

Globalisation and Imperialism

Mick Brooks, 11 April 2006

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The dominant idea of contemporary bourgeois thinking is that increasing international integration of economic activity, or “globalisation” will lead to prosperity and peace for all. But globalisation is not a concept that helps us understand the world around us. It is an ideological construct used to trumpet capitalist victory – to conceal the crisis-ridden nature of the system and its perpetual failure to meet the needs of the world’s working class.

Contrary to popular usage by the media and various political and economic commentators, 'Globalisation' is not an objective or neutral term which simply describes the contemporary world economy.

In many ways it is the 'big idea' of modern apologists of capitalism. After the collapse of the Soviet Union we are being encouraged to believe that capitalism has won. And if capitalism won, then that must be because of its own inherent superiority as an economic system. It's now the only game in town. So goodbye Soviet Union means goodbye to a viable socialist alternative.

Socialist Appeal and *Marxist.com* have argued against that position at length elsewhere. (See, for instance, Ted Grant's book *Russia: From Revolution to Counter-revolution*, Wellred Publications, 1997.) Here, we concentrate first on globalisation as the ideology of triumphant capitalism.

Globalisation is closely linked to the ideology of neo-liberalism. The two concepts share a sort of division of labour. While globalisation asserts the inevitable victory of market forces over everything that stands in their way, neo-liberalism tells us this is all to the good.

As we shall see, globalisation is quite a slippery notion – more of a buzzword than an explanatory concept. Tony Blair's Third Way theoretician, Professor Anthony Giddens, has written an entire book on it without defining the term globalisation (*Runaway World*, Profile Books, 2002).

Bob Sutcliffe and Andrew Glyn, in their article *Measures of Globalisation and their Misinterpretation* carefully assess the two main alternative meanings that have been attached to the word:

“We do not question that globalisation in one of its meanings – the world wide spread of capitalist relations in production and distribution – has been a major feature of the last 50 years... The globalisation debate, however, is mainly couched in terms of another concept: the increasing international integration of economic activity... It is our opinion that the degree of globalisation in this sense, as well as its novelty, has been greatly exaggerated.” (*The Handbook of Globalisation* Ed. J. Michie, Pub. Edward Elgar 2003)

John Ralston Saul makes a decent fist of outlining the main interlinked trends predicted from the theory of globalisation:

“The power of the nation state is waning.

"Such states, as we know them may even be dying. In the future, power will lie with global markets.

"Thus economics, not politics and armies, will shape human events.

"These global markets, freed of narrow national interests and inhibiting regulations, will gradually establish international economic balances...

"Such markets will unleash waves of trade. And these waves will in turn unleash a broad economic tide of growth.

"That tide will in turn raise all ships, including those of the poor, whether in the West or in the developing world.

"The resulting prosperity will allow put-upon individuals to convert dictatorships into democracies..." etc, etc. (*The Collapse of Globalism and the Reinvention of the World*, Viking, Canada, 2005, p. 15)

'Increasing international integration of economic activity' is the central tenet of what we shall call the Globalisers, whatever else they believe. It is our contention that capitalism cannot achieve an integrated, balanced development that can eventually lift everyone out of poverty and deliver prosperity for all. In that sense the globalisation prospectus is a fraud.

In addition, all manner of seers, pundits and outright charlatans have attached extra baggage to the concept. Globalisers foresee capital flows opening up to poor countries their first chance to become rich through the transfer of advanced country technology. As the late billionaire James Goldsmith put it, 'During the past few years four billion people have suddenly entered the world economy.' We have to ask - where were they before, then?

Some commentators even see national cultural differences being homogenised as in a giant blender by global brands nurtured by these capital flows. With characteristic intellectual laziness Tony Blair joins the club and asserts, "Complaining about globalisation is as pointless as trying to turn back the tide." He and other reformist leaders have welcomed the buzzword as an excuse not to fight for better wages and conditions for working people and as an ideology justifying their capitulation to capitalism.

Some of this analysis sounds real enough. The trouble is, workers can and do lose their jobs as firms relocate to find cheaper labour. Multinationals do prefer to pollute the environment if that costs them less, and they can play countries off against each other as a destination for investment by demanding lower taxes or scrapping of labour protection laws. The rhetoric of globalisation seems realistic to workers under threat.

But, as the quote from the *Communist Manifesto* below shows, these attacks have been going on for a long time. The enemy is not 'globalisation' – it is capitalism. The idea that capitalism has a global reach is not the exclusive property of the globalisation theorists. To our knowledge it was first put forward by Marx and Engels in the *Communist Manifesto*, published in 1848:

"The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country... All old-established national industries have been destroyed or are daily being destroyed. They are destroyed by new industries whose introduction becomes a life and death question for all civilised countries, by industries that work up raw materials drawn from the remotest zones, industries whose products are consumed in every quarter of the globe... The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarous, nations into civilisation."

At the time this was by no means a statement of the obvious. Only one country, Britain, could be regarded as seriously industrialised in 1848. Britain was then responsible for 40% to 50% of all the world's industrial production. Even so, an aerial survey of Britain would have shown industry concentrated in a few counties, with vast swathes of the landscape apparently unaffected by the transformative power of capitalism. In its time the *Manifesto* was a prophetic document.

Concepts of Imperialism

It was left to a later generation of Marxists to assess how the global reach of capital had impacted on the world economy and relations between the classes. In the years before the First World War they came up with the concept of '*Imperialism, the latest stage of capitalism*', the original title of Lenin's 1916 pamphlet.

Lenin argued that the competitive capitalism of Marx's time had been replaced by an economy dominated by monopolies Likewise the era of free trade described by Marx had been replaced by the erection of tariff walls. One way to vault over tariff walls was to invest in other countries to produce goods there rather than exporting the commodities into that country. So the export of capital supplemented the export of goods. Those tariff walls were erected to defend

hostile national capital blocs arrayed against each other. The imperialist powers divided the rest of the world among themselves as colonies and spheres of influence. All these trends were rooted in the changing ways in which surplus value was produced in the heartlands of capitalism:

“(W)e must give a definition of imperialism that will include the following five of its basic features:

1. the concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life;
2. the merging of bank capital with industrial capital, and the creation on the basis of this ‘finance capital’ of a ‘financial oligarchy’;
3. the export of capital as distinguished from the export of commodities acquires exceptional importance;
4. the formation of international monopolist capitalist associations which share the world among themselves, and;
5. the territorial division of the whole world among the biggest capitalist powers is completed.”

(*Imperialism, the highest stage of capitalism*, p. 82, Progress Publishers, 1966)

Karl Kautsky, a leader of the mass German Social-Democratic Party and the Second International, widely considered the “Pope of Marxism” in his time, had agreed with and helped formulate the concept of imperialism. But he developed a difference in his 1914 pamphlet *Ultra-imperialism* and in other writings.

In *Ultra-imperialism* he wrote, “Imperialism is thus digging its own grave. From a means to develop capital, it is becoming a hindrance to it.” The next subhead shows where his thought was going:

“The next phase: ultra-imperialism

“From a purely economic standpoint, however, there is nothing further to prevent this violent explosion” (the outbreak of the First World War) “finally replacing imperialism by a holy alliance of imperialists. The longer the War lasts, the more it exhausts all the participants and makes them recoil from an early repetition of armed conflict, the nearer we come to this last solution, however unlikely it may seem at the moment.” (*Ultra-imperialism*, September 1914, on the Kautsky archive on www.marxists.org [↗], the Marxist Internet Archive)

Notice the difference between Kautsky’s approach and that of Lenin and co-thinkers, such as fellow Bolshevik theoretician, Nicolai Bukharin. Kautsky sees imperialism as a ‘policy’ adopted by the big powers, in effect as a form of dress adopted by the capitalist nations that could be changed when the weather changed. Lenin and his co-thinkers saw imperialism as a necessity for capitalism at its latest stage of development. They didn’t start with colonial policy, but saw it arising out of capitalist economic development.

Kautsky was not a direct intellectual forerunner of the advocates of globalisation. The latter have always been apologists for capitalism and regard globalisation as ‘the highest stage of capitalism’. Yet his thought shares some of their approaches and attitudes. He believes the capitalist system to be rational, presumably because individual capitalists aren’t usually daft.

As we see from the quote above, he believed that when capitalists looked into the abyss in 1914, they would find a way to shrink back. In fact they plunged right on in. It is probable that all the warring powers, with the exception of the USA, saw themselves as losers after the cessation of hostilities in 1918. Yet they did exactly the same thing again twenty years later.

In a recent book *Collapse*, Jared Diamond deals with the collapse of societies in the face of changing environmental and other conditions. One such example was the disappearance of the Vikings who had made their home in Greenland at the beginning of our Middle Ages. They were confronted with a ‘mini-ice age’. (*Collapse: how societies choose to fail*

or survive, Penguin Books, 2005) The reasons for their demise were complex and we don't have to endorse or even discuss Diamond's explanation. Here we just note his observation that the Vikings starved because they could no longer keep cattle, while the Inuit survived by fishing.

Had Kautsky been alive at the time, he would have concluded that the Greenland Vikings were 'bound' to copy the Inuit in order to stay alive. But they didn't, and they weren't all stupid. They were trapped in a mode of production that had served them well for a time, and which they couldn't break out of when they needed to.

In the same way the big firms that emerged at the beginning of the twentieth century made a very good living by a strategy of alternate alliances with some rivals and murderous competition with other. These firms were also bound up with their nation state. The state became involved in these disputes and this led, in the end, to a war which was catastrophic for the system as a whole, causing massive destruction of productive forces and human life.

Bukharin explains that peaceful alliances prepare the ground for wars and in their turn grow out of wars; the one conditions the other, producing alternating forms of peaceful and non-peaceful struggle on one and the same basis of imperialist connections and relations within world economy and world politics. (*Imperialism and World Economy*, Merlin Press, 1972)

In other words it is not all down to the 'choice' of the capitalists. Bukharin's impressive pamphlet was written a year before Lenin's. Lenin endorsed it with an introduction. It seems likely that Lenin only wrote his own work because Bukharin's manuscript was lost, and was not recovered till after the October 1917 Revolution.

We hope we have disposed of the argument that capitalism will stop war because it is in the interests of capitalists to do so. But this is only an application of the argument of Kautsky, (and of the Globalists today) that capitalism is a rational system. Kautsky was putting forward the idea that imperialism was not the highest stage of capitalism (as Lenin's 1916 pamphlet was later subtitled) but would be succeeded by a higher (ultra-imperialist) stage which would not need to feed on war.

Lenin had analysed capitalist development as inevitably uneven, contradictory, crisis-ridden and bloody. We believe these are basic features of the system and will remain so till it is overthrown. And it is because of this that we regard globalisation theory today that denies this as completely misconceived.

Lenin used Marxist analysis to argue against the theory of ultra-imperialism. The first question to address to Kautsky was - what was the future of capitalist development? Would it move from conflict to harmony? Lenin denied there was any real sign that ultra-imperialism (the equivalent to 'globalisation' of 1914) was the future. Certainly Kautsky's 1914 perspective that the imperialist powers would cut a deal to end the War was falsified:

"If the name of ultra-imperialism is given to an international unification of capital (or, more correctly, state bound) imperialisms which 'would be able' to eliminate the most unpleasant, the most disturbing and distasteful conflicts such as wars, political convulsions, etc., which the petty bourgeois is so much afraid of, then why not turn away from the present epoch of imperialism that has already arrived – the epoch that stares one in the face, that is full of all sort of conflicts and catastrophes? Why not turn to innocent dreams of a comparatively peaceful, comparatively conflictless, comparative non-catastrophic ultra-imperialism." (Lenin's introduction to Bukharin's *Imperialism and World Economy* p. 12)

For Lenin, Kautsky was dreaming, not facing up to reality. But his mistake was part of a wider error in method:

"If the purely economic point of view is meant to be a 'pure' abstraction, then all that can be said reduces itself to the following proposition: development is proceeding towards monopolies, hence towards a single world monopoly, towards a single world trust. This is indisputable, but it is also completely meaningless as is the statement that 'development is proceeding' towards the manufacture of foodstuffs in laboratories. In this sense the 'theory' of ultra-imperialism is no less absurd than a 'theory of ultra-agriculture' would be." (*Imperialism*, p. 87)

Capitalists would like to manufacture food in labs. They find nature a nuisance and an obstacle. They still don't make food in labs, though they use laboratory techniques. So 'ultra-agriculture' can be called a tendency, not an accomplished fact. And, for the same reason, we still haven't got one world trust, though concentration has advanced

with giant steps since Lenin's time.

Lenin is ridiculing Kautsky's rationalist interpretation of capitalist development, which ignores contradiction as fundamental. He sees that as the nub of his error. The same is true of the Globalisers today.

There is a tendency at work for the concentration of capital. Lenin does not deny it. But a tendency is not the same as a linear trend. It is a force at work in the economy, giving rise to counteracting tendencies. To identify a trend does not allow us to predict the future, as positivists believe.

The whole perspective of globalisation is based on mechanically identifying forces at work and attempting to predict the end state they will tend towards. Marxism, on the contrary, allows us to understand the tendencies at work and explain the processes going on beneath the surface. The quote from Lenin clearly shows the difference between our approach and that of the Globalisers.

The second question is this: let us assume it is in the interests of capitalists to have peace rather than war, i.e. peace is rational (and remember war can be very profitable for some capitalists). How does an anarchic system generate a power that can impose agreement? Who decides, and how do they decide?

Kautsky's answer was that a deadlock could occur between two evenly matched imperialist powers. When each realises they could not overwhelm the other, they would eventually come to an accommodation. Again, Kautsky displays the fallacy that, because most capitalists have a well-developed sense of self-preservation, disasters can't happen under capitalism.

First it is possible that each side may regard itself as potentially the stronger. This produced the 'one more heaven' mentality of the generals on both sides that sent millions to their deaths in the trenches. Two evenly matched imperialist blocs can produce bloody deadlock, not agreement.

Nor is this just a case of capitalists 'getting their sums wrong'. Individual capitalist firms decline and fall as part of the competitive process. They cannot choose to walk away from the industry where they have made their living for generations even though they know their competitors have the upper hand.

The same is true for imperialist powers. Bukharin explains why such a deal will break down. Ironically capitalist economists use the same method of analysis to explain why price-fixing rings are likely to break down in industry. Kautsky asserts that imperialist blocs will do a deal if they are equally matched.

Bukharin points out that this means a "relatively equal level of development of the productive forces." (ibid. p. 136) But the dynamics of capitalist development continually destroy such temporary states of equality. "Where the difference in economic structure is considerable, where there is, as a consequence, inequality in the cost of production, there the (more efficient) state capitalist trust finds it unprofitable to enter into an agreement." (ibid. p. 136)

He then introduces state policy as an extra factor in preventing competition on 'a level playing field'. "The stronger state secures for its industries the most advantageous trade treaties and establishes high tariffs that are disadvantageous for the competitors." (ibid. p. 137)

The Bolshevik theorists of imperialism had a very different view of the state's role from the Globalisers, who believe it will become increasingly irrelevant in the present era. As we shall see, Lenin was right and remains right.

Actually world imperialism did achieve a period of stability after the Second World War. This was not because two warring blocs were caught in deadlock, as Kautsky suggested in his theory.

On the contrary, as Paul Hirst and Grahame Thompson point out in their article *The Future of Globalisation*: "This" (stability) "was only possible because of Allied military victory and the unassailable economic dominance of the USA. Globalisation was restored by military force and national policy, it was not a 'natural' state of affairs." (in *The Handbook of Globalisation*, p. 18)

Moreover, US hegemony allowed economic growth, so American dominance no longer seemed 'unassailable'. The concordat between rival imperialisms therefore increasingly creaked and cracked over time.

Forward to the past!

Globalisers present the present era of capitalist development as entirely new. Capitalism is progressively eliminating barriers to its unfettered development. Trade is becoming more and more free, and therefore more important in driving all the national economies forward. The 'factors of production' have been freed to go wherever they can be used to the optimum.

We've been here before. The period from about 1870 to 1914 was one when all the advanced countries embraced free trade, and trade was said to be an 'engine of growth'. Millions of people left Europe and opened up the interiors of North America, Latin America and Australasia. Capital was free to go where it willed. And lots went abroad. The UK's foreign investments were reckoned to be £4,000 million by 1914. In that year Britain, the leading imperialist power of the time, was receiving a fantastic 9% of its national income from earnings on capital invested abroad - £200 million a year.

After the First World War the open economy seemed to implode. "The 1913-50 period saw a relapse into neo-mercantilism, with the blockades involved in two wars, the discriminatory policies, higher tariffs, quantitative restrictions, exchange controls and other autarchic measures that were sparked off by the Great Depression of 1929-32. As a result, trade grew at half the pace of output from 1913 to 1950." (Angus Maddison *Dynamic Forces in Capitalist Development: a long-run comparative view*, Oxford University Press, 1991)

Arguably the period since 1950 has only seen the slow and painful removal of the barriers to capitalist penetration that had been erected since 1913. Maddison, a formidable economic statistician, is quite clear that the 'Golden Age' of capitalist development was the period 1950-73, when much of the paraphernalia of state intervention was still in place. Certainly growth in the 'glorious era' of globalisation that followed has been less impressive. In a book, ironically entitled *Why Globalization Works*, Martin Wolf shows in his Table 8.1 that the economy grew twice as fast in the Golden Age as in the succeeding 'era of globalisation' (cited in Saul p. 20).

Finance capital and capital export

For the Globalisers the explosion of global financial flows shows capitalism has at last created one world. Certainly the figures are impressive. Over the last ten years the trade in foreign exchange on the London market has gone from \$464 billion to \$753 billion per day! London is a bigger forex market than New York or Tokyo. This is called the 'Wimbledon effect' – we stage the most impressive tennis tournament in the world. The only trouble is, we never win it. Over the same period the turnover of those arcane financial instruments, derivatives, has shot up from \$74 billion to \$643 billion a day.

Looking at the financial markets, globalisation appears as an accomplished fact. Vast funds can be shifted in nano-seconds. Central Banks have little control over their exchange rate, which is mainly driven by the whim of the markets.

Economists usually distinguish between direct and portfolio foreign investment. Portfolio investment means buying shares or other pieces of paper in firms operating abroad, without taking a controlling stake. But this changes nothing of the underlying economic reality. The same workers get up and go in to the same factory. The only difference is that some of the surplus value is spirited abroad.

Foreign direct investment (FDI) is the work of multinationals, a much more significant feature of the world economy than in Lenin's time. But how important is it, and in any case does it change the rules of the game?

Andrew Glyn concludes, "(I)f FDI flows continued at the current rate, the share of capital stock represented by FDI would rise to around 13 per cent in both the developed and developing countries.

"Is 13 a large or a small percentage?..."

"There are a number of reasons why the significance of FDI may be less than these figures suggest. One is that recent flows of FDI to developing countries have been concentrated in very few of them; one-third of the higher figure is accounted for by China alone. And much FDI into China comes not from developed countries but from other overseas Chinese capitalists in other Asian developing countries, so it does not correspond to the common image of FDI as

Western multinationals expanding throughout the world. In addition, not all FDI consists of the construction of new production facilities by overseas companies, which typically represents a clear increase in competition. Well over half of FDI inflows into OECD countries represent cross-border mergers and acquisitions...” (*The assessment: how far has globalization gone?* in Oxford Review of Economic Policy, Vol. 20, No. 1, 2004 p. 6)

The explosion in world trade may also be less important than it looks if ‘trade’ between countries is actually semi-finished goods passing between different branches of the same multinational. According to Sutcliffe and Glyn’s careful survey, “Intra firm transactions may account for about one third of international trade, a figure which has been circulating for at least 30 years, though with very little empirical backing.” (ibid. p. 73)

What about free movement of labour? Can they move to where the living is easier, in the way the yuppies move money? Control over the migration of labour is a universal fact of life in the advanced capitalist countries. For the working class, the world is not our oyster.

Capitalist rationality and world poverty

Yes, it is in the interests of the system to turn four billion hungry people in the third world into ‘consumers’. Why, then is there no sign of the system being able to achieve this? What do our opponents say? The World Bank begins by patting itself on the back that many have been lifted out of poverty over the past decade or so. It goes on to admit, “Still inequality, and the absolute numbers of people living in poverty, has grown. But most of these poor live in rural areas and in countries that are only weakly connected to the rest of the world.”

(<http://rru.worldbank.org/spotlight/globalization.aspx> )

The World Bank seems to believe that all things come to those who wait. Our argument is that capitalism will cherry pick profit opportunities in certain areas around the world that will be bombarded with investment funds, while the rest (for instance Africa, population 850 million) can go and rot. Africa is poor because it is kept poor and underdeveloped by imperialism.

The World Bank argues that there are conflict-ridden areas where capital dares not venture. ‘Globalisers’ say that if we just pack in the violence and invite in foreign investment, we’ll all be rich! This is the opposite of the truth. The former Yugoslavia became an economic ruin wracked by civil wars that led to 250,000 deaths.

This did not happen because the country was ignored by global finance, but precisely because Yugoslavia came to its attention. In a doomed effort to develop the economy in a small backward country, the ruling bureaucracy invited in the foreign banks. During the 1980s, Yugoslavia became a happy hunting ground for finance capital. Public sector firms borrowed in a futile attempt to build ‘socialism in one country.’

Ten years later the country was on the rack of austerity, in the maw of global capital. Unable to strike an oppressor they could not see, tragically the peoples of Yugoslavia were turned against each other by nationalist politicians backed by rival imperialist powers. The result was a horrible civil war. Backwardness is often not a result of economic isolation but a consequence of capitalist meddling, not a natural result but a creation of imperialism.

Capitalism and the nation state

Globalisers argue that ‘market forces’ (capitalism) are now sweeping all before them. What used to get in the way? The main power in any land apart from the capitalists is the state. Now, the Globalisers say, the government has to bow the knee. First they do not explain why the balance between the two basic powers that affect the way we live our daily life has fundamentally changed. Why, if states could pass laws thirty years ago that regulated firm behaviour, can they no longer do it now? In fact they can.

The globalisation theorists start with a lazy juxtaposition between capitalist economy and state. Actually the state is a creation of the needs of the capitalist class and is constantly reshaped by their changing needs. In turn the state is itself an economic actor, a power affecting economic behaviour. The two are not polar opposites. They interpenetrate each other.

This relationship, which continues to the present day, was fully explained by the Bolsheviks. As Bukharin points out, “The fact is that the very foundation of modern states as definite political entities was caused by economic needs and requirements. The state grew on the economic foundation; it was an expression of economic connections; state ties appeared only as an expression of economic ties.” (*Imperialism and world economy*, p. 63)

But the relationship is a contradictory one. “If we thus consider the problem in its entirety, and take thereby the objective point of view, i.e. the point of view of the adaptation of modern society to its conditions of existence, we find that there is here a growing discord between the basis of social economy which has become world-wide and the peculiar class structure of society, a structure where the ruling class (the bourgeoisie) itself is split into ‘national’ groups with contradictory economic interests, groups which being opposed to the world proletariat, are competing among themselves for the division of surplus value created on a world scale.” (ibid. p. 106)

Capitalists resent the extortions of the state. Nevertheless, the capitalist class need the state to defend its interests. “We have seen above that capital’s connection with the state is transformed into an additional economic force. The stronger state secures for its industries the most advantageous trade treaties, and establishes high tariffs that are disadvantageous for the competitors. It helps its finance capital to monopolise the sales markets, the markets for raw materials and particularly the spheres for capital investment.” (ibid. p. 137)

Let’s fast forward to the present day. We see this interaction between economic power and state power is still a central feature of modern imperialist rivalry. Hirst and Thompson are correct to, “conclude that globalisation in the sense conceived by extreme economic liberals and their radical critics has not happened. The world, far from being an integrated system dominated by ungoverned market forces divides into three major trading blocs dominated by nation states.

NAFTA is centred in the USA, Japan is a bloc-sized national economy and the European Union is an association of states. Each bloc follows distinctive policies and has distinctive problems and institutions of economic management. Most major companies hail from one of the three main blocs, and most companies have the bulk of their assets and a majority of their sales within one of the blocs.” (Hirst and Thompson ibid. p.23) Hirst and Thompson had earlier produced two editions of an important book called *Globalisation in question* (Polity Press, 1996 and 1999). Though they are social democrats, Lenin and Bukharin would have had no problem understanding the world they describe.

Modern capitalist commentators will argue that this stuff about the economic importance of the state is all old hat. The era of globalisation (usually dating from the 1970s) has seen a withdrawal of the state from capitalist economy. The ideology of neo-liberalism, which became dominant about the same time, advocates privatisation and a return to nineteenth century laissez-faire. The rule of naked force in international relations, we are told, has been replaced by the rule of law through multilateral institutions – the World Bank, the International Monetary Fund and the World Trade Organisation.

On the contrary. If wretched “third world” governments have been forced to privatise their utilities (giving ownership up to imperialist firms) and to cut down tariff barriers (opening home markets to advanced country products and impoverishing local producers), that is not through ‘choice’. The irony is that the withdrawal of the state from economic intervention in poor countries has been achieved through the naked economic power of the imperialist countries, buttressed by the threat of armed force.

This transformation is a triumph of state power, not its negation. The multilateral institutions in turn propose a world governance of rules all right – rules that are formulated precisely in order to disarm poor countries and strip away their defence against imperialist exploitation.

Nor has the withdrawal of the state from economic ‘interference’ been an unqualified success. The period since the Second World War can be divided into two parts. As mentioned before, the period from 1950 to the first global recession in 1973 can be regarded as a Golden Age for capitalism. Yet it was an era where the state intervened extensively in economic life.

For instance all countries operated strict exchange controls until Thatcher scrapped Britain’s in 1979. Till then, the dizzy speculation in national currencies was kept under control. Advanced capitalist countries without exception were said to be operating economic policy according to a Keynesian consensus, determined to let the state step in when

markets failed. So an extensive public sector underpinned capitalist profiteering. As we pointed out earlier, Martin Wolf shows that the economy grew twice as fast before the era of ‘globalisation.’

The present period does not exhibit the peaceful, harmonious settlement of imperialist disputes visualised in Kautsky’s theory of ultra-imperialism and in globalisation theory. It is true that the USA became an economic hegemon no other imperialist can challenge. That supremacy is already under threat from China. But US hegemony since the Second World War has not guaranteed peace and harmony, and imperialist rivalry has not been snuffed out.

Bukharin’s analysis of the impossibility of rival imperialist powers developing a stable system of world governance and Lenin’s portrayal of contradiction and crisis as the way capitalism necessarily develops, hold up a mirror to the present – and the future.

J.R. Saul’s book is titled *The Collapse of Globalism*. But this is not what is actually happening. Saul is making the point that capitalist domination of the globe is increasingly encountering resistance. This resistance calls itself ‘the anti-globalisation movement’, but is essentially a movement against capitalism, or at least environmental degradation, super-exploitation, third world debt and other symptoms of modern capitalism in all its glories.

Capitalism has come up against its own contradictions, contradictions the Globalisers were anxious to deny existed. Poor capitalist nations such as India and Brazil are using the forum of the World Trade Organisation to advance their own national interests. But the whole point of the WTO for world imperialism is that it is used as a steamroller against the interests of poor nations. Put simply, capitalism cannot deliver the goods globalisation theory promised. That is why the theory is coming apart at the seams.

To conclude, globalisation is not a concept that helps us understand the world around us. In part it has been stretched out of shape by theorists who have tried to fill the concept with different contents. It is an ideological construct used to trumpet capitalist victory – to conceal the crisis-ridden nature of the system and its perpetual failure to meet the needs of the world’s working class.

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- Letter and reply on globalisation – is it progressive or not? by Luca Lombardi (October 27, 2005)
- The Shackles of Imperialism – Third World Debt by Rob Lyon (February 15, 2005)
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