

# The historic decline of US imperialism and the prospects for socialism

## Part One

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*On the weekend of January 29-30, the Socialist Equality Party (Australia) held a meeting of its national membership in Sydney. Published below is part one of the opening report delivered by Nick Beams, SEP national secretary and a member of the WSWs International Editorial Board. The remaining three parts will be published from February 2 to February 4.*

As is so often the case with natural disasters, the devastation inflicted on millions of people by the Asian tsunami of December 26 has laid bare some of the most essential structural features and processes of the present social order.

While the causes of the tsunami were rooted in the shift of tectonic plates, taking place deep within the earth, the consequences were the result of social processes operating in the heart of the global capitalist economy.

It is clear that the death toll from the tsunami—now estimated at more than a quarter of a million, one of the highest ever resulting from a natural disaster—was a direct product of mass poverty. The region itself had no tsunami warning system, and millions of people were made vulnerable because of their living conditions. This poverty was not some unfortunate occurrence or an accident, but the outcome of economic processes that are vital to the very functioning of global capitalism.

In essence, the capitalist mode of production involves the endless accumulation of surplus value, the source of which is the living labour of the working class. In the past quarter century, the process of capital accumulation has undergone vast changes. The extraction of surplus value now takes place through a complex system of globalised production, which depends, above all, on access to ever-cheaper sources of labour.

In the aftermath of the tsunami, it was widely noted that, despite the scale of the human devastation and suffering, the stockmarkets of the world, and those in the region itself, barely missed a beat. This signified that as far as capitalist property and wealth were concerned the massive death toll was of no consequence. But that should not be taken to mean that the impoverished populations of South Asia play no role as far as the accumulation process is concerned. In fact, they perform a vital function as a giant reserve army of labour applying continuous downward pressure on wages, thereby sustaining profit rates. This phenomenon should not be underestimated. Since 1960 the world's wealth has increased some eight times, but half of the world's population lives on less than \$2 a day, and a quarter on less than \$1.

Another central feature of the global economy is the heightened role of finance capital. The sucking out of vast quantities of wealth from the most impoverished countries in the form of debt and interest plays no small role in the accumulation process. The period when the developed capitalist countries looked to provide aid to overcome so-called underdevelopment has long past. The transition point was the Mexican debt crisis of 1982,

following which the International Monetary Fund, on behalf of the world's major banks, began to impose "structural adjustment" programs on the poorest countries. Since the debt crisis of 1982, it is estimated that the poorest countries have handed over some \$3,450 billion to the wealthiest nations. That is the equivalent of 43 Marshall Plans. Debt repayments for the so-called Third World in 1999 alone were estimated to be \$300 billion, or four times Marshall Plan aid, at current prices.

The latest World Bank figures show that five of the countries hit by the tsunami owe more than \$300 billion in foreign debt, with annual repayments of \$32 billion, many times more than the promised assistance. Around the world, indebted countries pay more than \$230 billion to the wealthiest nations. According to the British aid organisation Oxfam, the poorest countries make \$100 million per day in debt repayments. India could provide 18 million people with emergency clean water out of one day's debt payments. In 2002, Thailand, Sri Lanka and India together paid out \$50 billion in debt service. In Indonesia debt payments for 2004 were 10 times more than spending on health and 33 times more than spending on housing.

For Indonesia the impact of the tsunami has been exacerbated by the effects of the financial tsunami which devastated the country in 1997-98. Public debt has more than doubled since the crisis and now stands at \$130 billion, around 90 percent of gross domestic product (GDP). Total external debt is \$143 billion and debt service takes up about half the state revenue. Social spending has fallen 40 percent in real terms since 1995-96 and the number of people estimated to be below the poverty line has risen from 11 percent of the population in 1997 to around 50 percent today. Since 1997-98, more than 100 million people have been reduced to poverty with an estimated 39 million losing their jobs.

One of the most telling statistics is the United Nations estimate that it would take just \$80 billion a year to guarantee every person on the planet access to basic services, including clean drinking water, shelter, adequate food, primary education and health care. This amount is just a small fraction of the US military budget. It is equivalent to the additional funds the Bush administration is presently seeking from Congress to continue the occupation of Iraq.

The impact of the tsunami has not only highlighted economic processes. It has served to illuminate political ones as well. The casual and indifferent response of the major leaders of the imperialist powers was not an accident but reflected their political outlook—the fate of millions of people is not their concern. Only when they recognised, or at least were told by their advisers, that the tsunami could provide the opportunity to advance political, military and even economic objectives, did they respond.

One of the clearest examples was provided by Australian Prime Minister John Howard. Much of the \$1 billion, supposedly provided to Indonesia,

will find its way into the coffers of Australian firms through lucrative contracts. The provision of this aid is not motivated by any concern for the people of Aceh, but is bound up with the government's drive to forge closer ties with the Indonesian military and advance the economic interests of Australia in the oil-rich region.

The outlook of the Bush administration, and by extension, all the imperialist powers, was summed up most clearly by incoming Secretary of State Condoleezza Rice during hearings conducted by the Senate Foreign Relations Committee.

Responding to comments by Senator Voinovich that what the US was doing in response to the tsunami was "wonderful", Rice declared: "... I do agree that the tsunami was a wonderful opportunity to show not just the US government, but the heart of the American people. And I think it has paid great dividends for us."

Disasters and tragedies have a particular attraction for Rice in providing opportunities to advance the interests of US imperialism. In April 2002 she explained how, in the immediate aftermath of September 11, she had called together senior staff of the National Security Council to ask them to think seriously about "how do you capitalise on these opportunities" to change the shape of the world. Rice likened the period to the start of the Cold War. The "tectonic plates of international politics" had started to shift and it was "important to try to seize on that and position American interests and institutions and all of that before they harden again."

Just as the "war on terror" has seen the stationing of US forces in regions of the world that had been closed off for decades, so the tsunami relief operations provide new opportunities for the US military, especially in Sri Lanka and Indonesia.

This aggregate meeting, following that of the SEP (US) in Ann Arbor on January 8-9, is concerned with the development of perspective. What is our appraisal of the world situation? What are the tasks flowing from this assessment? How do we assess the world prospects for socialism in the twenty-first century?

In the development of perspective we are concerned with an assessment of historical processes. That is, we seek to place the "march of events" in a broader historical context, in which the struggles waged by our own movement and its previous analysis form a vital component part. A perspective cannot be developed by simply starting from the most prominent features of the given situation. We have to grasp how those very features or given facts arose and developed. Our assessment of the situation is not of a conjunctural character, but is grounded on previous assessments, and the whole historical struggle of the revolutionary movement.

In his report to the Ann Arbor meeting, David North has reviewed our perspectives resolution of 1988. Here I want to emphasise the axis of that resolution: we explained that our perspective of socialist revolution was grounded on the historical significance of the new forms of international production. The globalisation of production, we insisted, had raised to a new peak of intensity the central contradiction of the capitalist mode of production: that between world economy and the nation-state system in which the system of private ownership is historically grounded.

A perspective, as we have emphasised many times, is not a prediction or a guarantee. It is an analysis that provides the basis for the active orientation of the party and its intervention in the historical process. Let us check our perspective against the two most significant changes in the political landscape over the past decade and a half: the collapse of the Soviet Union and the Stalinist regimes, and the eruption of US militarism.

While the 1988 resolution did not "predict" the collapse of the Soviet Union, it did make clear the essential orientation of the Gorbachev leadership and its program of capitalist restoration. Even before the Soviet Union was formally dissolved, the International Committee, on the basis of its perspective resolution, had explained the essential crisis of the Stalinist regimes.

The perspectives resolution of the 14th Congress of the Workers League (forerunner of the US SEP) in February 1990 made the following point:

"The disintegration of the Eastern European regimes cannot be explained apart from the development of world economy as a whole. The social upheavals in Eastern Europe reveal not only the crisis of Stalinism; they are the most advanced political expression of the general crisis of world imperialism. The Stalinist regimes in Eastern Europe were an essential part of the political framework established at the end of World War II by imperialism, with the collaboration of Stalinism, to suppress the proletarian revolution. The collapse of these regimes signals the breakdown of the entire postwar order."

This assessment—that the collapse of the Stalinist regimes signified a general crisis of imperialism—ran directly counter to the triumphalism of the bourgeoisie, whose political and ideological representatives proclaimed the end of socialism and the triumph of the market. It was also in opposition to those middle-class radical tendencies who maintained that it was either "midnight in the century" or that the collapse of the Stalinist regimes meant that there had to be some kind of "regroupment" of the left.

Undoubtedly, the liquidation of the Soviet Union, without significant political opposition from the working class, was a tremendous blow. It was a product of a deep-seated crisis of perspective resulting from decades of betrayals by Stalinism and the suppression of the political independence of working class. These conditions certainly provided a political boost for the capitalist order under conditions when there were signs of mounting economic problems—the share market collapse of 1987, the collapse of the Japanese boom, the economic stagnation in large sections of Europe, and the turmoil on currency markets—as well as a growing militancy in the working class—the struggle of miners in the US, the deepening opposition to the Labor government in Australia, and the growing hostility to the Thatcher regime in Britain. While the liquidation of the Soviet Union provided short-term political advantage for the bourgeoisie, it did not bring about a new historical advance for capitalism. It did not establish the basis for a new equilibrium.

Above all, it did not provide the material means through which the ruling classes could overcome the deepening contradiction between globalised production and the nation-state system. Rather, the demise of the post-war political order meant that this contradiction, in the economic base of society, now began to find direct expression in the political superstructure, manifesting itself in ever-more open conflicts among the major capitalist powers.

Already by 1992, the Defence Planning Guidance document produced by the Pentagon insisted that the central strategic task confronting the US in the post-Cold War epoch was to prevent the rise of any power or group of powers capable of challenging the United States, either economically or militarily.

This brings us to the second major change in the political landscape over the past decade and a half: the eruption of US militarism. The war on Iraq, the overturning of all the precepts that governed international relations in the post-war period, the repudiation of the fundamentals of the American legal system, the emergence of a criminal gangster regime, coupled with the inability of the political establishment to mount any effective opposition to it—such occurrences must have deep socio-economic roots.

On the basis of our previous analysis we have explained that the eruption of American militarism represents the desperate attempt by one power—the US—to overcome the deepening contradiction between world economy and the nation-state arising from the processes of globalisation by establishing itself as the supreme power—to set up what amounts to a global imperial order.

*To be continued*



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