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# US Imperialism

**Basic Strategy Document (Approved by the 7<sup>th</sup>  
Congress of the FdCA, 2006)**

Federazione dei Comunisti Anarchici

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is also an increase in imports, both in order to satisfy the growing demand for production and to cope with the demand in consumer goods which is not covered by certain production sectors that are in a state of decay.

## **9. The coming recovery**

US growth rates (so praised by economic commentators) have a weak spot in their dependence on an emergency war situation. The temptation of a never-ending war clashes against the complexity of the situation in the various theatres of war, which do not confirm the experts' superficial, optimistic analysis. Above all it clashes with the unsustainability of the economy which drains public capital into unproductive expenses, enriching only a happy few in certain sectors but contributing to the weakening of the entire productive apparatus: the chasm in the public finances looks like a bottomless pit.

The dream of a purely military dominion is unachievable unless it is supported by a substantially healthy economy which is able to regulate international trade. And this is increasingly influenced not only by the traditional European competitors, but also by a new competitor with enormous human potentialities and costs which have not yet risen as a result of a widening level of social welfare — China, much strengthened by its agreement with another quickly-growing and complementary economy, India. Not forgetting the emergence of local powers which are in a position to preoccupy the USA both from a military point of view (Iran) and from the economic point of view (Brazil).

At present, despite the evident would-be imperialism of single member States, the European Union is, for the USA, more of a serious competitor on international markets (and in particular in the ex-Soviet and Chinese markets) than a direct competitor for imperialist domination.

## 8. Finance and army

For several years now the USA has witnessed sustained economic growth, even though its trade balance remains heavily, and dangerously, in the red. It seems strange that analysts have not remarked on this curiosity which is clear for all to see. It is no coincidence that this considerable new increase in GDP began in 2002, but from 2002 to 2004, the deficit between exports and imports rose from US\$482.9bn to \$685bn. It is however true that in the past three years exports too have grown, though less so than imports.

But there may be other data that can help to resolve this contradictory situation. The top ten companies in the international arms industry include six US firms (including the top three), one British firm, one French, one Dutch and one Italian. 47% of the world's military spending comes from the USA, which also holds the record for per capita spending.

To support the US drive for domination, arms production has boosted the US economy. And this also brings with it industries relating to technology and industries linked to the reconstruction and modernization of those territories devastated by war, with the aim of bringing them into the globalized economy. These sectors held conventions at the time of the breakout of war in Iraq in order to divide up the spoils, the orders that would inevitably follow. Another sector whose nature means that it benefited from this strategy is the energy sector, both as a result of increased consumption and because certain production sites have been taken over. The war in fact concentrates on guaranteeing geopolitical control over the areas of production and over areas where these energy resources pass through, with the dual aim of guaranteeing supplies for US consumption and of weakening possible competitors.

Only a minor part of this huge boost in production is dedicated to export, and much of the arms production is absorbed by the national economy (even though it is used abroad). Exports therefore are showing little increase but with the increased GDP there

## Contents

<b>1. The Vietnam War and the crisis of Fordism . . . . .</b>	<b>5</b>
<b>2. The rise of monetarist theories . . . . .</b>	<b>6</b>
<b>3. The peak of monetarist theories . . . . .</b>	<b>7</b>
<b>4. The strong dollar and the crisis of industry . . . . .</b>	<b>9</b>
<b>5. New imperialist methods . . . . .</b>	<b>10</b>
<b>6. The crisis of the new . . . . .</b>	<b>12</b>
<b>7. The shift to the militarist option . . . . .</b>	<b>12</b>
<b>8. Finance and army . . . . .</b>	<b>14</b>
<b>9. The coming recovery . . . . .</b>	<b>15</b>

line (home policies with little time for engagements abroad). This power group emerged from various think-tanks, the most representative of which was PNAC (Project for a New American Century), and was closely linked to the war industries and energy multinationals. The path it laid out was a simple one. If the USA was to remain faithful to its duty to regulate the rest of the unipolar world according to the American concept of peace and democracy — a duty which came with its leading role and its hegemony exercised in the struggle against the evil of the Soviets — then it had to provide itself with a military force like no other, the only instrument capable of restoring its authority and with it the chance to dominate the shaky empire. In other words, they called on and put to work that age-old tool of every imperialist: military power.

The 1991 Gulf War was a taster of that strategy, later diluted into a more generic interventionism in international affairs, typified by the Democrat policies during the eight years of the Clinton Administration. These were characterised by the attempt at a traditional revival of the economy according to accepted wisdom on economic support and competitiveness which, as we have seen, were destined to fail. With the return of the Republicans to power in 2001, the objective once again re-emerged, this time clearly: hegemonize strategic areas of the planet by political means or, where this was not enough, by means of force.

To do this, it was necessary to free themselves from the fetters of international law, from those bodies which, treating countries on almost equal terms, deal with conflict resolution between countries, forcing their competing allies onto the defensive, forcing them to accept a *fait accompli* with the threat of being excluded from access to the crumbs that the US would graciously allow them to gather up. With the UN firmly put in its place in 2003 and its veil lifted revealing it to be inefficient and purely rhetorical, the true face of the new master of the world was plain to be seen.

## 6. The crisis of the new

At the end of the 1980s and throughout the 1990s, the international economy (subjected to neo-liberalist therapies) went through an uninterrupted series of crises that progressively eliminated from the scene also all those countries that had once seemed to be credible competitors threatening the sickly US economy. This occurred at the same time as the disappearance of the enemy who had been around for the entire second half of the century — the Soviet bloc.

The crisis first hit the so-called Asian tigers — Malaysia, South Korea, Taiwan/Formosa, Singapore, Thailand, etc. Next was the turn of Japan and finally Latin America (Brazil first, then later Argentina). If one excludes Japan, all the other crises turned out not to be advantageous in the recovery of the US on the international markets. The reduction in demand for goods, produced by the economic crises in countries closely linked to the US economy, added to the reduction due to rigid application of neoliberalist theories in every country, creating a reduction of incomes from wages (the great basis for the development of the markets in the Keynesian age) in favour of revenues.

The new markets that it was hoped would open up to capitalist goods after the collapse of the USSR instead became the battleground for a few oligarchies which emerged from the Soviet nomenclature, recycling themselves into a typically mafia-like system of economic management. European competition further undermined any possibility of US goods conquering. But another strategy was ready and soon put into action.

## 7. The shift to the militarist option

The new Republican Party administration which came into office at the end of the 1980's under George Bush Sr. brought with it a new right-wing political leadership that was not tied to the party's old

## 1. The Vietnam War and the crisis of Fordism

The international economic context remained stable for over twenty years on the basis of what came out of the Bretton Woods conference in 1945: one dominant currency — the dollar, one leading country — the United States of America. The agreement, which was opposed by Lord Keynes, sanctioned the strength ratios that existed within the capitalist world at the end of the Second World War: not a collective government of the area dominated by private capital (as the British had wanted) but a vertical model in which the USA dominated the organs of international control and dictated the rules; in return they had to guarantee that their currency, imposed as the point of reference for trade, would remain stable and firmly linked to gold.

While this was the situation with regard to international trade relations, the organizational model for production, and the social model linked to it, was and remained Fordism, whose main point of reference theoretically speaking was the work of Keynes in the Twenties and Thirties, which had been successfully tried and tested as a means of resolving the world crisis following the Wall Street crash of 1929.

In 1971 President Richard Nixon announced the non-convertibility of the dollar into gold, thus throwing the above-outlined system into crisis and with it the role of the USA as a hegemonic power and imperialistic strategic centre. It became necessary to find other forms of dominion, if this role were to be maintained. But first, it is necessary to understand what had forced the US Administration into such a risky move.

A primary role was certainly played by the defeat that had just been suffered in the war in Indochina. The military effort in Vietnam and throughout south-eastern Asia had without doubt been a notable one, bringing with it a strong trend towards inflation, as there were no new orders which would have been guaranteed with a victory.

The circumstances, though, do not by themselves provide an acceptable explanation for a structural shift as profound as the one that took place towards the end of the century. Rather, it is more likely than we can find an explanation in the slow transformation that affected Capital during the twenty years following the end of the conflict. The central role of currency, with the consequence of forced stability, undermined entrepreneurial possibilities over the years, depressing the United States' productive capacity. On the other hand, the same monetary stability was a catalyst for the massive arrival of foreign capital, attracted by the certain profitability, promoting an overgrowth of financial capital. Faced with the decline of risk capital, the financial surplus constituted the material basis for the enormous changes that we have witnessed.

## 2. The rise of monetarist theories

The new needs created by the primacy of financial capital found an answer in neoclassical or neoliberalist economic theories. For over a decade the Nobel prize-winner Milton Friedman and some of his followers had been preaching a return to free market theories, once again proposing a framework linked to the hypothesis of an invisible guiding hand which had already been abandoned in the mid-19<sup>th</sup> century. But another aspect of the theory was more closely linked to the needs of finance: control of the economic cycle was wholly delegated to currency in the form of money supply (the sum of all physical currency together with other forms of circulation not materially represented by coins and banknotes, such as bonds, cheques etc., that has been called — according to the precise definition given at the time — M1, M2 and M3); it followed that State administration of the economy had to allow a free hand to the natural evolution of the economic cycle, guaranteeing only the strength and stability of the currency.

with the consequent colonialization of South America and parts of Africa.

Supremacy in the areas where raw materials are produced (with oil in pride of place, even now) has marked every conflict, open or hidden, since the end of the 20<sup>th</sup> century. And not only the areas themselves, but also the communication routes that connect them and the consumer countries (corridors). Apart from the obvious economic implications of the conflicts in the Persian Gulf area, the entire Caucasian and Central Asian area has gone into a permanent state of over-excitement (with the latter recently acquiring new importance as a barrier to the nascent Chinese imperialism).

Finally, technology. Since the 1930s, the USA has been the world leader in scientific and technological progress. Following the shock of Sputnik and the huge advances made by the Soviet Union in the 1960s, an impressive research programme was launched, with the acquisition of the best and most promising researchers at international level. NASA won the space race, producing incalculable repercussions on civilian technology, to be followed by the birth of Silicon Valley, Microsoft, IBM, and so on. The industrial decay of the Eighties enabled Japan to make huge technological strides leading some Japanese analysts to predict Japanese superiority by the first decade of the 21<sup>st</sup> century. These predictions came to nothing due to problems with the Japanese economic system, but the alarm had been sounded and, as has already been noted, was responsible for the massive new publicly-funded research programme.

None of these strategies, however, enjoyed any authoritative support, which was lacking precisely because of the weakness of the US economy: high public debt, trade balances perennially in the red, the loss of competitiveness of goods (apart from the electronics and software monopoly). To this must be added the heavy competition from Japan and the new European economic integration with the prospect (and later introduction) of a strong single currency capable of challenging the domination of the dollar.

much so, in fact, that the Reagan Administration came to the rescue by launching an arms campaign (star wars) whose main aim was to revitalize public-funded research.

After a decade of neo-liberalist economic recipes, the general panorama is of a serious industrial crisis with entire districts reduced to degradation and abandon, with the loss of a huge quantity of jobs and productive capacity. On the other hand, a phenomenal boom in finance capital in a mad dash towards speculation in the new economy, whose material basis was totally inconsistent with its evaluations on the stock markets.

## 5. New imperialist methods

The problems raised by imperialist control that hinges on the strength of the currency lie behind the search for new strategies for domination. The choice veered towards hegemony over strategic resources. Food, energy and technology became the guide wires for US aims in the Nineties in their evident difficulty in cornering the new markets that were opening up to capitalist competition. Economic supremacy was being transformed into power based on blackmail — the possession of fundamental materials.

Even back in the Eighties the production of cereal crops had become a way to destabilize the Soviet competitor, penalized by the failure of the 5-year plans; the impossibility to exercise full control from the top down (above all in a system where a bureaucratic career was based on one's success in meeting programmed targets and therefore on the temptation to cheat in reports) combined with a few bad harvests and the siphoning off of funds into the arms race, made the USSR dependant on cereal imports from the USA. The problem, though, took on a much more disquieting direction with the commitment of the food-industry multinationals (such as Monsanto) to biological research and genetic modification,

The sworn enemy of those who possess money, inflation, therefore became the demon that monetarism would be sure to exorcise. All this made it possible for a growing influx of foreign capital to enter any country which introduced a monetarist economy, even though its form was no longer linked to the development of industry and production, but to short-term profit, to gains on the stock exchange, to often uncontrolled speculation. It is no coincidence that in the Eighties, New York and London financial circles became the most accredited reference points for the international economic world.

The crisis in the dollar in 1971 which resulted from these choices did not lead to the collapse of the currency but to free exchange rates and the freeing of the US currency from the constraints it suffered as a key currency (with the consequent glory and, of course, responsibilities), pushing the dollar to its strongest level ever in the early Eighties.

But before being tried in the USA, monetarist theories were experimented with in a small country whose economy was under State control — Pinochet's Chile following the 1973 coup d'état. Thereafter, these policies appeared in the United Kingdom under Margaret Thatcher, finally reaching the USA under the Reagan Administration.

## 3. The peak of monetarist theories

After becoming a point of reference for the central State in the capitalist world, monetarist and neoliberalist theories became a sort of economic gospel that every country was required to follow, whether it wanted to or not. The strict control that the USA had inherited from the previous system of trade relations, such as its dominance over GATT, the World Bank and the IMF, ensured that the economic recipes adopted by the Washington Administration would spread, first to those countries with closer ties, then to

Third World countries whose debt levels meant that they could be blackmailed, and finally to the more reluctant competitors.

The Maastricht agreement which underlies European integration, paid heavy tribute to monetarism in the choice of control parameters for the various economies: public debt, inflation and budget deficits. The same principles would apply to countries that lived through the disintegration of the Soviet Union and the collapse of State capitalism. They would also be the guidelines of the more recent Chinese economic boom.

At the height of their influence in the Eighties, the spread of these new economic theories produced a series of clichés which still heavily influence the analyses of many experts and operators in the field:

- the de-taxing of higher incomes on the basis of an improbable Laffer Curve in order to stimulate growth and investments;
- the privatization of every service sector in order to lower costs and improve quality (shoestring budgets);
- the market as supreme and impartial arbiter of the capacities of businesses and nations, forgetting about agreements, corruption, unfair practices;
- the stock market as thermometer of the economy, without taking speculation into consideration.

The consequences of this can readily be seen:

- the drain of capital from investments towards short-term speculation, with consequent de-industrialization;
- the increase of public costs for services and a lowering of quality for users;

- financial scandals (Enron, Parmalat, etc.);
- the speculative bubble at the end of the millennium and the financial collapse of Argentina.

This all produced deep-rooted changes in the world economic situation. From being the focal point of the international economic system and the dominant country, the USA was transformed into the boss of the capitalist world, dictating the rules everyone else had to follow. It went from being the capital of the combined imperialist liberal countries to being simply an imperialist country. With hegemony no longer being shared, a struggle for hegemony thus erupted, with Europe (under the leadership of Germany) and Japan throwing down the gauntlet to the United States.

#### **4. The strong dollar and the crisis of industry**

A strong currency was the key to international success, but its consequences on the home front had not been calculated effectively. During the Eighties, the word de-industrialization went from being a slogan to a reality in the USA, thanks to the effects of several factors. The enormous influx of capital resulting from gains on exchange, from the inexorable growth of the stock market and from speculation, did not find its way into investment but was channelled into short-term profits as described above. Overvaluation of the currency actually made US goods less appetizing abroad and dedicating capital to production therefore seemed less attractive. The USA went from being an exporter to an importer and its trade balance has been in the red ever since.

The lack of investment in production brought with it other problems. Research and technological innovation, once financed essentially by private funds, have both slowed down, a fact that encouraged a dangerous race during the penultimate decade of the 20<sup>th</sup> century, principally at the hands of the competition — Japan. So