered through intelligence that Iraq has a growing fleet of manned and unmanned aerial vehicles (UAVs) that could be used to disperse chemical or biological weapons across a broad area. We are concerned that Iraq is exploring ways of using these UAVs for missions targeting the United States."

All assessments of the "aluminium tubes" showed that they were not the type that could be used in gas centrifuges. That was the conclusion reached by analysts in the State Department and the Department of Energy as well as the International Atomic Energy Agency (IAEA).

As far as the chemical and biological weapons were concerned, the Defense Intelligence Agency reported in September 2002: "A substantial amount of Iraq's chemical warfare agents, precursors, munitions, and production equipment were destroyed between 1991 and 1998.... There is no reliable information on whether Iraq is producing and stockpiling chemical weapons, or where Iraq has—or will—establish its chemical warfare agent production facilities."

But of all the lies, the most significant was that concerning the purchases of uranium from the African republic of Niger. By the end of 2002 the "aluminium tubes" story was starting to wear thin. It was necessary to produce something more substantive.

Accordingly, in his State of the Union address of January 28 this year, Bush declared: "The British government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa.... Saddam Hussein has not credibly explained these activities. He clearly has much to hide."

There was, in fact, nothing to explain and the Bush administration knew it. A year earlier, in January 2002, the office of Vice President Cheney had received documents purporting to show purchases of uranium from Niger. Cheney ordered an investigation. It was conducted by a diplomat who had served as an ambassador to three African countries. In February 2002 the diplomat reported to the State Department and the CIA that the documents were forgeries. His report was circulated to the vice president.

In an article published in the *New Republic* of June 30 the former ambassador states: "They knew the Niger story was a flat-out lie. They were unpersuasive about aluminium tubes and added this to make their case more persuasive."

When the IAEA finally obtained the documents, after Powell had delivered his February 5 speech to the United Nations Security Council, it determined very rapidly that they were forged. But no matter. On March 16, Cheney attacked the IAEA and declared on "Meet the Press": "We

believe [Saddam] has, in fact, reconstituted nuclear weapons.”

There is no question but that the Bush regime and its allies have carried out a Goebbels-like Big Lie campaign.

But in analysing the significance of this campaign we should recall that in confronting state-manufactured lies we are dealing not with an ethical or moral issue, but with a political phenomenon.

The use of the lie arises from the nature of the state itself. The capitalist state presents itself as the embodiment of the interests of society as a whole. But in a society divided into classes, with irreconcilable interests, this is a fiction. It is one, however, which can be maintained with a certain degree of plausibility when the ruling class is able to pursue policies of compromise and social reform.

The fact that lying has now become an integral component of the *modus operandi* of the state signifies that the interests of the ruling class—and the policies needed to enforce them—have come into direct conflict with the interests and needs of the broad mass of the population.

If the Bush regime were to tell the truth about its actions what would it say? That it has a program aimed at global economic and military domination by the United States; that all methods, including military ones, will be employed against those who attempt to block the achievement of its objectives, and that the purpose of the “war on terror” is not to remove pressing dangers to the American people, but rather to create the conditions at home and internationally where this program can be implemented.

Such goals cannot be openly discussed before the general population—there the lie rules supreme. But they do have to be discussed and worked over among the ruling elites, and so, within official documents and the publications of various think tanks, we find a remarkably frank assessment of US strategy.

The National Security Strategy, the centrepiece of the foreign policy perspective of the Bush administration published in September last year, makes clear that the resources of the world are to be subordinated to US economic interests and that military power will be used to establish and maintain what amounts to a global empire.

The great struggles of the twentieth century, the document begins, have ended with the victory of freedom, establishing only one sustainable model for success: “freedom, democracy and free enterprise.” Accordingly, the Bush administration commits itself to bringing the hope of “democracy, development, free markets and free trade to every corner of the world.”

The objective of global domination is spelled out on the first page: “The US national security strategy will be based on a distinctly American internationalism that reflects the union of our values and our national interests.”

This project will not be undertaken, however, simply for the material benefit of US interests. It is for the good of the world because it so happens that the US “free market” agenda is the only “sustainable model” for global development—a truly happy coincidence.

Such happy coincidences have been seen before. The “empire of free trade” under which Great Britain organised its global dominance in the nineteenth century was bound up with the great “civilising mission” it had undertaken. Now we are to have an empire of “freedom” in which the “free market” is defined as the very basis of morality itself.

In the words of the National Security Strategy: “The concept of ‘free trade’ arose as a moral principle even before it became a pillar of economics. If you can make something that others value, you should be able to sell it to them. If others make something that you value, you should be able to buy it. This is real freedom, the freedom for a person—or a nation—to make a living” (p. 18).

It is doubtful if “freedom” has ever been defined quite so explicitly as the “freedom to make money” and this then made the basis of morality. Of course when the document speaks of persons buying and selling it

must be remembered that these “individuals” are not those whom the philosopher John Locke had in mind at the end of the seventeenth century. Rather, they consist of gigantic “legal persons”—transnational corporations commanding wealth and resources beyond the scope not only of individuals but entire countries.

But “free markets” and “free trade,” which the document insists are “key priorities of our national security,” do not, in and of themselves, guarantee the pre-eminence of the United States. What is to be done about potential rivals?

Here the document is very explicit. American dominance will be maintained through overwhelming military power.

“It is time to reaffirm the essential role of American military strength. We must build and maintain our defenses beyond challenge” (p. 29). In other words, the other major capitalist powers should not even contemplate seeking to change the balance of power at some point in the future. “Our forces will be strong enough to dissuade potential adversaries from pursuing a military build-up in the hopes of surpassing, or equalling the power of the United States” (p. 30).

Such a doctrine had been espoused a decade earlier in the Defense Planning Guidance (DPG) document prepared in the Pentagon by Paul Wolfowitz and Defense Secretary Dick Cheney during the previous Bush administration. However, when the details were leaked it caused such a furore that the document had to be withdrawn and rewritten. There were two major objections: the DPG made all too clear that the US was prepared to move outside its post-war alliances and that it was pursuing an agenda of global dominance.

While the document was withdrawn, the perspective behind it was not, leading a kind of subterranean existence for almost a decade. It was the strategy that dare not speak its name. Not, at least, until the terrorist attack on the World Trade Center.

“The events of September 11, 2001,” the National Security Strategy document states, “fundamentally changed the context for relations between the United States and other main centers of global power, and opened vast, new opportunities” (p. 28).

On any reading this is an amazing statement. First of all, how did the attacks of September 11 change the “context for relations” between the US and other major powers? After all, those powers declared themselves in full solidarity with the US, even invoking hitherto unused clauses of the NATO agreement. What the document meant was that it was now possible to invoke the unilateralism that had been at the centre of the DPG strategy of 1992.

Secondly, what “vast new opportunities” were opened up? How were these attacks beneficial? In one decisive way: they provided the opportunity for the US ruling elites to press ahead with their agenda of global domination under the banner of the “war on terror” and to develop measures to suppress opposition to this agenda at home.

Lest anyone suspect that this is a somewhat biased presentation and that I am perhaps overstating the case, let me turn briefly to an informative analysis of the Bush doctrine and the foreign policy issues confronting the United States provided by one of its most right-wing supporters, the American Enterprise Institute.

In an article published on January 31, 2003 Thomas Donnelly, one of the leading lights of that body, wrote: “... the Bush Doctrine represents a return to the first principles of American security strategy. The Bush doctrine also represents the realities of international politics in the post-cold-war, sole-superpower world. Further, the combination of these two factors—America’s universal political principles and unprecedented global power and influence—make the Bush Doctrine a whole greater than the sum of its parts; it is likely to remain the basis for US security strategy for decades to come” (Thomas Donnelly, *The Underpinnings of the Bush Strategy*).

Donnelly then goes on to spell out its implications. The expansion of the

“American perimeter” is “likely to continue, even accelerate”. Having started to “reform” the politics of the Middle East it would be “difficult and dangerous to stop with half measures” (ibid).

This doctrine, he insists, is not an aberration. Rather “Americans have always taken an expansive view of their security interests and been more than willing to exercise military power where the correlation of forces is favourable” and have regarded the exercise of this power as “not simply a force for national greatness but for human liberty.”

“Taken together,” he continues, “American principles, interests, and systematic responsibilities, argue strongly in favour of an active and expansive stance of strategic primacy and a continued willingness to employ military force. Within that context, and given the ways in which nuclear weapons and other weapons of mass destruction can distort normal calculations of international power relationships, there is a compelling need to hold open the option of—and indeed, to build more forces capable of—preemptive strike actions.”

And what should be the grounds for taking such preemptive strike action? Virtually anything that is considered to impinge upon, or adversely affect, the interests of the United States.

“The United States,” Donnelly insists, “must take a wider view of the traditional doctrine of ‘imminent danger’, considering how such dangers threaten not only its direct interests, but its allies, the liberal international order, and the opportunities for greater freedom in the world” (ibid).

In an article published on March 25, just after the invasion had begun, Donnelly welcomed the conflict in the United Nations Security Council that had preceded it.

“The diplomatic maneuvering preceding the war in Iraq marks the unambiguous end of the post-cold-war world. No one can say with absolute certainty how the ‘post-Iraq world’ will be ordered, but the fundamental contradiction of the period between 1989 and 2003—the disparity between the reality of American global primacy and the formally multipolar structure of various international institutions, most notably the United Nations and NATO—has been exposed for the sham that it has been. Ironically, the French have done us a favour by forcing the world to confront the facts of the case” (Thomas Donnelly, *An Enduring Pax Americana*).

And in a further article published on May 21 he positively celebrated the Bush doctrine which “freed us from the ingrained balance-of-power thinking of the Cold War and post-Cold War eras” and in “its rejection of containment and deterrence ... has likewise restored to prominence the historic characteristics of American national security policy: a proactive defense and the aggressive expansion of freedom” (Thomas Donnelly, *The Meaning of Operation Iraqi Freedom*).

This language indicates the tremendous forces at work. But it would be wrong to conclude that the eruption of imperialist violence can be put down simply to the Bush administration or to the so-called neo-conservatives who play such a prominent role in formulating its agenda.

Rather, the Bush regime’s policies are the culmination of tendencies of development that have been steadily emerging over the past decade and a half since the collapse of the Soviet Union. They can be clearly seen in the Clinton foreign policy.

While it did not espouse Bush Sr’s doctrine of the “new world order”, the Clinton administration made clear that it was committed to the aggressive pursuit of American interests, if necessary at the expense of its supposed allies.

It was necessary, Clinton insisted in one of his first speeches as president, to “make trade a priority element of American security.” America had to “seek to open other nations’ markets and to establish clear and enforceable rules on which to expand trade” (Remarks by President Clinton at the American University Centenary Celebration, February 26, 1993).

The public furore over the Defense Planning Guidance drafted by

Wolfowitz in the last days of the first Bush administration resulted in a certain caution in formulating the foreign policy agenda. But the essential issues raised in that document—the need for the US to adopt an expansionist foreign policy in the wake of the collapse of the Soviet Union—formed the core of the Clinton administration’s agenda.

In a speech delivered in September 1993, Clinton’s national security adviser Anthony Lake explained that the US stood at an historic crossroads. “[W]e have arrived at neither the end of history nor a clash of civilizations, but a moment of immense democratic and entrepreneurial opportunity. We must not waste it.”

America was the dominant power in this new era, possessing the largest economy and the strongest military. “The successor to a doctrine of containment must be a strategy of enlargement—enlargement of the world’s free community of market democracies.”

As for the relationship of the US to other powers, Lake made clear that American interests determined the agenda. “[O]nly one overriding factor can determine whether the US should act multilaterally or unilaterally, and that is America’s interests. We should act multilaterally where doing so advances our interests—and we should act unilaterally when that will serve our purpose. The simple question in each instance is this: what works best?” (Anthony Lake, “From Containment to Enlargement”, Johns Hopkins University September 21, 1993).

And increasingly military force was what worked best. As one recent study has noted “not force held in abeyance but force expanded became a hallmark of US policy in the 1990s” with Clinton’s two terms producing an “unprecedented level of military activism.” A national security study carried out in 1999 revealed that “since the end of the Cold War, the United States has embarked on nearly four dozen military operations ... as opposed to only 16 during the entire period of the Cold War” (Andrew Bacevich, *American Empire*, 2002, pp. 142-143).

It is instructive to examine the two most significant areas of military activity in this period: the war against Yugoslavia over Kosovo and the ongoing and increasing attacks against Iraq.

In the Kosovo war of 1999 we saw all the methods developed four years later in the invasion of Iraq. Here the Big Lie was not “weapons of mass destruction” but “ethnic cleansing” carried out by Serbian president Milosevic, transforming him into the new Hitler of Europe. It has now been established that what precipitated the flood of refugees was NATO’s bombing, not the so-called ethnic cleansing campaign.

At the time, though, there were allegations of tens of thousands of deaths. US defence secretary William Cohen even claimed as many as 100,000 military-aged men were missing. Following the war, a British government memorandum stated that 10,000 people were killed in Kosovo in 1999, with only 2000 of these deaths occurring before the bombings, most of which were the result of clashes between the Yugoslav army and the Kosovo Liberation Army.

The so-called Rambouillet text, with its provisions for NATO armed forces to move all over Yugoslavia, was drawn up with the specific aim of having it rejected by Serbia. This was later admitted by the former Canadian ambassador to Yugoslavia who stated that “the insistence of allowing access to all of Yugoslavia by NATO forces ... guaranteed a Serbian rejection.” As a senior US official explained at the time, “we intentionally set the bar too high for the Serbs to comply” (Mark Curtis, *Web of Deceit*, 2003 p. 147).

The war against Yugoslavia, like the onslaught against Iraq, was launched without the approval of the United Nations. But if this did not lead to denunciations of the US over its breaches of international law, it was because so-called “left” and social democratic public opinion backed the war on the grounds that intervention was necessary to prevent ethnic cleansing. The same arguments were to be repeated a few months later when the entire middle class radical movement in Australia took to the streets in protest demonstrations to demand the intervention of Australian

troops in East Timor.

The new doctrine of “ethical imperialism” was articulated by British Prime Minister Tony Blair in a speech delivered in Chicago. The most pressing problem, Blair maintained, was to identify the circumstances where the major powers should undertake military intervention. “Non-interference has long been considered an important principle of international order. And it is not one we would want to jettison too readily. One state should not feel it has the right to change the political system of another or foment subversion or seize pieces of territory to which it feels it should have some claim. But the principle of non-interference must be qualified in important respects. Acts of genocide can never be a purely internal matter” (Tony Blair, Speech to the Chicago Economic Club, April 22, 1999).

Blair’s lies over WMDs are a continuation of his lies over Kosovo.

In the United States, the so-called “left” and “liberal” forces who backed the war insisted that there were no economic interests involved. This was a war driven by morality—the need to halt ethnic cleansing.

As the bombing campaign was being launched, however, Clinton delivered a speech that pointed to other, economic and strategic, reasons. If anything had been learned from World War II and the Cold War, he said, it was that “if our country is going to be prosperous and secure, we need a Europe that is safe, secure, free, united, a good partner with us for trading.... And if we’re going to have a strong economic relationship that includes our ability to sell around the world, Europe has got to be a key. And if we want people to share our burdens of leadership with all the problems that will inevitably crop up, Europe needs to be our partner. Now, that’s what this Kosovo thing is all about” (Speech to AFSCME Biennial Convention, March 23, 1999).

As the *World Socialist Web Site* explained at the time, the significance of Yugoslavia was that it lay at the western edge of a vast territory that had been opened up for imperialist penetration by the collapse of the Soviet Union. How important that region has become has been confirmed in all the subsequent events: the war against Afghanistan and the establishment of US military bases throughout central Asia and now the occupation of Iraq and the drive to re-organise the entire Middle East.

The conflicts between the US and the European powers did not begin with the current Bush administration but were a key component of US policy on Iraq under Clinton. The sanctions regime established after the first Gulf war was left in place for two reasons.

In the first place, if it were determined that Iraq had been disarmed, then the rationale for the continued presence of US forces in the region would disappear. Hence the insistence that Iraq had not complied with the UN resolutions and the organisation of continuing provocations.

Secondly, if the sanctions regime had been lifted this would have meant that Iraqi oil would come onto the market, large revenues would be generated, and new areas of exploration opened up.

None of this would have benefited the US. The rights to conduct exploration and the exploitation of new oil reserves had been given to French, Russian and Chinese companies. Moreover, reconstruction projects financed by increased oil revenues would not have gone to US corporations but to European firms. In other words, the maintenance of sanctions and the promotion of the claims of weapons of mass destruction had nothing to do with the real situation in Iraq, but arose from the deepening conflict between the US and its rivals over the exploitation of the region.

This symbiotic relationship between the military and economic interests of the United States was clearly articulated by Clinton’s defense secretary William Cohen. Economists and soldiers, he claimed, shared the same interests in stability. The forward deployment of US forces in Asia, the Middle East and in Europe enabled the US to “shape the environment in ways that are advantageous to us and that are stabilizing to areas where we are forward deployed, thereby helping to promote investment and

prosperity and therefore reinforcing the forces of peace and democracy.” Or, as he put the matter more simply, “business follows the flag” (See Andrew Bacevich, *American Empire*, p. 128).

The immediate opportunity for the US to openly deploy its military might was provided by the collapse of the Soviet Union. Viewed against the backdrop of the history of the twentieth century as a whole, however, the impact of this event was not so much a re-orientation of US foreign policy as the removal of the constraints imposed upon it during the previous seven decades. An examination of the origins and historical development of American imperialism makes this clear.

The foundations for American capitalism’s rise to global prominence were securely established in the decades immediately following the Civil War and the victory of the rising industrial bourgeoisie of the North. The next thirty years saw the establishment of the giant corporation—taking the leading role in economic development from the single-owner or family business—the opening up of the entire continent to the development of capitalist industry and farming, the development of new forms of industrial production—the beginnings of the assembly-line methods that would shape the economy of the twentieth century—and, just as important, the development of new forms of corporate management.

By the end of the century American capitalism was ready to take its “place in the sun” along with the other capitalist great powers. It announced its arrival with the Spanish-American War of 1898 and the subsequent colonisation of the Philippines at the cost of 200,000 Filipino lives.

Notwithstanding the Philippines’ conquest, America did not so much demand a formal empire, but rather the “open door”—the freedom of American economic interests to penetrate any part of the world. This policy reflected the position of the United States: by the time it was ready to take its place on the world stage, the globe had been carved up among the other great capitalist powers—France, Germany and, above all, the British Empire. The principles of liberty and freedom proclaimed by the rising American power therefore reflected its immediate interest in open markets and trade.

If military interventions were carried out they were aimed not at enforcing a particular American interest but to support universal principles of civilisation.

As President Theodore Roosevelt put it in December 1904 during a struggle to secure control of the Panama Canal: “It is not true that the United States feels any land hunger or entertains any projects as regards the other nations of the Western Hemisphere save such as are for their welfare. All that this country desires is to see the neighbouring countries stable, orderly, and prosperous.”

Any country that conducted itself with decency, kept order and paid its obligations need have no fear of the United States. However “chronic wrongdoing” or impotence resulting in a general loosening of the “ties of civilisation” would ultimately require “intervention by some civilised nation”. Furthermore there was no over-arching right to independence. According to Roosevelt: “It is a mere truism to say that every nation ... which desires to maintain its freedom, its independence, must ultimately realize that the right of such independence can not be separated from the responsibility of making good use of it” (See Oscar Barck ed. *America in the World*, Meridian Books 1961 p. 80).

These sentiments were widely shared by the ruling elites. As the future president Woodrow Wilson explained in a lecture delivered in 1907: “Since trade ignores national boundaries and the manufacturer insists on having the world as a market, the flag of his nation must follow him, and the doors of the nations which are closed must be battered down.”

And even more than this. According to the future advocate of the self-determination of nations: “Concessions obtained by financiers must be safeguarded by ministers of state, even if the sovereignty of unwilling nations be outraged in the process” (cited in William Appleman Williams,

*The Tragedy of American Diplomacy*, p. 72).

America's entry into the world arena was driven by its dynamic economic expansion. By the time of World War I, the US economy was dependent on the international economy as a whole. Its industries had expanded to such a point, Wilson explained during his campaign for the 1912 elections, that "they will burst their jackets if they cannot find a free outlet to the markets of the world." Domestic markets, he insisted, no longer sufficed. America needed foreign markets. The demands of the war helped provide these markets, transforming the US from a debtor to a creditor nation.

America entered the war espousing the universal principles of freedom, the right of nations to self-determination and, above all, democracy. The reality was, however, that American industries and finance houses could not afford a loss by the allies, so great had been their financial involvement.

America's goals were summed up with remarkable frankness by former president Roosevelt in the autumn of 1917. The US, he insisted, did not go to war to "make democracy safe". Rather America intended to make the world "safe for ourselves". "This is our war, America's war. If we do not win it we shall some day have to reckon with Germany single-handed. Therefore, for our own sake let us strike down Germany" (cited in Arno Mayer, *The Political Origins of the New Diplomacy*, pp. 344-345).

The war saw a violent shift in the balance of power. No longer standing in the shadow of the British Empire, America had assumed the hegemony of the world capitalist system. But as it assumed leadership, capitalism entered a profound crisis.

The historical significance of the war lay in the fact that it confirmed—in the form of mass death and destruction, hunger and cold—what had already been established by Marxist theory. The system of private ownership and the capitalist nation-state, which had given such a great impetus to mankind's development in the nineteenth century, was now historically outmoded. Under capitalism, the revolt of the global productive forces against the nation state took the form of a ruthless struggle of the great powers for mastery of the world. There could be no peaceful resolution of this conflict, Lenin explained. Any peace, no matter how long it might last, would merely be an interlude until economic development itself changed the relationships between the major capitalist powers, setting in motion a new struggle once again.

As global hegemony of the capitalist order was passing west across the Atlantic, a challenge to the entire imperialist order was emerging in the east, in the form of the Russian Revolution and the establishment of the Soviet Union.

The revolution brought an instinctive response from the US and the other capitalist powers. They attempted to strangle it at birth, sending in armed forces to support the Whites in the civil war, who, as Winston Churchill admitted at the time, would have been rapidly defeated were it not for the support they received from outside. The US was only held back from going further by the fear that its own soldiers would become "infected" by Bolshevism.

Over the course of the next decades the Soviet Union underwent a tremendous degeneration, beginning with the defeat of the Left Opposition in 1927 and culminating in the Moscow Trials in 1936-38, which resulted in the consolidation of power by the counter-revolutionary bureaucracy under Stalin.

But while ever it continued to exist, the Soviet Union, established by the greatest social revolution in history, constituted an obstacle to the realisation by the United States of its global ambitions.

In the aftermath of the Second World War, the perspective of "rolling back" the Soviet Union was raised once again. Here it should be recalled, as the air waves resound with propaganda about how the threat of weapons of mass destruction compels pre-emptive action by the United States, that the most devastating use of such weapons—the two atomic

bombs dropped on Hiroshima and Nagasaki—was motivated not by the desire to defeat Japan—that had already taken place—but to issue a threat against the Soviet Union.

Throughout the post-war period there was an ongoing conflict within American military and ruling circles over whether the US should pursue a policy of "containment" with regard to the Soviet Union or "rollback". The so-called containment perspective predominated—although not without attempts to launch a full-scale conflict, both in the Korean War and during the confrontation over Cuba.

As a broad generalisation, the policy of containment prevailed in the years of the post-war boom while ever the US was pursuing a policy of social reform. But as the boom came to an end, giving way to the worsening economic conditions of the 1970s, the US became more aggressive. Détente was abandoned and in the late 1970s a policy of destabilisation of the Soviet Union was launched with the massive funding and arming of the Islamic fundamentalist forces in Afghanistan. The aim, as has since been admitted by Carter's National Security Adviser, Zbigniew Brzezinski—the architect of this policy—was to drag the Soviet Union into a Vietnam-type quagmire.

In the 1980s massive increases in arms expenditure under the Reagan administration, the deployment of Cruise missiles in Europe and the Star Wars proposals were all aimed at producing a crisis in the Soviet Union and its collapse. However, even before these measures could have their full effect, the Soviet bureaucracy under Gorbachev took the decision to liquidate the USSR and organise the restoration of capitalism. For the US this was the opportunity, for the first time since its rise to global ascendancy, to realise its objectives without constraints on its use of military power.

It is therefore, perhaps, not surprising that so much of the language of the first decades of the twentieth century, when the United States was just beginning its imperial mission, should find its echo in the various pronouncements of the Bush administration.

In January 1917 on the eve of America's entry into World War I, setting out the conditions for a just peace Wilson insisted that while the measures he proposed were American principles and policies, and could be no other, they were also "the principles and policies of forward looking men and women everywhere, of every modern nation, of every enlightened community. They are the principles of mankind and must prevail."

Or as Bush put it: "The twentieth century ended with a single surviving model of human progress" and that "when it comes to the common rights and needs of men and women, there is no clash of civilizations" (Bush Graduation Speech at West Point, June 1, 2002).

Announcing America's entry into the war, in April 1917, Wilson insisted that America would fight "without rancor and without selfish object, seeking nothing for ourselves but what we shall wish to share with free peoples."

Likewise Bush declared in the National Security Strategy: "Today, the United States enjoys a position of unparalleled military strength and great economic and political influence. In keeping with our heritage and principles, we do not use our strength to press for unilateral advantage. We seek instead to create a balance of power that favours human freedom: conditions in which all nations and all societies can choose for themselves the rewards and challenges of political and economic liberty" (Bush preamble to the National Security Strategy).

While the collapse of the Soviet Union provided the conditions for the US to try to realise long-held strategic objectives, we cannot simply ascribe the eruption of imperialist violence to opportunistic political motivations.

Great changes in international relations—in the very structure of the world capitalist order, for that is what we are dealing with here—have their origins in the economic foundations of the capitalist system, and, in the final analysis, are the expression of deep-seated contradictions within it.

This presents us with something of a challenge: how do we grasp and elucidate the relationship between the economic driving forces of the capitalist system and the historical process?

In the case of the war on Iraq, many opponents, including the *World Socialist Web Site*, have rightly pointed to the decisive significance of oil. There is no question that the establishment of global hegemony by US imperialism necessitates control of the world's oil supplies, above all in the Middle East. Having said that, however, it should be emphasised that the economic driving forces at the heart of this war and the wider push for global hegemony extend far beyond oil. Above all, they are rooted in an historic crisis of capitalism itself.

In order to demonstrate this, we must consider the relationship between processes taking place at the very heart of the capitalist system of production—above all, the laws governing the accumulation of profit—and the course of historical development.

By this I do not mean to suggest that every historical event can be traced back to the immediate operation of some economic interest. Rather, the task is to show how economic processes have shaped each historical epoch and given rise to the problems that are then tackled in the sphere of politics.

If we consider the economic motion of the capitalist economy, we see first of all the operation of the business cycle—the succession of booms, crises, recession, stagnation and recovery—that has been evident since the beginning of the nineteenth century.

But if we step back and take a wider view, it is clear that in addition to the short-term business cycle, there are longer-term processes that shape the economic environment of whole epochs.

The post-war boom, which stretched from 1945 to 1973, is qualitatively different from the present period. Likewise, the period 1873 to 1896 is different from the period 1896 to 1913. The former has gone down in history as the Great Depression of the nineteenth century, while the latter is known as the *belle époque*. And this period was, of course, fundamentally different from the 1920s and 1930s, despite all the endeavours of capitalist governments to return to the pre-war expansion.

What then is the economic basis of these longer phases, or segments, in what Trotsky called the curve of capitalist development?

They are rooted in fundamental processes. The driving force of the capitalist economy is the extraction of surplus value from the working class. This is accumulated by capital in the form of profit. Capitalist production, it must be emphasised, is not production for use, or for economic growth as such, but for profit—the basis of capital accumulation. The rate at which this accumulation can take place, measured broadly by the rate of profit, is the key indicator of the health of the capitalist economy and its overall regulator.

The periods of capitalist upswing in the curve of capitalist development are characterised by a regime or methods of production which ensure accumulation at a rising or steady rate. The business cycle does not cease to operate in such a period. In fact, it functions in such a way as to assist the upswing. Recessions clear away less efficient methods of production, giving way to more advanced processes that work to increase the rate of profit. Hence, in the period of upswing, boom periods are longer, with shorter recessions, very often giving way to even greater expansion when they have passed.

In a period of downswing, however, we see the opposite effect. Booms are shorter and more feeble, while periods of recession and stagnation and deeper and longer.

The question which now arises is the following: what causes the passage from one phase of development to another? Clearly it cannot be the business cycle as such—that operates in all periods—although the transition will often be announced by a recession or a boom.

The transition from a period of upswing to downswing is rooted in the accumulation process itself. As capital accumulation proceeds, and the

mass of capital grows in relation to the labour which set it in motion, the rate of profit will tend to fall. This is because the sole source of surplus value, and ultimately of all profit, is the living labour of the working class, and this living labour declines in relation to the mass of capital it is called on to expand. Of course, this tendency can be, and is, overcome through an increase in the productivity of labour. However, within a given regime or system of production there will come a point where no further increases in productivity can be obtained, or they are so small that they cannot counter the tendency of the rate of profit to fall. At this point, the curve of capitalist development begins to turn down.

This analysis points to the conditions necessary to secure an upswing. It can only take place with the development of new methods that change the nature of the production process itself. In other words, such methods mark not a quantitative but a qualitative change. There are a number of examples that come to mind: in the last quarter of the nineteenth century, the so-called second industrial revolution, which saw the birth of mass industrial methods, eventually gave rise to a new upswing that commenced in the mid-1890s. Earlier in that century, the use of steam power and the development of the railways opened up vast new markets, resulting in an upswing which ended the depressed conditions of the 1830s and 1840s and created the conditions for the Victorian-era boom in the middle of the century.

The most striking example of the transition from a period of downswing to upswing in the capitalist curve is the post World War II boom. This was the outcome of the complete reconstruction of the economy of Europe, and the spread of the more advanced assembly-line methods of production developed in the United States in the first two decades of the century. These methods, which had the potential to bring about a capitalist expansion because of the enormous increase in surplus value they produced, could not be applied in the Europe of the mid-century. The market was too constricted, cut across by national boundaries and borders, protectionist tariffs and cartels that restricted production.

Thus, the key to post-war reconstruction was not just the \$13 billion of capital pumped in from the United States under the Marshall Plan. It was the reconstruction of the market that went with it—the progressive abolition of the internal barriers within Europe, enabling the development of the new, more productive methods. The result was the longest upswing in the history of global capitalism.

But this “golden age” did not resolve the contradictions of the capitalist economy, and they inevitably erupted to the surface once again in the form of falling profit rates, a deep recession and financial turmoil. The beginning of the 1970s marked a new period of downswing in the curve of capitalist development.

This downswing has formed the framework for the vast and on-going reorganisation and restructuring of the global capitalist economy over the past quarter-century. Whole sections of industry in the major capitalist countries have been closed down, new computer-based technologies introduced and, above all, new systems of production and information transfer developed, making possible the globalisation of the production process itself.

Combined with these transformations has been an unending offensive against the social position of the mass of working people: the steady reduction of real wages, the destruction of full-time jobs and their replacement with part-time or casual employment, cuts in health, education and social services, together with the privatisation of what were once public facilities.

In the former colonial countries, the past two decades have seen the wiping out of the previous programs of national economic development and the imposition of structural adjustment programs enforced by the International Monetary Fund on behalf of the major global banks, creating the conditions where today, for example, sub-Saharan Africa hands over more in debt repayments than the combined spending on health and

education.

All of these measures have been aimed at increasing the mass of profit. But they have failed to produce a new capitalist upswing. Let us examine the key measure—the rate of profit. From 1950 to the mid-1970s, the rate of profit in the US is estimated to have declined from 22 percent to about 12 percent—a drop of almost 50 percent. Since then it has recovered only about one-third of its previous decline, despite the fact that real wages have probably fallen by about 10 percent. After rising briefly in the mid-1990s, it has dropped away sharply again from 1997 onwards.

#### **The profit rate in the post-war US economy**

(Reproduced from Fred Moseley, “Marxian Crisis Theory and the Post-war US Economy” in *Anti-Capitalism, a Marxist Introduction*, Alfredo Saad-Filho, ed., p. 212)

Let us step back and take a wider view of world capitalism during the 1990s. The collapse of the Soviet Union was greeted with a chorus of triumphalism by the spokesmen of the capitalist class. How has world capitalism fared over this past decade and a half?

There is no ambiguity: its position has dramatically worsened. In the US, capacity utilisation in industry is around 72 percent; investment shows no sign of increasing, and the economy is only being sustained by what amounts to a zero interest rate policy on behalf of the Federal Reserve Board. There are fears of financial collapses; the federal budget deficit is \$300 billion and rising; the majority of state governments are on the edge of bankruptcy. The balance of payments deficit is over \$500 billion and threatening to increase still further. In order to finance its payments gap, the US has to suck in \$1 million every minute from the rest of the world, all day, every day.

Japan is now entering its second decade of stagnation as questions continue to be raised over the viability of its major banks and financial institutions. In Europe, economic growth has virtually come to a halt, with Germany either on the edge of, or in, a recession.

Lest I be accused of exaggerating the situation, allow me to cite an assessment of the world economy by one of the most well-known global economists for the finance firm Morgan Stanley. He writes: “Global imbalances have never been more acute. Global deflation has never been a greater risk. And there has been an extraordinary confluence of asset bubbles—from Japan to America. Moreover, the Authorities have never been so lacking in conventional weapons to meet these challenges.”

Policymakers, he continues, are focused on this situation but “their confident public statements belie the deep sense of concern they express in private. The truth is there are no proven remedies to the multiple perils of external imbalances, deflationary risks, and post-bubble shocks.” Moreover the discussion in leading financial policy circles about the use of “non-traditional policies” is “emblematic of how desperate matters have become” and “reflects a mindset that hasn’t been seen since the 1930s,” reflecting in turn “perils in the global economy that haven’t been seen in the modern era” (Stephen Roach, *An Historic Moment*, June 23, 2003).

In its latest report on the world economy, the Bank for International Settlements notes that despite the “high degree of policy stimulus being applied in large parts of the world” hopes regarding the global economy have repeatedly been disappointed, leading to attention being focused on the possibility that “more deep-seated forces might be at work.”

One would have to conclude, on the basis of these assessments, that the capitalist prospectus of the early 1990s for a new era of peace and global prosperity was somewhat oversold.

These phenomena—deepening deflation, persistent stagnation, financial speculation and outright looting, industrial overcapacity, massive economic imbalances—are all different symptoms of an acute crisis in the capitalist accumulation process itself. In other words, the downswing in the curve of capitalist development that began some 30 years ago, has, despite all the strenuous efforts to reverse it, become steeper, signifying a

crisis at the very heart of the capitalist economy. Moreover, this crisis is concentrated in the most powerful economy of all, the United States. This is the driving force behind the eruption of American imperialism.

We should recall Trotsky’s prophetic words, written more than 70 years ago as the US was beginning its global ascendancy. A crisis in America, he explained, would not bring about a retreat. “Just the contrary is the case. In the period of crisis the hegemony of the United States will operate more completely, more openly, and more ruthlessly than in the period of boom. The United States will seek to overcome and extricate herself from her difficulties and maladies primarily at the expense of Europe, regardless of whether this occurs in Asia, Canada, South America, Australia, or Europe itself, or whether it takes place peacefully or through war” (Trotsky, *The Third International After Lenin* p. 8).

In order to reveal more clearly the forces driving US imperialism and its plans for global domination, we need to further consider, if only in outline, some fundamental relationships within the capitalist economy.

The sole source of surplus value—the basis of the accumulation of capital—is the living labour of the international working class. This surplus is distributed among the different forms of property as industrial profit, interest and rent. When we say “distributed” we do not mean that this is a peaceful affair. It takes place through a relentless struggle for markets and resources.

It is within this process that rent plays an important role. Rent refers not just to the accumulation of wealth through the ownership of land. It is, more generally, the revenue that can be extracted through monopoly ownership of a particular resource, or by means of political power.

Revenue accruing from rent does not represent the creation of wealth. Rather, it is a form of appropriation of the already created surplus value by right of ownership or by political means. It is a deduction from the surplus value that is available to capital as a whole. There is, therefore, a potential antagonism between the rent appropriator and capital.

During an upswing in the curve of capitalist development, when profits are rising or have attained fairly high levels, the existence of rents does not assume great importance. But the situation changes dramatically when the capitalist curve turns down and profit rates begin to fall. Then rents become intolerable for the dominant sections of industrial and finance capital and they raise the battle cry “freedom of the market” as they strive to divert the revenue stream accruing to the rent appropriator.

The political economy of rent has immediate relevance to the current war and the striving by US imperialism to secure Iraq’s resources. The war’s supporters dismissed the claim that it was being launched to secure oil by pointing out that US interests could easily purchase Iraqi oil on the world market. Furthermore, they claimed, if oil were the motivation, the US should have pushed for the lifting of sanctions and the resumption of Iraqi production, thereby increasing the supply on world markets and lowering the price—to the benefit of oil purchasers.

All such arguments are aimed at covering over the fact that the underlying economic impetus is not oil as such, but the massive differential rents that arise in the oil industry due to varying natural conditions. In other words, the conquest of Iraq has not been undertaken so much to pump gas into American SUVs, but to pump surplus value and profits into US corporations.

We can obtain a rough guide as to what is available by considering the economics of Iraqi oil production. The proven Iraqi oil reserves are around 112 billion barrels. It is estimated, however, that total reserves are probably well over 200 billion barrels and may even be as much as 400 billion. What makes these reserves so attractive is the low cost of their extraction, and the enormous differential rent to which that gives rise.

According to the US Department of Energy “Iraq’s oil production costs are amongst the lowest in the world, making it a highly attractive oil prospect.” It is estimated that a barrel of Iraqi oil can be produced for less than \$1.50 and possibly even as little as \$1. This compares to \$5 in other

low cost areas, such as Malaysia and Oman, and between \$6 and \$8 a barrel in Mexico and Russia. Production costs in the North Sea run between \$12 and \$16 a barrel, while in the US fields they can reach as much as \$20.

If one assumes an oil price in real terms of around \$25 per barrel then the total value of Iraqi reserves, after deducting costs of production, is around \$3.1 trillion. (See James A. Paul *Oil in Iraq: the heart of the crisis*, Global Policy Forum December 2002)

In the early 1970s, a number of oil producing countries, including Iraq, nationalised their oil industries. This meant that a large portion of the available rents was placed at the disposal of the national bourgeois regimes of these countries. That situation has become ever more intolerable for the major imperialist powers.

Over the past decade and a half there has been a wave of privatisation around the world, including in the former colonial countries, as part of the “restructuring” programs dictated by the IMF. So far oil has not met this fate. But it is a key target. In the final days of the Clinton administration, for example, a congressional hearing was called on “OPEC’s Policies: A Threat to the US Economy.” Its chairman denounced the Clinton administration for being “remarkably passive in the face of OPEC’s continued assault on our free market system and our anti-trust norms” (See George Caffentzis, *In What Sense ‘No Blood for Oil’*).

Consideration of these economic issues brings into clearer focus what exactly is meant by “regime change.” It involves much more than the removal of particular individuals, many of them one-time allies or assets of the US, who have now come into conflict with it. Regime change signifies a complete economic restructuring.

Richard Haass, until very recently the director of Policy Planning in the US State Department, set it out clearly in his book *Intervention*. Force alone and simply targeting individuals, he insisted, was not enough and would not bring about specific political change. “The only way to increase the likelihood of such change is through highly intrusive forms of intervention, such as nation-building, which involves first eliminating all opposition and then engaging in an occupation that allows for substantial engineering of another society” (cited in John Bellamy Foster, “Imperial America and War” in *Monthly Review* May 2003).

In recent speeches, Haass has explained that in the twenty-first century “the principal aim of American foreign policy is to integrate other countries and organisations into arrangements that will sustain a world consistent with US interests and values”. What he terms “closed economic systems,” particularly in the Middle East, “pose a danger” and this is why Bush has proposed the establishment of a US-Middle East free trade area within a decade.

What this scorched earth policy means can be seen in the case of Iraq, where US corporations have lined up to receive profit input from the sale of oil. They include: Halliburton, a two-year contract with a maximum value of \$7 billion to fight oil fires and also to pump and distribute Iraqi oil; Kellogg, Brown and Root, a \$71 million contract to repair and operate oil wells; Bechtel, an initial contract of \$34.6 million, but with the potential for up to \$680 million to rebuild power generation and water supply systems; MCI WorldCom, a \$30 million contract to build a wireless network in Iraq; Stevedoring Services of America, a year-long contract worth \$4.8 million to manage and repair Iraqi ports, including the deep-water port of Umm Qasr; ABT Associates, an initial \$10 million contract to provide support for health services; Creative Associates International, a \$1 million contract initially with the possibility of an increase up to \$62.6 million to address the “immediate educational needs” of Iraq’s primary and secondary schools; Dyncorp, a multi-million contract, possibly worth as much as \$50 million, to advise the Iraqi government on setting up effective law enforcement, judicial and correctional agencies; International Resource Group, an initial \$7.18 million contract to assist with contingency planning for emergency and

near-term rehabilitation; plus a host of small contracts and other firms that stand to benefit from sub-contracts let out by major contractors. (See *The Corporate Invasion of Iraq: Profile of US Corporations Awarded Contracts in US/British-Occupied Iraq* prepared by US Labor Against the War)

It is not just a matter of oil rents. What is taking place in Iraq is a particularly violent expression of a global process—the tearing down of all impediments to the global reach and domination of US capital. The “restructuring” policies commenced in the 1980s have seen the transfer of billions of dollars into the coffers of the banks from some of the most impoverished nations. Through privatisation, basic amenities—water, electricity, health services and education—have been opened up to the extraction of profit.

Nothing must be allowed to stand in the way of this project of global reconstruction— and certainly not barriers erected by national governments. As a number of its ideological supporters have commented, the task of the US is to create the kind of international political and economic order led by Britain in the nineteenth century.

The essence of that order, according to a paper entitled *In Defense of Empires* by Deepak Lal, published by the American Enterprise Institute, was that it guaranteed international, as opposed to national, property rights. The collapse of this order in World War I, he claims, produced the disorder of the 1920s and 1930s, followed by the post-war period in which the new nation-states asserted their national sovereignty against international property rights. Now, according to Lal, this situation has finally been overcome with the undisputed emergence of the United States as the world hegemon.

The requirements of international, and more particularly US, capital for global reach and global penetration into every corner of the world, are given political expression in the new doctrine insisting that national sovereignty is limited and conditional.

According to Richard Haass, in a speech delivered last January as the US was preparing for the invasion of Iraq, one of the most significant developments of the recent period is that “sovereignty is not a blank cheque.” Recalling the words of Theodore Roosevelt, he continued: “Rather, sovereign status is contingent on the fulfillment by each state of certain fundamental obligations, both to its own citizens and to the international community. When a regime fails to live up to these responsibilities or abuses its prerogatives it risks forfeiting its sovereign privileges—including, in extreme cases, its immunity for armed intervention. ... Non-intervention is no longer sacrosanct ... ” (Richard Haass *Sovereignty: Existing Rights, Evolving Responsibilities*, January 14, 2003).

Australian Foreign Minister Alexander Downer echoed these remarks when he announced the Howard government’s decision to send a military force to intervene in the Solomons. Multilateralism, he declared in his address to the National Press Club, was increasingly a synonym for an “ineffective and unfocused policy”. Australia was prepared to join “coalitions of the willing” to bring focus to urgent security and other challenges. “Sovereignty in our view is not absolute. Acting for the benefit of humanity is more important.”

But who decides that a nation has forfeited its rights to sovereignty and that “coalitions of the willing” must act in the interests of humanity? Clearly the dominant imperialist powers, with the US giving the go ahead to those within its orbit.

The immediate impetus for the drive to global domination by the US is rooted in the crisis of capitalist accumulation, expressed in the persistent downward pressure on the rate of profit and the failure of the most strenuous efforts over the past 25 years to overcome it. But it is more than this. At the most fundamental level, the eruption of US imperialism represents a desperate attempt to overcome, albeit in a reactionary manner, the central contradiction that has bedeviled the capitalist system



for the best part of the last century.

The US came to economic and political ascendancy as World War I exploded. The war, as Trotsky analysed, was rooted in the contradiction between the development of the productive forces on a global scale and the division of the world among competing great powers. Each of these powers sought to resolve the contradiction by establishing its own ascendancy, thereby coming into collision with its rivals.

The Russian Revolution, conceived of and carried forward as the first step in the international socialist revolution, was the first attempt of a detachment of the working class to resolve the contradiction between world economy and the outmoded nation-state framework on a progressive basis. Ultimately, the forces of capitalism proved too strong and the working class, as a result of a tragic combination of missed opportunities and outright betrayals, was unable to carry this program forward.

But the historical problem that had erupted with such volcanic force—the necessity to reorganise the globally developed productive forces of mankind on a new and higher foundation, to free them from the destructive fetters of private property and the nation-state system—did not disappear. It was able to be suppressed for a period. But the very development of capitalist production itself ensured that it would come to the surface once again, even more explosively than in the past.

The US conquest of Iraq must be placed within this historical and political context. The drive for global domination represents the attempt by American imperialism to resolve the central contradiction of world capitalism by creating a kind of global American empire, operating according to the rules of the “free market” interpreted in accordance with the economic needs and interests of US capital, and policed by its military and the military forces of its allies.

This deranged vision of global order was set out by Bush in his address to West Point graduates on June 1, 2002. The US, he said, now had the best chance since the rise of the nation-state in the seventeenth century to “build a world where great powers compete in peace instead of prepare for war.” Competition between great nations was inevitable, but war was not. That was because “America has, and intends to keep, military strengths beyond challenge thereby making the destabilising arms races of other eras pointless and limiting rivalries to trade and other pursuits of peace.”

This proposal to reorganise the world is even more reactionary than when it was first advanced in 1914. The US push for global domination, driven on as it is by the crisis in the very heart of the profit system, cannot bring peace, much less prosperity, but only deepening attacks on the world’s people, enforced by military and dictatorial forms of rule.

What then is the way forward? How to fight the drive for global domination by US imperialism and all the catastrophes that flow from it? That is the problem history has presented us with.

History, however, as Marx noted, never presents a problem without at the same time providing the material conditions for its resolution.

The globalisation of production, to which the eruption of US imperialism is a predatory and reactionary response, has, at the same time, created the conditions for an historically progressive response through the unification of the mass of ordinary working people on an international scale never before possible, and only dreamed of in the past.

This was the objective significance of the demonstrations that erupted worldwide before the invasion of Iraq—demonstrations in which the participants correctly saw themselves as part of a global movement, and drew strength from that understanding. The mass mobilisations revealed that it is not only the productive forces that have been globalised, but the political actions of struggling humanity as well.

This new situation was the subject of a comment in the *New York Times* that there seemed to be two powers in the world—the United States and world public opinion. Or, as a recent comment in the *Financial Times* put

it, Karl Marx may have the last laugh after all because global capitalism is “giving rise to pressures that may eventually globalise politics.”

But five months on we must make an assessment of what took place. The movement showed the vast potential that exists, but also the problems that have to be overcome for that potential to be realised. These problems essentially boil down to one: the crisis of political perspective.

What the demonstrations showed was the absence of a clearly worked out program and perspective. To the extent that one existed it was a sentiment that if enough pressure could be brought to bear then somehow war could be prevented. In that regard, the demonstrations were a kind of giant experiment to test out the validity of protest politics.

It was as if History had said: Despite the lessons of the past, you believe, not through any fault of your own, that mass pressure can decisively influence the ruling powers. Very well, I will organise a giant test for you in the form of the biggest global protests ever seen. Not only will I do that, I will also arrange it so that the United Nations refuses to give its vote for this war—the validity of this organisation will be tested as well—and we shall see if this can prevent the invasion taking place. But History would have also said: In return for this I only ask from you one thing: that at the conclusion of this experiment, you draw the necessary lessons from its failure.

What are these lessons? That the mass movement requires a coherent program and perspective aimed not at pressuring the ruling classes but at the conquest of political power.

There are no easy answers in the development of this perspective. It is not a matter of hitting upon some new or clever slogan or of organising still more powerful protests. The mass movement must be armed with the understanding that only with the conquest of political power by the international working class can the difficult and complex problems confronting humanity be overcome. That requires, above all, an assimilation of the history of the twentieth century. This task forms the basis of all the work of the *World Socialist Web Site*.

In order to clarify these conclusions, I would like to examine a recent article by George Monbiot, one of the leading British writers of what could be called the global justice movement. Writing in the *Guardian* of June 17, Monbiot correctly points out that while economic globalisation sweeps all before it, it also creates as well as destroys, extending to the world’s people unprecedented opportunities for their mobilisation. This was precisely the point being made by the WWSW when Monbiot and others were denouncing “globalisation” as the enemy. Now, he writes, business, by expanding its empire, has created the conditions where the world’s people can coordinate their challenge to it. This means that we may “be approaching a revolutionary moment.”

The problem, however, is that the movement has no program and this he correctly identifies as its crucial weakness. Our task, he continues, is “not to overthrow globalisation, but to capture it, and use it as a vehicle for humanity’s first global democratic revolution.”

While one might be able to agree with these broad sentiments, the problems arise when we consider Monbiot’s proposals for the content of this global democratic revolution.

He proposes two key measures. The first is the scrapping of the International Monetary Fund and the World Bank and their replacement with a body rather like that proposed by Keynes at the Bretton Woods conference in 1944, whose purpose was to prevent the formation of excessive trade surpluses and deficits. The second is the scrapping of the UN Security Council and the vesting of its powers in a reformed UN general assembly where nations would have votes according to the size of their population and their positions on a “global democracy index.”

Viewing these proposals for “global democratic revolution” one can only say: the mountain has laboured and brought forth ... a mouse.

Monbiot is correct to insist that new democratic forms of global governance have to be established. But if democracy is to have any real

meaning then it must signify that the giant transnational corporations, banks and global financial institutions are taken out of private hands and brought under public ownership, subject to democratic control. In short, genuine democracy—the rule of the people—can only be obtained by ending the rule of capital. They cannot co-exist.

Margaret Thatcher understood this very well. There was, she said, no such thing as “society” and summed up the operation of the “free market” in the phrase “there is no alternative”. She was right.

But that is precisely the point: if there is no alternative, then there is no democracy. Democracy involves the making of choices between alternatives, in making decisions and then perhaps changing them, or refining and developing them. If there is no alternative then there is dictatorship, the dictatorship of capital and the subordination of the interests, needs, aspirations of the world’s people to its unending drive for profit.

In conclusion, let me ask you to consider how different the situation would be today had the mass movement that erupted in February, having assimilated and worked over the bitter experiences of the twentieth century and drawn the necessary political lessons, been guided by the understanding that the key to the struggle against imperialism and war was the development of the international socialist revolution. The present political arena would be vastly different.

As it is, the imperialist powers seem to have gotten away with a monstrous crime, and there is something of a political lull. That will pass. New struggles will develop. But the key question remains: on what program and perspective? They will go forward to the extent that they are grounded on the conception that the task is not to pressure this or that government, much less the UN, or that it is possible to revive the parties and organisations which once commanded mass support, but to develop the international socialist movement of the working class of the twenty-first century, grounded on all the lessons of the twentieth.

The aim of the *World Socialist Web Site* is to provide the necessary orientation to this movement and construct the international revolutionary party to lead it. We envisage this conference as a step towards that goal.

*Concluded*



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