Notes

Introduction

1 See David Held’s early definition of “globalization” as a distinctively new “international order involving the emergence of a global economic system which stretches beyond the control of a single state (even of dominant states),” in his “Democracy: From City-States to a Cosmopolitan Order?” Political Studies, XL, Special Issue (1992), pp. 32–4; and the critique of this in Leo Panitch, “Globalization and the State,” Socialist Register 1994, London: Merlin, 1994. Although Held would later come to speak in terms of the “transformation” of states by globalization, the substance of the argument did not really change. In this type of discourse, usually the very things that were taken as the measures of globalization—the free flow of capital, the intensification of worldwide competition, the revolution in communications technology—were simultaneously offered as the explanations of it. See Justin Rosenberg, The Follies of Globalization Theory, London: Verso, 2000. See also Leo Panitch, Colin Leys, Alan Zuegeand Martijn Konings, eds., The Globalization Decade, London: Merlin, 2004.


3 “For globalization to work, America can’t be afraid to act like the almighty superpower that it is” were the words emblazoned on the cover of the New York Times Magazine to feature Thomas Friedman’s “Manifesto for a Fast World” in its March 28, 1999 issue (similar treatment was accorded to “The American Empire—Get Used to It,” by Michael Ignatieff, on January 6, 2003, in the run-up to the invasion of Iraq). On the other hand, Hardt and Negri’s best-selling book Empire argued that the term should be applied to the process of globalization itself—a process that ensured that the “United States does not, and indeed no nation state can today, form the centre of an imperialist project.” Michael Hardt and Antonio Negri, Empire, Cambridge, MA: Harvard University Press, 2000. For a broader review of the use of the term “empire” as applied to the US at this time, see Niall Ferguson, Colossus: The Rise and Fall of American Empire, New York: Penguin, 2005, esp. pp. 3–7.


As in much of social science, there is an unfortunate tendency within Marxism to write theory in the present tense. We are sympathetic to E. P. Thompson’s famous lament that Marx himself became for a period “caught into the trap” baited by classical political economy’s search for “fixed and eternal laws independent of historical specificity.” *The Poverty of Theory and Other Essays*, London: Merlin, 1978, esp. pp. 231–3.

In light of widespread misguided assumptions—and often misrepresentations—of what is entailed in such a theory, it is important to stress that we are not proceeding from an ideal-typical notion of what capitalism requires, and then asserting in a functionalist manner that states must meet such requirements. Nor do we see the relationship between policymaking and capital accumulation as a matter of capitalists telling state actors what to do. For excellent discussions of the extent to which Mihrband, Poulantzas, and others who have sought to develop a theory of the capitalist state successfully avoided such problems, see especially Stanley Aronowitz and Peter Bratsis, eds, *Paradigm Lost: State Theory Reconsidered*, Minneapolis: University of Minnesota Press, 2002; Paul Wetherly, Clyde W. Barrow, and Peter Burnham, *Class Power and the State in Capitalist Society*, London: Palgrave Macmillan, 2008; and Alexander Gallas, Lars Bretthauer, John Kannankulam, and Ingo Stützle, eds, *Reading Poulantzas*, London, Merlin Press, 2011.


Among the pre-capitalist absolutist states that founded Europe’s mercantile empires, by the eighteenth century only England had developed a “conception of empire rooted in capitalist principles in pursuit of profit derived not simply from exchange but from the creation of value in competitive production.” Ellen Meiksins Wood, *Empire of Capital*, London: Verso, 2001, p. 100. And just as a highly active British state was involved in developing the differentiation between the economic and political that went by the name of “laissez faire,” so did its practice of the “imperialism of free
trade” in the nineteenth century, especially in Latin America, establish the prototype of an “informal empire.” The conventional notion that free trade and imperialism did not mix was a misconception carried into the twentieth century by thinkers as diverse as Lenin and Schumpeter, but it was in fact rooted in the views of the free-trade liberals themselves. It was belied by the innumerable occupations and annexations, the addition of new colonies, and especially by the importance of India to the empire, during the heyday of free trade between the 1840s and the 1870s. John Gallagher and Ronald Robinson originally explained what this meant for the nature of British imperialism: “The type of political line between the expanding economy and its formal and informal dependencies . . . tended to vary with the economic value of the territory, the strength of its political structure, the readiness of its rulers to collaborate with British commercial and strategic purposes, the ability of the native society to undergo economic change without external control, the extent to which domestic and foreign political situations permitted British intervention, and, finally, how far European rivals allowed British policy a free hand.” “The Imperialism of Free Trade,” Economic History Review VI: 1 (1953), pp. 6–7.

13 Colin Leys, “Conflict and Convergence in Development Theory,” in W. J. Mommsen and J. Osterhammel, eds, Imperialism and After, London: Allen & Unwin, 1986, p. 322. See also Norman Etherington, Theories of Imperialism: War, Conquest and Capital, London: Croom Helm, 1984. The failure to make this distinction ensured that the words that opened Kautsky’s infamous essay in 1914—the one that so attracted Lenin’s ire—increasingly rang true: “First of all, we need to be clear what we understand from the term imperialism. This word is used in every which way, but the more we discuss and speak about it the more communication and understanding becomes weakened.” “Der Imperialismus,” Die Neue Zeit, Year 32, XXXII/2 (September 11, 1914), p. 908.

14 The increasingly severe analytic problems with Hobson’s as well as the Marxist theories of imperialism gave rise by the 1970s to complaints that their association of imperialism with “an undifferentiated global product of a certain stage of capitalism” reflected their lack of “any serious historical or sociological dimensions.” Gareth Stedman Jones, “The Specificity of US Imperialism,” New Left Review 1/60 (March–April 1970), p. 60, n. 1. Giovanni Arrighi went so far as to say that “by the end of the 60s, what had once been the pride of Marxism—the theory of imperialism—had become a tower of Babel, in which not even Marxists knew any longer how to find their way.” Giovanni Arrighi, The Geometry of Imperialism, London: NLB, 1978, p. 17.

15 Our argument in this respect is thus quite different from that of Niall Ferguson, who at various points adopts something close to a historical-materialist definition of the US as a liberal empire—“one that not only underwrites the free international exchange of commodities, labor and capital but also creates and upholds the conditions without which markets cannot function”—but insists, despite much of the evidence in his own book, that in practice the US “has been a surprisingly inept empire builder.” Colossus, p. 2.

16 The classic study in this vein is William Appleman Williams, The Contours of American History, Chicago: Quadrangle, 1966. Andrew J. Bacevich embraced this interpretation
in his American Empire: The Realities and Consequences of US Diplomacy, Cambridge, MA: Harvard University Press, 2002, even though it fails to register the small contribution that exports made to capital accumulation relative to the domestic economy at the time, and gives vastly disproportionate weight to the significance of US capitalist expansion in Central America at a time when California was barely yet a site of US capital accumulation. Others who have recently embraced this Open Door explanation of US foreign economic policy have acknowledged that “US economic well-being did not objectively depend on trade,” but still insist that “policy makers in Washington believed that prosperity was tied to its exports abroad.” Christopher Layne, The Peace of Illusions: American Grand Strategy from 1940 to the Present, Ithaca: Cornell University Press, 2006, p. 72. As Gabriel Kolko long ago pointed out, this interpretation suggests a kind of “transcendental false consciousness” whereby capital and the state “failed to perceive where it was their main gains were to be made.” But despite his insistence on the need for a more sophisticated explanation than “the specific needs of this or that business interest,” Kolko unfortunately offered only an uncritical reference to the “general theory of the role of imperialism in resolving United States capitalism’s structural contradictions.” Gabriel Kolko, Main Currents in Modern American History, New York: Harper & Row, 1976, p. 36.

17 An insistent line of interpretation, originally advanced by radical scholars but today also embraced much more widely, has made this error in directly tracing US policy to the influence of “large capital-intensive corporations that looked to overseas markets and outward-looking investment banks” (as opposed to “labour-intensive industries that favoured economic nationalism”). And if it is admitted, on this interpretation, that it is not quite correct to speak of these capitalist “dominant elites” as “hijacking the state,” it is only because they allegedly “are the state.” See Layne, Peace of Illusions, esp. pp. 200–1, which explicitly draws here on Tom Ferguson’s famous essay, “From Normalcy to New Deal,” International Organization 38: 1 (Winter 1984).


19 We share Rhonda Levine’s assessment that, while Theda Skocpol and her associates were correct in showing how much the New Deal enhanced state capacities, their attempt to counterpose this against a rather “caricatured reading” of the 1970s Marxist theory-of-the-state debate was unjustified, and itself involved a misleading conceptualization of the state “as being independent from the social relations of capitalism,” including “the limits imposed by the accumulation process on class forces,” as well as directly on the state itself. See Rhonda F. Levine, Class Struggle and the New Deal, Lawrence: Kansas University Press, 1988, pp. 9–13.

20 “Even when it did not speak first, the allies always had to figure America’s response into their actions. This defining function was crucial.” Geir Lundestad, The United States and Western Europe since 1945, Oxford: OUP, 2003, p. 64.


23 For the extent to which Bretton Woods has been misleadingly seen as involving the "repression" of finance, compare our “Finance and American Empire with Eric Helleinee, States and the Reemergence of International Finance, Ithaca: Cornell University Press, 1994.


26 Apart from Poulantzas’s penetrating theoretical critique of the notion of a ‘transnational capitalist class’ in the 1970s in his Classes in Contemporary Capitalism, and the strong empirical refutation in Winfried Ruigrok and Rob van Tulder, The Logic of International Restructuring, London: Routledge, 1995, see the more recent analysis by Geoffery G. Jones, which demonstrates how much, in the new millennium as before, “the influence of nationality on multinational corporations is still strong today. The composition of boards of directors remains heavily biased toward home-country nationals, despite the fact that equity ownership of large corporations is now widely dispersed among countries . . . Today, technological advances may permit different parts of the value chain to operate in different places, companies may hold portfolios of brands with different national heritages, and leaders, shareholders, and customers may be dispersed. Still, the nationality of a firm is rarely ambiguous. It usually has a major influence on corporate strategy, and it seems to be growing in political importance.” “The Rise of Corporate Nationality,” Harvard Business Review, October 2006, pp. 20–2. See this argument presented more fully in his “Nationality and Multinationals in Historical Perspective,” Harvard Business School Working Paper, 06-052, 2005. It is especially useful to bear this in mind when reading Leslie Sklar, The Transnational Capitalist Class, Oxford: Blackwell, 2001; William I. Robinson, A Theory of Global Capitalism, Baltimore: Johns Hopkins University Press, 2004; Jonathan Nitzan and Shimson Bichler, Capital as Power, New York: Routledge 2009; and William K. Carroll, The Making of a Transnational Capitalist Class, Zed Books, New York, 2010.

27 Bacevich, American Empire, p. 4.


29 For instance, Kolko (despite having criticized the Open Door interpretation as it pertained to the beginning of the century) seemed to accept the plausibility of it at mid-century, especially by giving far too much weight in his The Politics of War (New York: Vintage Books, 1968) to Secretary of State Hull’s free-trade pronouncements during World War II. It would once again have amounted to “transcendental false consciousness” to base policy on the notion that exports rather than domestic
accumulation would save the US from another depression after the war. And Kolko was joined in this by many others who took it as a simple matter of fact that postwar policy was driven by the belief that “the US would have to be a major exporter in order to maintain full employment in the transition back to peacetime life.” Michael Hudson, *Super Imperialism: The Origins and Fundamentals of US World Dominance*, 2nd edn, London: Pluto, 2003 [1972], p. 19.


37 *Classes in Contemporary Capitalism*, p. 87. Poulantzas understood clearly what the series of successive European “withdrawals” on capital controls, monetary policy, and the oil crisis in the early 1970s meant: “These withdrawals are generally interpreted as an ‘offensive by American capital designed to restore its tottering hegemony’ . . . these people simply cannot see the wood for the trees; American capital has no need to re-establish its hegemony, for it has never lost it.” See also Otto Holman and Kees van der Pijl, “The capitalist class in the European Union,” in George A. Kourvetaris and Andreas Moschonas, eds, *The Impact of European Integration*, Westport, CT: Praeger, 1996, esp. pp. 58–63.


The notion that the US was in “terminal decline” as the center of capital accumulation shifted to East Asia was the central theme of Giovanni Arrighi’s *The Long Twentieth Century* (New York: Verso, 1994), and was taken up again in his *Adam Smith in Beijing: Lineages of the Twenty-First Century* (New York: Verso, 2007). See also Andre Gunder Frank, *ReORIENT: Global Economy in the Asian Age*, Berkeley and Los Angeles: University of California Press, 1998.

Insofar as over-accumulation can be said to have been a factor in generating the crisis,
it needs to be very specifically located in the interface between the construction industry and real-estate finance. See David Harvey, “The Urban Roots of Financial Crises: Reclaiming the City for Anti-Capitalist Struggle,” Socialist Register 2012, London: Merlin, 2011.

1. The DNA of American Capitalism

1 When Washington spoke of the new state as “a rising empire,” he was thinking in terms of the mercantile colonial empires of the eighteenth century. Alexander Hamilton also spoke in terms of the US becoming “a great empire” by “diffusing its force . . . through a judicious arrangement of subordinate institutions” in the image of “one great American system superior to the control of all transatlantic force or influence and able to dictate the terms of connection between the old and the new world!” See Clinton Rossiter, ed., The Federalist Papers, New York: Mentor, 1999, pp. 59, 66.


4 Anderson, “Force and Consent,” p. 25. See also Daniel Lazare’s The Frozen Republic (New York: Harcourt Brace, 1996), which fails to distinguish between the democratic constraints and domestic policy gridlocks that the old elitist system of checks and balances produced and the remarkable informal imperial “carrying power” of the American constitution in the sense argued here.


6 See especially Charles Post’s compelling historical materialist analysis of the transition, starting in the last decades of the eighteenth century, of the independent family farmers from household to commodity producers in agricultural markets, and the growing divergence, in the first half of the nineteenth century, between the burgeoning agro-industrial complex of social relations in the northeast and mid-west states and the plantation states of the old south. The American Road to Capitalism: Studies in Class Structure, Economic Development and Political Conflict, 1820–1877, Chicago: Haymarket, 2012.
