

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

## Part Four

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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 the fourth and concluding part of the opening report delivered by Nick Beams, SEP national secretary and a member of the WSWs International Editorial Board. Part One, Part Two and Part Three were published on February 1, February 2 and February 3 respectively.*

Let me now draw together the implications of this analysis of the economic decline of the US and its relationship to world capitalism as a whole.

The breakdown of the old order is not simply the product of the Bush administration's aggression which could be overcome if a different regime were put in place. I am by no means ruling out the possibility that sections of the US ruling class may intervene, either to try to shift course, or even to bring to power a new administration. After all, there is widespread and growing concern that the present course is heading for a catastrophe, both economically and politically. What has to be emphasised, however, is that the eruption of US militarism is a product of the historic decline of US capitalism.

Analysing the relations between the major powers in the 1920s, when the US was still a rising imperialist power, Trotsky noted that American hegemony would not lessen in a period of crisis. "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 this takes place peacefully or through war" (Trotsky, *The Third International After Lenin*, p. 8).

The *Pax Americana* forged after World War II was grounded above all in the ability of the US to reconstruct the capitalist order in such a way as to create the conditions for a new upswing in the curve of capitalist development, resulting from a vast increase in the extraction and accumulation of surplus value.

Notwithstanding all the changes in the production process and the undoubted increases in the productivity of labour arising from computerisation, the curve of capitalist development has not begun a new upswing. The downward pressure on profit rates that began 30 years ago continues.

Of course there are desperate attempts to overcome this pressure, including the demands of finance capital for "structural adjustment." This involves a process which one writer has characterised as

"accumulation by dispossession"—the plunder of natural resources, the privatisation of previous publicly provided services, not only health, but education and even water and the extraction of a financial tribute from some of the poorest countries of the world (David Harvey, *The New Imperialism*).

Accumulation by dispossession also involves the continuous creation of a vast global reserve army of labour to maintain the continuous downward pressure on labour costs, so necessary in the struggle to counteract the ever-present tendency of the rate of profit to decline.

But this very process threatens to set in motion enormous social and class struggles, especially in China, which has become the chief manufacturing centre for world capitalism. Political and economic stability has depended above all on the repression of the multi-millioned working class by the Stalinist regime in Beijing. And, as Brzezinski noted, the ability of the regime to continue to do so is a matter of vital concern for world capitalism as a whole. However, the chief mechanism of this repression—the peasant-based army—is being undermined by the very process of capitalist expansion itself. China's industrialisation, based on cheap labour, depends on destroying the economic security of the peasants and driving millions of them off the land into the cities, thereby creating the conditions for a unified struggle of the working class and the peasant masses against the regime.

In entire regions of the world, older forms of production and economic organisation are being torn apart by the demands of finance capital. Here, the US, working through organisations such as the IMF and the World Bank, has played a leading role. One only has to recall the Asian crisis of 1997-98 when, as soon as the once "miracle" economies were plunged into a financial crisis, they were confronted with a long-prepared list of demands from the IMF for "restructuring"—the essence of which was the opening up of the region to increased penetration for foreign and above all, US, capital.

However, in carrying out this agenda, the US is beset by problems. While its program is carried out under the banner of the "free market" and "competition", one should never forget that competition is never pursued for its own sake, as a kind of capitalist fitness regime. The aim of competition is always the elimination of rivals, and the acquiring of a monopoly or near-monopoly position. A free market could see the rise of more powerful rivals and so measures must be taken to ensure this does not happen.

The most extreme case, so far, is Iraq. The opening up of Iraq's oil resources under the regime of Saddam Hussein would have benefited

the chief rivals of the US—France, Germany, and even China, which has become a very active player in oil exploration and development. Thus the aim of the invasion and regime change was not just the imposition of the “free market”—one of the first acts of the Bremer administration was to promulgate a series of laws guaranteeing private ownership and foreign investment—but the elimination of potential rivals. Critics of the Bush administration, such as Kerry, have made the point a number of times that in order to involve the Europeans, the US must offer them economic concessions and benefits.

The same process can be seen in Korea. An article in the latest issue of *Foreign Affairs* points to the manufactured character of the North Korean nuclear arms conflict. The crisis erupted in October 2002 when the US accused North Korea of developing a program to enrich uranium to weapons grade. But as with Iraq, North Korea was not the problem. Rather it was that the US felt that changes between the North Korean regime and other powers in the region would work against US interests.

According to the *Foreign Affairs* article, the confrontation “seems to have been inspired by the growing alarm felt in Washington in the preceding five months over the ever more conciliatory approach that Seoul and Tokyo had been taking towards Pyongyang; by raising the uranium issue, the Bush administration hoped to scare Japan and South Korea into reversing their policies. The chain of events leading to the confrontation began in April 2002, when the two Koreas decided to move ahead with plans for North-South railroad links and for the development of a new industrial zone at Kaesong in North Korea, where some 1,000 South Korean firms were expected to establish factories.”

American anxieties grew when the Japanese prime minister visited North Korea to discuss the normalisation of relations.

“Faced with the prospect that the North Korea policies of South Korea and Japan had slipped out of its control, the Bush administration ‘saw a real possibility that its options on the [Korean] peninsula would increasingly be driven by the policy agenda of others,’ wrote Jonathan Pollack, chairman of the Strategic Research Department at the US Naval War College in the summer of 2003.”

Just as in Iraq, where the prospect that European rivals would benefit from the disintegration of the sanctions regime provided an impetus for the US invasion, so moves by Asian rivals of the US have been the stimulus for the creation of a “nuclear crisis”. In the case of Iraq, the prize is oil. In the case of North Korea, it is access to some of the cheapest labour in the world. The report last week that cars from China may soon come onto the world market at around \$5,000 gives an indication of what is at stake.

If we examine the US itself, the gangster-like character of the Bush regime is a political expression of deep-seated economic processes. Marx made the point that one of the ways capital seeks to overcome downward pressure on the rate of profit is through the most frenzied financial ventures and outright criminality—the names Enron and WorldCom spring to mind, but they are but two.

The potential for such criminality arises from the nature of finance capital itself. Whatever its form, finance capital always involves the appropriation of wealth produced elsewhere. This is not, however, to say that finance capital is purely parasitic and can somehow be done away with, as would be reformers of capitalism from Proudhon onwards have sought to suggest—remove the bad side, while retaining the good.

In fact, as Marx drew out, more often than not it is the bad side which is the driving force of developments. Finance capital is not

merely parasitic. It arises out of definite needs and contradictions in the capitalist mode of production and spurs on its development as a whole. No matter how necessary the social function of finance capital, its mode of accumulation remains, not the direct extraction of surplus value, but rather the appropriation of surplus value that has been extracted elsewhere.

This means that there is always something of a fine line between what we might call the legitimate functions of finance capital—the appropriation of wealth in return for the necessary social functions it performs for capital as a whole—and theft. The more difficulties capital encounters in extracting a sufficient rate of profit through the production process and the exploitation of labour, the more blurred that line becomes.

In the Bush regime we have the personification of these processes. The criminal character of the administration—Bush, as the first MBA president, more directly represents these layers than any of his predecessors—flows from the increasingly criminal character of the process of wealth accumulation.

Can the world capitalist system establish a new equilibrium? Our analysis has shown it cannot. In fact, the drive by US imperialism for global domination, which has completely shattered the old order, arises from contradictions within world economy. This point is central to our perspective. The violent eruption of American militarism is not an American question. It is the expression of the historic impasse that capitalism as a whole has reached.

Let us be more specific. If we review the history of the twentieth century, then what emerges clearly is that the vast resources of US capitalism proved to be the most powerful objective factor in maintaining the world capitalist order. Of course, the bourgeoisie relied heavily on the betrayals of the leadership of the working class deriving from the suppression of the program of socialist internationalism in the aftermath of the Russian Revolution. But not even these betrayals, deep-going and far-reaching as they were, would have been sufficient had capitalism not been able to provide a certain expansion under the aegis of the US. That situation has been completely transformed. The US no longer provides global stability but is the most de-stabilising and explosive factor in world politics.

This means that we face a new era of massive social and class struggles, a new period of wars and revolutions. In the opening days of World War I, Trotsky wrote that it was necessary for the working class to meet the “imperialistic perplexity of capitalism” by advancing its own program and method—the social revolution—and strive for the socialist reorganisation of world economy as a question of the day.

We have to prepare for a renewal of the class struggle, which will assume an increasingly global character, as we saw in the demonstrations against the Iraq war in 2003, and which increasingly will take a political form. Our most vital preparation for this new situation is the development of our international program and perspective by setting out clearly the world prospects and struggle for socialism in the twenty-first century and undertaking the training of the youth and workers who will come forward to fight for it.

*Concluded*



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