

‘Imperialism and global political economy’: A reply to Callinicos

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We appreciate the attention that Alex Callinicos is giving to our work, and are especially pleased that he sees it as a ‘useful corrective’ to his earlier ‘mistaken claim’ that the end of the Cold War would see a return to the old interimperial rivalries. Our argument, he acknowledges, helped him see the error in expecting, after 1989, ‘a simple repetition of earlier historical patterns without taking into account the effects of the concrete forms taken by economic and geopolitical competition’ in the post-1945 era. (p. 116)

Unfortunately, Callinicos’s critique of our work makes it rather clear that the theoretical mistakes that led him to make this earlier claim have not been corrected. Despite beginning by admitting the ‘serious defects’ of the classical theory of imperialism, Callinicos seems mainly concerned to defend it as an ‘indispensable instrument for understanding the contemporary world’. He borrows from Harvey and Arrighi a notion of ‘two logics of power’ – economic and territorial – to try to revive the classical theory.¹ Defining imperialism as ‘the intersection of economic and geopolitical competition’, he explains this as deriving from the internationalization of capital, and the interpenetration of private capital and the nation-state by the late 19th century, which gave rise to the ‘merger’ of the two previously distinct logics of power: economic competition between capital and geopolitical competition among states. Their ‘contradictory fusion’ continues to define imperialism today.

By contrast, our argument is that there was a fundamental transformation in capitalist imperialism in the last half-century along the following lines: (a) the closest linkages among capitalist states were now between the American state and the other states of the West, rather than with the South as in the old imperial era; (b) the internationalization of capital was fundamentally different in the second half of the 20th century than in the 19th and early 20th, based as it now was on foreign direct investment and the multinational corporation; (c) the interpenetration of production and finance in the contemporary era dissolved the coherence of the old national bourgeoisies that was the basis of the earlier inter-imperial rivalries; (d) what Marx in the *Grundrisse* called ‘many capitals’ came to depend on *many states*; and (e) the internationalization of the state reflected this in terms of the responsibilities states took on for managing the contradictions and crises of global capitalism, while still trying to make their territorial spaces attractive as sites of accumulation for foreign as well as domestic bourgeoisies.

Callinicos appears to accept our argument on how capitalist imperialism was transformed. As he puts it: ‘Thus the historic achievement of the American state during the 1940s was the construction of a transnational economic and geopolitical space that unified the entire advanced capitalist world under US leadership’. (p. 117) But he contends that we are ‘insufficiently sensitive to the strains’ to which this new imperial system was ‘increasingly subjected’ by the late 1960s. His entire argument in this respect appears to be founded on the claim that the economic crisis of the 1970s has never been resolved. Yet we show that it was precisely through the neoliberal resolution of that crisis that global capitalism’s dynamism and the structural power of the American empire were reconstituted over the last quarter-century.

Callinicos misunderstands our argument when he says that we see class struggle from below as the sole cause of the crisis of the 1970s; we make it very clear that renewed economic competition was also at the root of this. Our main point is that it became impossible to resolve the crisis of the 1970s without breaking the back of labour, not least through opening up the world to the free flow of capital and restructuring the world's states to that end under the new form of social rule that is neoliberalism. Far from the 'strains' of the crisis of 1970s undoing the new form of capitalist imperialism, we show that American hegemony not only remained unchallenged through that decade, but the trade competition that emerged from the revived Japanese and European economies did not lead on to anything like the old rivalries precisely because of the integration in production and finance that already had taken place and continued apace amidst this revived competition. Callinicos does not challenge this, nor does he dispute our argument that it was after US applied neoliberal discipline to itself under the Volcker shock that the international authority of neoliberalism was established, emulated and generalized. It was this that resolved, for capital, the crisis of the 1970s.

Callinicos offers no evidence himself that the crisis of the 1970s remains with us to this day, and totally ignores the evidence we offer to the contrary, including our refutation of the 'plentiful evidence' he seems to think the sources he mentions provide.² Insofar as Callinicos is arguing that there are structural tendencies to crises in capitalism that operate behind the backs of class and state actors, we don't disagree at all. In fact, we think that uneven development and financial volatility under neoliberal globalization reinforce those tendencies. But we argue that the capacity to manage and contain crises also needs to enter into the analysis, and we stress not only the coordinated management under the American imperial aegis, but also the difficulties involved in having to manage global capitalism through relatively autonomous states.

Despite his *mea culpa* for his earlier mistakes on this, Callinicos still seems to believe that the end of the Cold War, reinforced by the ongoing economic crisis that began in the 1970s, should have removed the structural underpinning of 'the transnational economic and geopolitical space constructed in the 1940s'. Insofar as he now says the disintegration of the latter proved to be 'in no sense inevitable' after 1989, he seems to think this was only due to 'the creative political intervention of the American state, particularly under the Clinton administration'. (p. 118) He thus not only fails to appreciate that the international economic integration and the coordinated management of global capitalism was not a mere addendum to the Cold War, he also gives far too much weight to the primacy of American state actors in making what he calls a 'genuinely global capitalism' happen in the 1990s. This is rather ironic, given that he accuses us of not giving primacy to economic determinants and paying too much attention to the imperial capacities of the American state.

Whereas we see the theoretical importance of stressing the relative autonomy of the state in terms of the role many states played in fostering and reproducing a dynamic global capitalism, Callinicos seems to mainly see the importance of states in terms of their role in 'geopolitical competition'. This loose notion of 'geopolitical competition' acts a stand-in for the concept of inter-imperial rivalries, and it is this that allows him to cling to the classical theory of imperialism as 'an indispensable instrument for understanding the contemporary world'.

The evidence Callinicos' adduces to make his case for 'the development of centrifugal tendencies within the Western geopolitical bloc' (p. 118) strikes us as very weak, especially since the whole implication of his argument is that this is suggestive of a return to inter-imperial rivalries. All he points to are certain concerns among some American elites to prevent the emergence of effective rivals to US military dominance. This is hardly surprising and only confirms that the American state wants to develop further capacities to reinforce its dominance. The very fact that Callinicos speaks in terms of American elites having 'a *long-standing* preoccupation... to prevent the emergence of a hostile Great Power' (p.118 emphasis added) is evidence that there is nothing new here. And even if we granted that this preoccupation alone could explain the American invasion of Iraq, it would no more indicate the likely reemergence of interimperial rivalries than the war on Yugoslavia over Kosovo did. We explicitly argued that the latter was mainly directed at making it clear to the Europeans that NATO would remain the policeman of Europe – and Callinicos admits it was successful in this respect.

There were of course greater tensions over the war on Iraq, but Callinicos makes far too much out of what transpired in this respect in the early months of 2003, and ignores the significance of the German and French endorsement at the UN of the American occupation of Iraq in the spring of 2004. As Dominique Moisi explained, the main reason for this accommodation was that '[w]hen the US finds itself bogged down, it poses a big challenge to the rest of the world. If America simply pulled out [of Iraq] now... concern would quickly switch from the perils of US global domination to the dangers of a world deprived of US international engagement.... America is in a mess but so are we.'³ This sustains our argument that 'what is at play in the current conjuncture is not contradictions between national bourgeoisies, but contradictions of "the whole of imperialism"', implicating all the bourgeoisies that function under the American umbrella.'⁴

We may also note in this context the French Defense Minister's reassurance that even the 'Defense Europe' initiative would 'strengthen NATO's capacities and benefit the trans-Atlantic link. We are not in competition. We complement each other.'⁵ No less notable is the French government's advertising campaign (inauguration in late 2004) in publications like *The Wall Street Journal*, *Harvard Business Review* and *Time Global Business* trumpeting 'The New France' (in obvious contrast with 'Old Europe') as the savvy investor's place to do business.⁶ More than a short-term concern with profits is involved here. Very much at play is the belief by European capitalists that neoliberalism can remain strong in Europe only insofar as it remains strongly tied to an America-led global capitalism. Indeed, the class alignments in relation to the yes and no votes in the referendum on the European constitution sustains our argument that 'the most serious contradictions and conflicts are located not so much in the relationships *between* the advanced capitalist states, as *within* these states, as they try to manage their internal processes of accumulation, legitimation and class struggle.'⁷ Of course, as we also argued, this is no less true of the American state as it tries to manage and cope with the complexities of neo-imperial globalization while also overseeing the social forces and social contradictions in its own social formation.

What all this suggest is that, even the concept of 'geopolitical competition', let alone the concept of rivalry, cannot make the old classical theory of imperialism 'indispensable' for understanding European-American relations today. Callinicos offers

nothing at all to challenge our central argument that the asymmetric power relationships that emerged out of the penetration and integration among the leading capitalist countries under the aegis of informal American empire were not dissolved in the wake of the crisis of the Golden Age or the end of the Cold War, but rather were refashioned and reconstituted through the era of neo-liberal globalization. And he only caricatures our argument (and to recognize this one does not need to read our own extensive critique of Hardt and Negri⁸) when he contends that we arrive at the same conclusion as Hardt and Negri ‘that geopolitical competition has largely been transcended in contemporary capitalism’ (p.111) It is only because he wants ‘geopolitical competition’ to act as a stand-in for inter-imperial rivalry that he can suggest this. For unlike Hardt and Negri we reject the notion that borders are being erased and states are being by-passed in global capitalism and insist on the very large role of states in the making of global capitalism, and explicitly say that the relative autonomy of states within the American informal empire allows for divergence in many policy areas.

Indeed we would even agree with Greg Albo’s important argument that the precise nature of hegemony is that you expect different tactics to be put forward by the integrated field of forces but that they do so in a way that reproduces the overall structural relation and power.⁹ In a world of states, you would expect different states to exhibit different approaches to what is needed for global capitalist development and security. The problem is to think this must necessarily be inconsistent with American strategy and to draw the conclusion that this constitutes a geo-political fault line that will spill over into rivalry for world dominance. Neither of these reductions is necessary theoretically, and they are wrong empirically.

The weakness of an argument that must rely on inflating instances of strain or tension among the advanced capitalist states far beyond what they deserve is especially seen when Callinicos points to the EU’s plans to end the arms embargo on China as ‘perhaps the most serious row since the invasion of Iraq.’ The EU has, of course, backed down on this since he penned these words. What this type of argument makes clear is that Callinicos is still too easily tempted to slip back into making the same mistake he made in earlier writings – he remains on the look out for ‘a simple repetition of earlier historical patterns’ that will sustain the old classical theory of inter-imperial rivalry. The attention he pays to China as a putative new player in these patterns might seem more plausible than the attention he gives to Europe in this respect. But the case he tries to make to counter our argument that China will remain very far from reaching the status of an inter-imperial pole for a good many decades relies again on quotations from American security elites that express their concern to prevent China from acquiring this status. He himself provides no historical materialist analysis of the capacity of China to do this.

Callinicos returns at the end of his article to the question of the underlying economic factors that are allegedly undoing the American empire. He focuses primarily on ‘the role played by China in particular and Asian capitalism in general in financing the US deficit’. From this, he draws a parallel with Britain having become ‘financially indebted to the United States during the First World War even if took another thirty years into the definitive displacement of one by the other as the leading capitalist power.’ (p. 124) He thus slips here yet again into ‘a simple repetition of earlier historical patterns’, and this is especially troubling insofar as it encourages people to pay insufficient attention to the need for careful historical materialist analyses of what has distinctively

changed not only about the names of the state players in the global capitalist economy but in the relationships between them over the course of the last century.

All this makes it rather ironic that Callinicos should chastise us for not giving primacy to economic determinations. By virtue of our 'not setting the development of capitalist imperialism in the context of the structurally determined crisis tendencies of the capitalist mode of production', he is emboldened to ask: 'if economic primacy doesn't figure *somewhere* in the argument what is the point of calling oneself a Marxist?' (p. 116) This betrays a number of fundamental theoretical problems. On what basis does giving primacy to economic determinants get translated into crisis tendencies alone? What are we to understand by 'economic primacy' if the structural determination involved is read off from contradictory versions of crisis theory and that plays down the balance of power in social relations of production at both national and international levels? Isn't it a version of the monetary illusion to read structural crises off from such indicators as deficits and debts?

It is significant in this respect that Callinicos fails to address our theoretical as well as empirical argument regarding the relationship between finance and empire in global capitalism, nor our explicit explanation of why the relationship between the US and China today is so different than that between Britain and the US yesterday. Our explanation of the American ability to finance its massive deficits over the past quarter century, and our argument that this has reflected imperial strength rather than weakness, has fundamentally to do with the 'economic primacy' we give to production and finance in our analysis, although we show that these can never be separated from their class and institutional moorings.¹⁰ The kind of 'economic primacy' that figures in our own analysis is founded on the understanding that both the causes and consequences of economic crises cannot be addressed apart from the balance of power between classes and states.

We said of Lenin in 'Global Capitalism and American Empire' that he had a proclivity for over-politicizing theory. We expect Alex Callinicos will not be overly upset if we say - in what is perhaps yet another example of 'repetition of earlier historical patterns' - that he is also like Lenin in this respect. Unfortunately, this proclivity all too often gives rise to a search for evidence of economic crises on the basis of an overestimation of the political fragmentation and instability that such crises must bring. This tends to be accompanied by a type of politics that is premised on the expectation that economic crises and war among capitalist states will provide the setting for revolutionary opportunities. And the underestimation that necessarily follows from this of the strength and cohesiveness of global capitalism today unfortunately also gives rise to an underestimation of what the left needs to do politically and organizationally to develop the revolutionary capacities to take on capitalism in the 21st century.

ENDNOTES

¹ It ought to be pointed out that Harvey's notion of the territorial logic in his *The New Imperialism* (Oxford 2003) is explicitly derived from Arendt rather than Lenin; and Arrighi has long dismissed as 'irrelevant' the old classical theory of imperialism for 'interpreting accounts of world-historical events, trends and developmental tendencies since the Second World War'. See *The Geometry of Imperialism*, London 1978, p. 160.

² We have shown, for instance, that Brenner's data generally distorts the upturn in growth and profitability by including the crisis decade of the 1970s and leaving out the decade after 1996; the picture looks very different if one takes the period of neoliberalism proper from 1983 to the present. As for the 'plentiful evidence' of the other sources he mentions, Dumenil actually agrees with us against Brenner about neoliberalism's resolution of the crisis of the 1970s and the upturn in profits this gave rise to; his recent work points to the possibility of a new crisis now based on finance's excessive appropriation of the revived profits. In addition to our essays in the 2004 and 2005 volumes of the *Socialist Register*, see also S. Gindin, 'Turning Points and Starting Points', *Socialist Register 2001* and L. Panitch and S. Gindin, 'Rethinking Crisis', *Monthly Review*, 54:6, November 2002 and 'Euro-Capitalism and American Empire' in D. Coates ed., *Varieties of Capitalism, Varieties of Approaches*, Basingstoke 2005. Most recently, see L. Panitch and S. Gindin, 'Superintending Global Capital' *New Left Review* 35, September/October 2005.

³ *Financial Times*, November 12, 2003.

⁴ 'Global Capitalism and American Empire', *Socialist Register 2004*, p. 32.

⁵ Michele Alliot-Marie, *Wall Street Journal*, March 9, 2005.

⁶ www.thenewfrance.com

⁷ 'Global Capitalism and American Empire', *Socialist Register 2004*, p. 24.

⁸ 'Gems and Baubles in Empire', *Historical Materialism* 10:2, 2002.

⁹ See Greg Albo, 'The Old and New Economics of Imperialism', *Socialist Register 2004*.

¹⁰ See our 'Finance and American Empire', *Socialist Register 2005*, esp. pp. 67-75.