A decisive turning point in the crisis of American imperialism

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Yesterday was the deadline for countries to sign up as founding members of the China-backed Asia Infrastructure Investment Bank (AIIB). It will go down in history as marking a significant defeat for the global foreign policy and strategic objectives of United States imperialism.

Against strenuous opposition from Washington, more than 40 countries have now indicated they want to be part of the AIIB. Major European powers including Britain, France and Germany, as well as Norway, Denmark and the Netherlands, are on board. Almost all countries in the South East Asian region, which count China as their major trading partner, have also signed up. India is also a signatory, together with Taiwan.

The most significant blow against the US was struck by Britain, its chief European ally, which announced its decision to join on March 12. It opened the floodgates for others to follow, including two key US allies in the Asia-Pacific—Australia and South Korea. Japan is also reported to be considering joining, possibly as early as June.

The full significance of the US defeat and its far-reaching implications emerge most clearly when viewed from a historical perspective.

One of the chief objections of the Obama administration to the new bank was that it would undermine the International Monetary Fund and World Bank. Together with the Bretton Woods Agreement of 1944, they constituted central pillars of the global economic order established after World War II by the United States, which played the central role in rebuilding world capitalism following the devastation of the 1920s and 1930s and the wars and revolutionary struggles it produced.

Of course, both of these institutions, together with the Marshall Plan for the restabilisation of war-torn Europe, operated to the economic and strategic benefit of American imperialism.

But while America drew enormous gains from the post-war order, it was not narrowly conceived. There was a recognition in ruling political and economic circles that if American capitalism was to survive, it would have to use the enormous resources at its disposal to ensure the growth and expansion of other capitalist powers, above all, those against which it had fought a bitter and bloody conflict.

Post-war reconstruction enabled the expansion of Germany and turned it once again into the industrial powerhouse of Europe. At the same time, concessions to Japan on the value of its currency—it was pegged at 360 yen to the dollar—opened up export markets for its industry. The decision to build trucks and other military equipment in Japan during the Korean War laid the foundations for the development of Japan’s auto industry, as it incorporated, and then developed, the advanced production techniques that had been established in the US.

The industrial and economic capacity of the United States, even when it took reactionary forms as in the case of the Korean War, was utilised to facilitate a new phase of global capitalist expansion—the post-war boom.

What a contrast to the present situation! American capitalism is no longer the industrial powerhouse of the world, ensuring the expansion of the capitalist economy as a whole. Rather, it functions as the global parasite-in-chief, as its rapacious banks, investment houses and hedge funds scour the world for profitable opportunities, engaged not in the production of new wealth, but in the appropriation of wealth produced elsewhere, often via criminal or semi-criminal operations.

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In the immediate post-war period, the US was the champion of free trade, recognising that the restrictions and beggar-thy-neighbour policies of the 1930s had produced a disaster. Today, through measures such as the Trans Pacific Partnership and similar arrangements being prepared with regard to Europe, Washington seeks to forge exclusivist agreements aimed at protecting the monopoly position of US corporations. America, Obama has stated, must write the global rules for trade and investment in the 21st century.

American influence in the post-war period was not confined to the immediate economic sphere. Notwithstanding all its contradictory features, American society appeared to have something to offer the world as a whole, which had suffered decades of war, fascism and military forms of rule, along with economic devastation.

Again, the contrast with the present situation could not be starker. American democracy, once held up as a beacon for the rest of the world, is a withered caricature of its former self, no longer capable of concealing the dictatorship of the financial and corporate elites.

Social conditions are characterised by deprivation and state violence, reflected not least in the daily police killings. America has the highest rate of incarceration in the world, and in Detroit, once the centre of the American industrial economy, paying the highest wages, water shutoffs are being imposed. The US government carries out torture, abductions, assassinations and mass spying on its own people and others around the world. The country is ruled by criminals who cannot be held accountable for their crimes.

In the wake of the dissolution of the Soviet Union in 1991 and the removal from the scene of its global rival, the American ruling class was gripped by the idea that while its economic position had been severely weakened—the stock market crash of 1987 was a harbinger of things to come—American hegemony could nevertheless be maintained by military means.

But as Frederick Engels had earlier explained in refuting another exponent of "force theory," the notion that economic developments—the advance of industry, credit and trade—and the contradictions to which they gave rise could be "blown out of existence" with "Krupp guns and Mauser rifles" was a delusion.

The past 25 years of American foreign policy, based on the use of cruise missiles and drones, combined with invasions and regime-change operations grounded on lies, have produced one debacle after another.

Now the chickens are coming home to roost, as other capitalist powers, great and small, begin to conclude that hitching themselves to the American juggernaut is the surest road to disaster. That is the historic significance of their decision to join the AIIB.

How will American imperialism respond? By increasing its military provocations, threatening to plunge the world once again into war.

Charting the rise of American imperialism in the late 1920s, Leon Trotsky noted that in the period of crisis, its hegemony would operate "more openly and more ruthlessly than in the period of boom," and that it would attempt to extricate itself from its difficulties and maladies at the expense of its rivals, if necessary by means of war.

However there is another, and, in the final analysis, decisive, aspect to the economic decline of American imperialism, marked so powerfully by the events of yesterday.

For decades, the American working class was disoriented by the idea of a continually rising power—that America's "best days" were always ahead. Reality is now coming home with ever-increasing force.

Events are shattering the delusions of the past and will propel the American working class on to the road of revolutionary struggle, creating the conditions for the unification of the international working class in the fight for world socialist revolution.

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