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# The Global Game

Imperialism Today and the Emergence of Regional  
Powers

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Imperialism Today and the Emergence of Regional Powers

2009

Retrieved on 15<sup>th</sup> November 2021 from [www.wsm.ie](http://www.wsm.ie)  
Published in *Red & Black Revolution* No. 15 — Spring 2009.

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2009



Peter Mandelson, 2006

“Daddy Comes Home in a Coffin — U.S. Explorer’s Last Journey on Ice. By M. Biswas

*Somewhere in America in a neat little red-roofed cottage four children ask their mother every day, ‘Mummy, when is Daddy coming home?’.*

*Less than a year ago Daddy –George Elmer Edman, the celebrated traveller and explorer- left home to explore the Amazon. Well, I have news for you, kiddies. Daddy is on his way home. Yesterday he passed through Trinidad. In a coffin”*

V. S. Naipaul, “A House for Mr. Biswas”, 1961

*“What we may be witnessing is not just the end of the Cold War, or the passing of a particular period of post-war history, but the end of history as such: that is, the end point of mankind’s ideological evolution and the universalization of Western liberal democracy as the final form of human government.”*

Francis Fukuyama, 1989

## Contents

<b>Loss of US Hegemony and the War on Terror . . . . .</b>	<b>7</b>
<b>Emergence of Regional Powers . . . . .</b>	<b>11</b>
<b>The European Union and the Global Europe Project . . . . .</b>	<b>15</b>
<b>Prospects at the end of history . . . . .</b>	<b>19</b>
<b>Neoliberal Crises — the Highlights . . . . .</b>	<b>23</b>
<b>Glossary — Alphabet Soup of Empire . . . . .</b>	<b>23</b>
<b>Global . . . . .</b>	<b>23</b>
<b>Americas . . . . .</b>	<b>23</b>
<b>Europe . . . . .</b>	<b>24</b>
<b>Asia . . . . .</b>	<b>24</b>

*our Nation against its enemies is the first and fundamental commitment of the Federal Government. Today, that task has changed dramatically (...) Terrorists are organized to penetrate open societies and to turn the power of modern technologies against us. To defeat this threat we must make use of every tool in our arsenal—military power, better homeland defenses, law enforcement, intelligence, and vigorous efforts to cut off terrorist financing. The war against terrorists of global reach is a global enterprise of uncertain duration.”*

George W. Bush, 2002

*“You can’t hold a sword over Brazil’s head for you sell us your gas. We may as well hold a sword over your head, since it is us who buy your gas. And if you don’t sell it to us, it is quite difficult that you will be able to sell it to someone else”*

Brazilian President Lula, 2006 (warning Bolivia against gas nationalisation)

*“Europe’s trade policy must become an integral part of its wider approach to economic reform and competitiveness. A stronger EU economy at home means Europe has to be more competitive abroad. We need to open markets and create new opportunities for trade and ensure European companies are able to compete fairly in those markets (...) If our economic strength is built on trade, then our prosperity is directly linked to the openness of the markets we try to sell to (...) And tackling barriers abroad is not just about lowering tariffs — it is about creating markets in which European companies get a fair deal, with freedom to compete and legal protection when they do.”*

UNASUR Union of South American Nations (includes all 12 independent states)

CAN Andean Community of Nations (Bolivia, Colombia, Ecuador, Peru)

ALBA Bolivarian Alternative for the Americas, includes Venezuela, Cuba, Bolivia, Nicaragua and Dominica.

Free Trade Area of the Americas (Negotiations collapsed in 2005)

## Europe

European Round Table of Industrialists

Union of Industrial and Employers' Confederations of Europe (now BusinessEurope)

EU Common Foreign & Security Policy

EU military Force

## Asia

Shanghai Cooperation Organisation, a security pact involving China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan.

Association of Southeast Asian Nations, a geo-political and economic block of 10 South East Asian countries.

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*“Today, the United States enjoys a position of unparalleled military strength and great economic and political influence (...) In a world that is safe, people will be able to make their own lives better. We will defend the peace by fighting terrorists and tyrants. (...) We will extend the peace by encouraging free and open societies on every continent. Defending*

This article charts the course of global geo-politics since the end of the Cold War, the emergence of new regional powers and the recurring cycle of crises in neoliberal capitalism that culminated in the great financial crisis of 2008.

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Capitalism, after decades of steady growth and seemingly never-ending prosperity, received a shock during the crisis of the early 70s. That particular crisis signalled the formal end of Keynesianism and marked the emergence of neoliberalism as the dominant capitalist mode of accumulation.

Neoliberalism allowed the recomposition of the capitalist system and allowed a new expansion in economic growth. However, this growth was far from the steady and optimistic decades of the 50s-60s. The last couple of decades have seen new problems like the synchronised recessions of 2001–2003 and periodic economic crises expressed in different parts of the world. These crises showed unequivocally the growing vulnerability of the world economy and the increasing tide of a new popular movement questioning the global effects of capitalist expansion. This movement was made up of the so-called anti-globalisation movement in the first world and a new type of nationalism in Third World countries – two contradictory expressions of the same basic economic force. So, while we might recognise a recomposition in capitalism and a new wave of its expansion, it has been, to say the least, plagued by internal contradictions.

Despite all the contradictions inherent in this particular type of accumulation model, the main feature of the 1990s was the remarkable expansion of the US to become a unipolar hegemonic power. This was facilitated by a number of international factors:

1. The collapse of the Soviet Union and its area of influence in 1989–1990. This allowed the uncontested expansion of ne-

oliberalism into “virgin” territory, while at the same time it removed the main competitor of the US.<sup>2</sup> The economic crisis in Japan in the mid 90s, the only serious counterweight to US economic might in that decade. It is worth remembering that there was a Japanese-scare in the US from the mid 80s, and chauvinistic attitudes were symptomatically expressed in the car industry.

3. The emergence of new information technology (telecoms, the software and biotech revolution, artificial intelligence, etc.) Thus, the 90s were particularly good for the US: from 1980–2000, GDP grew 93%, investments grew 180% and from 1991 to 1999 profit rates doubled. Between 1996 and 1998 – years that saw economic crisis in other parts of the world, including Mexico and Japan – US corporations saw their profit rates increase by 46.6%.

The spectacular growth of the US economy in the 90s led their neo-conservative intelligentsia to fantasise about the end of history and a never-ending road to prosperity, not to be disturbed by the omnipresent ghost of the revolution once the USSR had fallen. Thus, a new conservative right emerged, representing the most reactionary elements of a reactionary class. Clear representatives of this trend were the Latin American dictatorships and the rise to power of Margaret Thatcher in the UK, Ronald Reagan in the US, Nakasone in Japan and similar regimes in most of liberal Europe (Belgium, Denmark, Holland).

Social-Democracy, under the tutelage of people like German chancellor Kohl, turned from the centre to the right. Even the Vatican showed signs of this neocon thought, with the emergence of John Paul II, a Cold War pope, who played a not insignificant role in legitimising the Latin American tyrannies and in facilitating the neo-liberalisation of Eastern Europe and, in the process, crushing the leftist tendencies in the Catholic church. The end of Soviet influence in Eastern Europe resulted in its replacement by extremely conservative right wing poli-

a role in them and use them as points of fracture where the revolutionary movement can have a say.

## Neoliberal Crises – the Highlights

**Mexico 1994** - a sudden devaluation of the Peso caused a currency crisis which spread to the rest of South America

**South-East Asia 1997** - the Thai Bhat collapsed, triggering a crisis across South East Asia

**Russia 1998** - stress on the Ruble due to the Asian crisis caused a stock, bond & currency collapse in August 1998

**Brazil 1997–9** - Devaluation of the Real triggered a general economic crisis

**Argentina-Uruguay 2001** - capital flight, currency problems & enormous debt burdens caused the economies to collapse.

**DotCom 2001–3** – Huge bubble in technology stocks burst, sending US economy into crisis. Enron, WorldCom, Long Term Capital Management – US corporate failures and scandals

## Glossary – Alphabet Soup of Empire

### Global

G7 Group of Seven Industrialised Countries (USA, UK, France, Germany, Italy, Canada, Japan)

G8 The G7 plus Russia

IMF International Monetary Funds

WTO World Trade Organisation

WB World Bank Latin America

### Americas

MERCOSUR Mercado Común del Sur – trade Agreement between Argentina, Brazil, Paraguay and Uruguay

ganised people to implement it, sectors of the bourgeoisie can use these crises in order to rearrange the system to serve their own particular interests. One imperialist power will fall, and another one will emerge. Some may be ruined, but another sector of the bourgeoisie will be quick to replace them. What we are witnessing at present is mainly a realignment of the capitalist balance of power: a realignment which takes place against a background of social turmoil, anti-imperialist struggle, wars, occupations and an unbearable pressure on the working class. Some equate the demise of US hegemony with the end of imperialism and the emergence of regional powers as the beginning of the end of capitalism. We are far from believing so. Neither the EU, nor China nor Brazil are real alternatives, nor will they be a “socialist” counterweight to the US. Both are projects as capitalist and imperialist in nature as those carried by the US for most of the 20<sup>th</sup> century.

Is it possible for the working class to create its own autonomous alternatives in the midst of the crisis? Is it possible to take advantage of the context of intra-bourgeois and intra-imperialist struggles to build revolutionary horizons? Do anti-imperialist struggles, up to now dominated by authoritarian tendencies, have much of a potential to become anti-capitalist struggles? Even if they don't have much, do they open much of a space for such an anti-capitalist and openly socialist alternative? What is the effect of those struggles in different continents? Is it possible for the Third World working masses to break the chains of dependency without becoming the prey of local powers? Is it possible to move forward the need to break relations of dependency to the creation of a complete different type of society, built from below? These questions and many others are part of the challenge faced by the revolutionary and libertarian movement. Certainly, the contradictions of the current historical moment have to be well understood in order to be able to play

tics, which are still dominant to this day. The bulk of the bourgeoisie embraced this reactionary thought and practice.

At an international level, this new capitalist expansion increased pressure on the more vulnerable and dependant economies of the Third World (dependant means that they lack internal dynamism and get all of their input from the exterior). This pressure was exercised mainly through international bodies, representing the hegemonic capitalist block led by US corporations established around the G7 (later the G8 with the incorporation of Russia), in the form of the IMF, WTO and the WB. Loans and external debts were the main weapons for the gearing of the world economy to the particular needs of this hegemonic block.

The result of this for the Third World was disastrous. Its economies remained stagnant or were completely ruined, as in the extreme case of Haiti, and even in exceptional cases of some dynamism, like the Chilean “miracle”, economic growth only translated into growing inequality.

One of the main features of neoliberalism – its drive to open vulnerable economies through its emphasis on free trade – is to pass the effects of crisis from the centre to the periphery. This led to huge economic crises and an absolute impoverishment in the standards of living for vast sectors of the world's population, which were most dramatically seen in the cyclical African famines. As a result of the accumulation of capital in fewer and fewer hands, class contradictions were exacerbated. This was expressed in growing political instability that erupted in major political crises all over the world.

## **Loss of US Hegemony and the War on Terror**

However, by the end of the 90s the first signs of the decline of the US started to emerge. They were mainly expressed in a cri-

sis of overproduction in the first world (that led to an increased emphasis on free trade) and the recurrent devaluations of financial and speculative capital. US productivity indexes improved in relation to the period from the mid 70s to the mid 90s, but they were still behind those from the 50s to the mid 70s.

Then, since the turn of the new century, with the appearance of the Euro, the dollar has been increasingly and steadily losing its influence as a strong international currency. Many central banks around the world diversified their reserves, particularly to Euro, and its importance as an alternative currency in international trade has consistently grown, even in the black markets. This forced the US to impose the dollarisation of whole countries, such as Ecuador, in a desperate measure to keep the dollar afloat.

These all tend to show that, in spite of the growth of the 90s, the neoliberal period has been characterised by monetary instability and recurring economic crises in an increasingly globalised world economy. The whole period from 2001 to 2003 saw the emergence of a synchronised recession in the up to then most dynamic block of the capitalist world (Japan-Europe-USA): the lack of domestic demand resulting from it pushed the national economies of these countries (as well as those others relying purely upon an intensive raw material exports led model) to higher levels of competition for foreign markets to compensate the problems of overproduction. The direct result of the latter has been the wars of hegemony, on the one hand, and the dominance of free trade agreements in the diplomatic relationships of countries over the last decade.

The US War on Terror started in the middle of a period of recession that saw both Enron and Worldcom, two giant corporations, collapse in a truly Titanic fashion. This war is nothing more than a badly disguised symptom of the need to assume more offensive tactics in order to maintain its hegemony. In a genuinely neo-colonial fashion, they went for the Middle East to grab its resources – namely gas and oil – to prevent oil from

of humanity being at risk of annihilation, although envisaged during the Cold War with the nuclear threat, is now not only a possibility that may or may not happen, but is the medium term prospect for humanity – if things don't change radically. The environmental problems are proving beyond doubt that the current system – capitalism as we know it – is unsustainable in the long term and will end up digging humanity's grave.

Some on the left, disciples of a religious and apocalyptic world view, are expecting this to be the final crisis leading to the golden age of socialism. But capitalism has thus far been able to come out of every single crisis it has experienced. Will capitalism be able to emerge strengthened out of the current environmental crisis? Many say it won't, that the short-sightedness of the bourgeoisie, particularly, in the major economies, can't be reformed. The US refusal to sign up the Kyoto agreements and Europe's half-hearted compromise to reduce its emissions – not to talk of China's complete disregard for any environmental concern – are proof of that. The alternatives are clear: obliteration or socialism. Sectors of the bourgeoisie led by Al Gore, however, are already exploring the problem posed by global warming from a capitalist point of view, and the possibility of green reforms to the system is actually on the table.

But it is not for us to wonder whether capitalism will adapt to face the environmental challenge and solve this new crisis or not. Given the graveness of the possibility of humanity's extermination, we cannot step back and "see what happens." For what may happen could be an environmental holocaust of unexpected proportions. It is up to us to put forward our own libertarian alternatives to prevent the worst possible scenario from becoming a reality and, at the same time, to make sure we are never again at this crossroads.

Capitalism will not fall under its own weight. Crises may happen, as they have been happening for some centuries, but in the absence of a clear revolutionary alternative and an or-



2. The emergence of regional powers which are ready to fill the void created by the loss of US hegemony. These regional powers are mostly vying locally for hegemony in their respective areas of the world, but China and the EU are increasingly in position to mount serious challenges on the global stage.
3. Increased competition for markets and influence, caused by the emergence of new regional powers and declining US influence and their desperately violent attempts to retain it. This is setting the scene for competition that might, here and there, result in open military aggressions. The logic of capitalist competition, now as much as ever before, will lead towards new wars of hegemony, which we are already starting to witness.

One of the most important conclusions to be derived from all of this is that the loss of US influence does not equal, in a mechanical way, the collapse or the weakening of capitalism as such, nor does it necessarily mean the disappearance of international relations that can be classified as imperialistic. Capitalism, as a global system based primarily on the exploitation of labour by capital, has a tremendous elasticity and capacity to survive different crises. At present, because of the IT development and the globalisation of capital to unprecedented levels, crises are having deeper effects in the remotest parts of the world and are happening more and more often. Never before in history have crises been so coordinated as they are today. Never have they come in such quick succession. Indeed, it is the case nowadays that, before global capitalism can emerge from a crisis, another one has already started.

Today, there's a further element which exacerbates the crisis: climate change. It is true that capitalism, in its long historical development, wiped entire populations from the globe. Genocide is nothing alien to capitalism. But the possibility

being sold in Euro (as Hussein had been willing to do) and to install puppet regimes obedient to their diktats. Needless to say, war is itself a big business: let us remember that the economic collapse of 1929 was only turned around by World War 2. In a similar fashion, some US scholars have discussed the potential for the Iraqi adventure to serve as a stimulus for the US economy. Economist Paul Samuelson went so far as to say that the Iraq war would be beneficial as it would prevent a recession.

In fact, however, the pronounced violence of the international policy of the US Department of State is more a sign of weakness than of real might. The war, though producing great profits for the oil barons, has proved disastrous for the US public treasury: According to former World Bank director Joseph Stiglitz, the war is costing \$12 billion monthly, and together with interest, it will have cost \$3 trillion by 2017. The heavy military spending, coupled with tax cuts, has created important economic imbalances in the US economy and has deepened the levels of indebtedness of this State, one of the most indebted countries in the whole world. This, needless to say, contributed to further deterioration in the crisis of the dollar. Another classical example of how neoliberalism works: the profits are always private, while the losses are always public. This, in the long term, is unsustainable.

This instability and the contradictions inherent to this sort of economic development, never mind those created by the "imperialist" solution the US found to the crisis, drove vast sectors of the world "out of order" and the US, despite its hegemonic aspirations, has proved unable to keep it in order. Despite all the platitudes in the 90s about the "global" vision, the soon-to-emerge global government and the demise of the State, what we have seen, is that multinational bodies have been unable to cope with the crises and that the US is incapable of keeping the undisputed hegemony it has enjoyed for over a decade or longer.

What we see, as a direct result of the above, is the emergence of regional actors that are acting not only as economic counter-balances to the US, but also, because of their economic position, filling the authority vacuum in many parts of the world. This is starting to radically change the face of the world and the US will soon not be able to hold the reins on its own. There are plenty of signs: China's role in the recent nuclear crisis of North Korea is quite telling, so was the fact that Bush had to engage, in one way or another, with Syria and Iran in the Iraqi mess. Russia itself has walked a long distance from Yeltsin to Putin, and even within the G8 he has contested US supremacy.

Even the imperialist armed interventions are very telling: in both Iraq and Afghanistan the US was able to intervene directly and only used the "coalition" as a façade to hide its imperialist nature (although half way through they became desperate to genuinely involve the rest of the world whose opinion they had dismissed initially). In other recent cases they have proved unable to act alone, needing local puppets as genuine allies. This has inaugurated a new method of imperialist intervention that doesn't rely only on their own forces and local mercenaries, as was the case in Central America in the 80s, for instance. The US has come to require local allies as key elements in which there is a shared bounty and in which both parties have something to win over a third losing party.

Haiti in Latin America has been the clearest example of this – the US relies on a Latin American military presence there, mainly from Argentina, Brazil and Chile. In Africa, we have the recent case of the invasion of Somalia by Ethiopian forces. We see the US acting through proxies not in the usual form – but actually following regional States. And, in return, the local allies get rewarded by a grateful "international community" for helping to keep the world in order: Brazil has seen its own investments in Haiti increase, while their prestige as a hemispherical stabilizing force is earning credits towards its long desired goal of entering the club of the permanent mem-

one hand, resentment against neoliberalism, driven by "left of centre" opposition from the partisans of "Social Europe"; and on the other, the growth in nationalist feelings driven by the far right. Also, the divisive role played by the US can't be underestimated. This was exacerbated by the War on Terror and the subservience of the European neocons such as Blair, Aznar and Sarkozy. The accession of the Eastern European states in 2004 also brought a significant number of countries into the Union who were heavily influenced by the US.

This popular disenchantment was vividly expressed in the EU parliamentary elections of 2004 which saw high levels of abstentionism. On average, only 45% of EU citizens voted, statistics that were even lower in the new EU member states, where on average only 26% voted. Disenchantment was also seen in the referenda which rejected the EU Constitution in 2005 and the Lisbon Treaty in June 2007. This has created difficulties in the process of political integration required by the EU if it is to become a serious player on the global stage. Nevertheless the principal objective of the ruling classes remains, without modifying their neoliberal and imperialist politics, the rebuilding of consensus around the Global European project and its many domestic implications.

## **Prospects at the end of history**

Undoubtedly, we are far from the neocon utopia of the end of history. The changes and realignments in global politics and economics over the last two decades have been vertiginous. The main characteristics we can see are:

1. The loss of undisputed US hegemony that emerged as the main result of the end of the Cold War. This loss of hegemony is expressed in a political, economic, diplomatic and military crisis faced by the sole super-power of the last two decades.

to become a world power and to keep its international markets under control.

The creation of this military force started with Maastricht, in which the Common Foreign and Security Policy (CFSP) was introduced. In 1995 Eurfor was created as a Rapid Reaction Force for “humanitarian” military interventions. However, it was only when Javier Solana, ex-general secretary of NATO, assumed the position of High Representative for the CFSP in 1999, that decisive steps were taken towards an EU military force directly under the command of the European Commission. This became the EUfor in 2003 and it is based on what has been called the “Solana Doctrine”, which is nothing but the European version of the “war on terror”. Its main objective is to create the necessary military power to act against “terrorism”, “organised crime” and “failed states” – all, as usual, loosely defined, in order to allow the EU bourgeoisie and bureaucrats to use this force whenever they feel their interests are threatened. The similarity with US rhetoric is amazing, showing the true imperialist credentials of the EU – the Solana Doctrine goes so far as to state the need for EUfor to be able to carry out pre-emptive strikes.

If it can create a coherent political and military force to back its competitiveness, the EU will be in a position to guarantee its markets and their expansion without the risk of being challenged by local forces or competitors, such as China or even the US. In Africa, we are already witnessing the EU and China flexing their muscles with the current crisis in Chad and Sudan where, behind all of the platitudes about human rights and sovereignty, it amounts to a naked dispute over markets and access to resources.

Notwithstanding its steady growth and assertiveness on a global scale, the main threat to the EU’s consolidation comes from within: there’s a growing sentiment of hostility and indifference from the populations of its member states. At the root of this dissatisfaction lie two contradictory forces: on the

bers of the UN Security Council. Not surprisingly, the UN-SC has been a space where the new regional powers are making a claim to be included –this is very indicative.

## Emergence of Regional Powers

Over the last decade, International affairs have been marked by the scramble to secure energy resources and the emergence of new powers operating at a regional and global level. While the US desperately manoeuvres to remain the international hegemon, alternative poles are beginning to emerge that challenge their ability to operate with impunity on a global level and to keep a firm grip on global developments; the recent war in Georgia and the way in which Iran has systematically rejected Western pressure on its nuclear programme, are nothing but the most recent reminders of the ever-changing global scenario and the inability of the US to establish its will in the way it could a decade ago. At present, the EU already exports more than twice the Foreign Direct Investments than the US (47% and 20% of the total respectively, in 2005). This is a further sign of how the US has been lagging behind other economic blocks.

Asia is probably the place where the emergence of a new economic pole is clearer than anywhere else. Following the reconfiguration of the Chinese economy to encourage foreign investment and the collapse of the East Asian “tigers” in the 1990’s, China has seen massive economic growth over the past decade – an average of 9.8% over 12 years. China now has the largest foreign exchange reserves in the world, about \$1 trillion. It is the world’s fourth largest economy and has been successfully integrated into the international economy, making significant advances into most world markets and swiftly taking over the African continent, one of the largest mineral sources of the world. China is now Africa’s second biggest trade partner after

the US. Chinese-African trade increased from €6.75 Billion in 2000 to just over €47.3 Billion in 2007.

Russia can by no means be considered an emerging power, considering the role the USSR played for half a century. It can more accurately be thought of as a re-emerging power. Russia has experienced a recovery from the neoliberal shock therapy of the 1990s by introducing increased state control; especially of its energy industries. Much of the underdeveloped oil and gas reserves in Central Asia lie in Russian territory, or within its sphere of influence, making Russia a major player in the global arena. While a number of the Central Asian republics attempted to realign themselves with the US following the invasion of Afghanistan, the threat of US-funded orange revolutions, and the increasing assertiveness of Moscow, has driven them back into the Russian orbit. Russia itself saw such manoeuvring by the United States as hostile to its interests and responded by seeking closer links with China.

These emerging powers have attempted to set up alternative frameworks in which to cooperate and build links, outside the US- dominated global organisations. Numerous free trade areas and organisations for cooperation have been established such as SCO and ASEAN. One of the most significant of these is Shanghai Cooperation Organisation consisting of Russia, China and a number of the “stans”. India, Pakistan and Iran have observer status in the organisation. Covering an area of 30 million square kilometres, or about three- fifths of Eurasia, the SCO controls a large part of global oil and gas reserves and includes two of the world’s five declared nuclear powers. The SCO has the potential to develop into a counterweight to US influence in the region and is currently resisting US interference in the region. For example it has called for the withdrawal of US troops from the central Asian republics.

India, like China, underwent rapid economic development over the last ten years with high GDP growth and foreign investment. This led to India competing with China for scarce

and “Association Agreements”. In these arrangements, there are usually three areas for negotiations – cooperation, political dialogue and free trade; the latter is the really important one. Just as the US has been trying to create its own FTAA in Latin America, and because of its failure to do so, has pushed then bilateral agreements, the negotiations of the EU emphasize “regional integration”, but only to the service of big business – despite the empty humanist rhetoric of the EU, the truth is that its trade agreements have been as aggressive as anything the US has tried to achieve in international trade, pushing far beyond the rules of the WTO. Bi-regional agreements (EU-MERCOSUR; EU-CAN, etc.) simplify negotiations and deliver the benefits of combined markets. The economic presence of the EU in Europe’s traditional areas of influence, Asia and Africa, is significant. Even in Latin America, the US’s traditional backyard, the EU has already displaced it as the main investor and donor, and stands threateningly as second trade partner for the region.

This context of heavy competition for international markets requires the EU to advance the European project far beyond its traditional economic cooperation framework into the political, judicial and economic arena. This is needed in order to regain its lost ground as an international power. Maastricht was an important step in that direction. Since then, there have been systematic attempts to concentrate power in the European Commission, under the influence of the ERT and the industrialists.

This centralising spirit lies at the heart of the Lisbon Treaty of 2007, which was an attempt at revamping the moribund EU constitution. The constitution was rejected in 2005 but remains a fundamental aspect of the institutional construction of the EU as an imperialist force. This project not only aims to create the necessary centralisation of political power that will help the EU to become a real global competitor to US hegemony, it is also creating an independent and unified military force, necessary

'80s, under pressure from the business blocks within the EEC (ERT and UNICE), the Community took a neoliberal turn. Increasingly, there were demands for the implementation of free trade and liberalisation of internal markets, and attacks on the welfare system which Europe had employed over the previous three decades. The EEC also started promoting a homogenous economic space which would result in the Single European Act in 1986, creating a single market. This project was furthered advanced with the Maastricht Treaty in 1992, which consolidated the neoliberal attacks on workers' rights and the public sector of the economy. Maastricht also advanced Economic and Monetary Union (EMU) which concentrated economic decision making power in the European Central Bank and eventually produced the emergence of the Euro as the EU's currency in 2002.

Although the EU was born under the umbrella of the US, from at least as early as the 1960s, it was looking for ways to assert its own global project. The Cold War, however, prevented this project from every really taking off. It acted as a buffer against internal tensions, derived from competition between the US and Europe, within the Western capitalist block. The end of the Cold War in 1990 opened new opportunities to the East, and the "New World Order" made it possible for Europe to do without the military tutelage of the US and thus begin to assert its own independent capitalist project. This has caused the EU to pursue a more aggressive international approach.

This approach was made explicit with the "Strategy of Global Europe", outlined by the European Trade Commission in 2006, which seeks to dismantle the remnants of the welfare state by turning Europe into a "competitive" global actor; a competitiveness hindered by "obnoxious" trade unions and the "stubborn" desire of European workers to have a decent and comfortable life. The strategy also includes an aggressive economic agenda towards the Third World, expressed mainly in terms of free trade areas disguised as "Economic Partnership Agreements"

natural resources. The United States has attempted to capitalise on this by using India as a regional supporter to maintain US influence in the subcontinent and beyond. China on the other hand is attempting to bring India into the SCO and other regional bodies arguing that the developing countries should unite against the developed countries that have a stranglehold over the global economy. So far India has remained ambivalent and has attempted to please both sides.

Similar alignments can be seen in Latin America; the last decade has seen initiatives such as MERCOSUR and UNASUR being stimulated by a new type of reformism. Two clearly different examples of this phenomenon can be seen in the figures of Lula, from Brazil, and Chávez from Venezuela. Both are seeking to establish a new pole of leadership in the region and talks are emerging of a new type of economic integration of the subcontinent, exemplified by the IRSA project for regional integration of energy and infrastructure, pushed by Brazil and with the Venezuelan-led ALBA, which aims to turn itself into an alternative to the failed Free Trade Area of the Americas (FTAA) formulated by Washington.

Brazil is Latin America's most industrial power and its largest economy. In the past number of years Lula has put a lot of effort into forging links with India and South Africa in an effort to create a Third World power block. Brazil's role as a regional sub-imperialist power is evidenced by its actions in leading the UN occupation of Haiti, its role in extracting gas in Bolivia etc. When Bolivian president Evo Morales announced the nationalisation of gas and oil reserves on Mayday 2007, Lula was the main critical voice against this move.

The rise of a neo-developmental Left in Latin America, the so-called "Pink Tide", on the back of mass popular movements, can be understood in the context of the crisis of capital accumulation that swept the continent around the turn of the millennium. The "moderate left", is readjusting the local capitalist structures to the new circumstances and the main actors in the

so called shift to the Left – Brazil and Venezuela – are betting on making it onto the international scene as new emerging powers.

But, although the foundations for the emergence of a new regional block have been laid, the US still maintains a strong presence in Latin America. Although it failed to establish the FTAA, it has, nonetheless, established bilateral agreements with countries such as Chile and Perú, and Colombia is ready to follow suit. The latter country is the stronghold of US presence in the region, a presence that has been reinforced through Plan Colombia, which has delivered around \$5 billion since the late '90s in military aid. Colombia has also served as an intermediary for the conflicts between the US and Venezuela. The contradictions between the local powers such as Brazil and Venezuela, and between these powers and foreign imperialist presence (US and EU) and their staunch local allies (Chile, Perú, Colombia), but also, between increasingly combative popular movements and traditional power structures, provide the framework to understand the recent political developments in Latin America.

These developments are far from clear in terms of where they will end up and they are still marked by a fast pace of change and uncertainty. Although many possible options lie ahead, it is hard at this stage to have a clear picture of how all these contradictions will be solved and what place will be reserved for popular movements in the solving of them.

The emergence of these new blocks has been stimulated, and one could say even made possible, because of the decline of US influence and of the International Financial Institutions such as the WB and the IMF, which have been seriously discredited after their programs have translated into recipes for disaster all over the world, but particularly in Asia, and as many of the former major debtor countries, such as Brazil, have cancelled their commitments to these institutions and have decided not to borrow anymore from them. This has given traditionally Third World economies more room for manoeuvre, what has been

reflected in the systematic failure of the WTO rounds of negotiations. To a great extent, these express the inability of “First World” economies to impose their absolute will on the rest of the world.

The social movements themselves and the governments that have come out of the crises have often been put in the same basket. However, while the former have actually shifted to the left, the various leftist parties and movements in Latin America that have entered government over the past couple of years have shifted notoriously to the right of their former positions, the P.T. of Lula being the most pathetic example. The only exception to this trend is Chavez, who has moved further to the Left, although still not beyond a “developmentalist” framework.

## **The European Union and the Global Europe Project**

After World War 2, Europe was left in ruins. Each of its imperial powers lost their hegemony in the world, a place quickly taken by the US and the USSR. This loss of hegemony added to the new bipolar nature of the world. National markets were still restricted and the loss of their former colonies in Asia, Africa and the Caribbean, led the main European economies to look for ways to create a common market to strengthen their respective bourgeoisies in the face of increasingly fierce international competition. This led to the foundation of the European project, which was launched formally with the Treaty of Rome in 1957. After many name-changes and treaties, the EU was adopted with the Maastricht Treaty in 1992.

At its beginnings the EU (then EEC) followed a Keynesian model based on a welfare state. However, the repercussions of the energy crises of the '70s and the consequent cycles of recession, inflation and unemployment pushed Europe towards emerging neoliberal and neo-conservative politics. Since the