

**GEOPOLITICS VERSUS GLOBALIZATION:
UNITED STATES' FOREIGN POLICY
AFTER SEPTEMBER 11, 2001**

**A THESIS SUBMITTED TO
THE GRADUATE SCHOOL OF SOCIAL SCIENCES
OF
MIDDLE EAST TECHNICAL UNIVERSITY**

BY

MÜSLÜM AYDOĞMUŞ

**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF MASTER OF SCIENCE
IN
THE DEPARTMENT OF
INTERNATIONAL RELATIONS**

DECEMBER 2007

Approval of the Graduate School of Social Sciences

Prof. Dr. Sencer AYATA

Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Science.

Prof. Dr. Meliha Altunışık

Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Science.

Assoc. Prof. Dr. M. Fatih Tayfur

Supervisor

Examining Committee Members

Prof. Dr. Necati Polat (METU, IR)

Assoc. Prof. Dr. M. Fatih Tayfur (METU, IR)

Assoc. Prof. Dr. Çınar Özen (GAZI UNIV., IR)

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Name, Last name : Müslüm, AYDOĞMUŞ

Signature :

ABSTRACT

GEOPOLITICS VERSUS GLOBALIZATION: UNITED STATES' FOREIGN POLICY AFTER SEPTEMBER 11, 2001

Aydođmuş, Müslüm

M.Sc., Department of International Relations

Supervisor: Assist. Prof. Dr. M. Fatih Tayfur

December 2007, 163 pages

This thesis aims to discuss the argument of exhaustion of economic globalization as an American foreign policy principle. This study argues that economic globalization is intended to restore declining American hegemony started in 1970s, but it has eventually given way to the argument of “return of the geopolitics”. The return of the geopolitics is an imperial, expansionist drive as a new foreign policy imperative for United States. The new developments in the international arena in the post-cold war era and especially after the September 11, 2001 brought the end of the globalization as an American project. Globalization is replaced with geopolitics in the transition period from hegemony to empire in United States foreign policy. Because there are new threats for United States in the twenty-first century such as the rise of new global actors in world politics or international competition for oil resources in the strategic regions of the world. In this framework, this study focuses on the rise of new, alternative “great powers” (European Union, China etc...).

Keywords: Globalization, Geopolitics, Hegemony-Empire, Crisis of Over-accumulation, Spatial-Temporal Fix.

ÖZ

KÜRESELLEŞME YERİNE JEOPOLİTİK: 11 EYLÜL 2001 SONRASI AMERİKAN DIŞ POLİTİKASI

Aydoğmuş, Müslüm

Yüksek Lisans, Uluslararası İlişkiler Bölümü

Tez Yöneticisi: Doç. Dr. M. Fatih Tayfur

Aralık 2007, 163 sayfa

Bu tez Amerikan dış politikası ilkelerinden biri olan ekonomik küreselleşmenin tükenmesi argümanını tartışmayı amaçlamaktadır. Bu çalışma ekonomik küreselleşmenin 1970’lerde başlayan Amerikan hegemonyasındaki gerilemeyi restore etmek amacıyla tasarlandığını ama sonunda yerini “jeopolitik’in geri dönüşü” argümanına bıraktığını öne sürmektedir. Jeopolitik’in geri dönüşü, Amerika Birleşik Devletleri için yeni bir dış politika zorunluluğu olan emperyal, genişlemeci bir dürtüdür. Soğuk savaş sonrası dönemi ve özellikle 11 Eylül 2001 sonrası uluslararası arenadaki yeni gelişmeler bir Amerikan projesi olan küreselleşmenin sonunu getirmiştir. Amerikan dış politikasında hegemonyadan imparatorluğa geçiş sürecinde küreselleşme, jeopolitik ile yer değiştirmiştir. Çünkü Amerika Birleşik Devletleri için yirmi birinci yüzyılda dünya siyasetinde yeni küresel aktörlerin yükselişi veya dünyanın stratejik bölgelerinde petrol kaynakları için uluslararası rekabet gibi yeni tehditler belirlemiştir. Bu çerçevede, bu çalışma yeni, alternatif büyük güçlerin yükselişine (Avrupa Birliği, Çin vb...) odaklanmaktadır.

Anahtar Kelimeler: Küreselleşme, Jeopolitik, Hegemonya-İmparatorluk, Aşırı-Birikim Krizi, Zaman-Mekan Sabitesi.

To My Family

ACKNOWLEDGEMENTS

I would like to express my deepest appreciations to my supervisor Assoc. Prof. Dr. M. Fatih Tayfur for his friendly attitude, cooperative guidance, helpful advices, continuous support, important critiques, academic comments and valuable contributions throughout this study.

I also would like to sincerely thank members of the examining committee Prof. Dr. Necati Polat and Assoc. Prof. Dr. Çınar Özen for their participation. Their comments, suggestions and constructive critiques to improve my thesis are significant for the academic quality of this study.

I am also greatly indebted to Assoc. Prof. Dr. Sevilay Kahraman, Assist. Prof. Dr. Pınar Bedirhanoglu and Dr. Ergin Yıldızoglu for their lectures which are very influential in developing my thesis subject.

I also would like to thank to Jale Ataman, Nalan Erkul, Ömer Özkan, Yılmaz Acar, Gül Yalçın and all of my colleagues. I am also grateful to Dr. Neşe Özer for spending her time and deploying effort to read my thesis in advance.

I cannot forget the supports of my friends throughout my thesis and I wish to thank all of them for their encouragements and valuable friendships.

I would like to express my deepest thanks to Yeter Büyükkafadar who always helped me, supported me and believed me.

Finally, it is a great honor to express my most sincere gratitude to my father and mother, Secaattin and Elif Aydoğmuş for their memorable encouragement. A special thank goes to my sister Nazlı and my brother Ayhan for their precious supports and friendships. I dedicate this study to my family whose love is an essential part of my life.

TABLE OF CONTENTS

PLAGIARISM.....	iii
ABSTRACT.....	iv
ÖZ.....	v
DEDICATION.....	vi
ACKNOWLEDGEMENTS.....	vii
TABLE OF CONTENTS.....	viii
INTRODUCTION.....	1
CHAPTER	
1. THE POLITICAL ECONOMY OF GLOBALIZATION.....	6
1.1 Globalization and States.....	6
1.1.1 The Discourses of Globalization and Its Effects on States and Economy.....	6
1.1.2 States and Capital Accumulation in the Internationalization of Capitalism	13
1.2 The Project of Globalization.....	17
1.2.1 The Crisis of Over-accumulation	17
1.2.2 Spatio-Temporal Fix, Switching Crisis and Accumulation by Dispossession	20
1.3 Hegemony and International Political System.....	24
1.3.1 Hegemony.....	24
1.3.2 The Hegemonic Character of Pax-Americana.....	27

2. GLOBALIZATION AS AN ELEMENT OF AMERICAN FOREIGN	
POLICY BETWEEN 1945-1990.....	32
2.1 The Bretton Woods Agreement, its Successes and Failures.....	32
2.2 The Globalization of Production and Financial Capital.....	38
2.3 Neoliberalism: The Ideology behind Globalization.....	41
2.4 The Role of Globalization in American Economy.....	44
3. GLOBALIZATION AS AN ELEMENT OF AMERICAN FOREIGN	
POLICY AFTER 1990.....	48
3.1 Washington Consensus.....	48
3.2 Globalization in Question.....	52
3.2.1 The Criticisms against Globalization.....	52
3.2.2 Globalization in Difficulty.....	56
3.3 Signs of Globalization’s Economic Failure.....	58
3.4 The Military-Industrial Complex against Market Discipline.....	62
3.5 The Myth of Globalization.....	64
4. RETURN OF GEOPOLITICS AND RISE OF NEW GREAT POWERS.....	70
4.1 The Effects of Globalization on American Economy.....	70
4.1.1 The Changes in the Global Economy and Rising	
Protectionism in American Economy.....	70
4.1.2 American Economic Decline in Global Economy.....	73
4.2 Rise of Geopolitics and Economic Regionalization.....	79
4.3 New Global Powers.....	82
4.3.1 European Union.....	82

4.3.2 China.....	84
4.3.2.1 The Entry of China into the Global System as a Major Player.....	84
4.3.2.2 The Real Threat for US Hegemony: China.....	89
4.4 The Political Economy of Energy.....	91
4.4.1 The Importance of Oil Security.....	91
4.4.2 The Geopolitical Competition for Oil.....	94
5. AMERICAN EMPIRE-BUILDING.....	97
5.1 From Hegemony towards Empire.....	97
5.1.1 American Global Hegemony.....	97
5.1.2 American Empire.....	100
5.2 New American Century.....	102
5.3 United States' New Strategy against New Threats.....	107
5.3.1 The Revised Calculations of America's Geopolitical Interests.....	107
5.3.2 New Problems for United States.....	109
5.4 Foreign Policy of George W. Bush.....	110
5.5 The Agenda of American Primacy.....	113
5.6 Empire as a Threat to Global Democracy.....	116
5.6.1 Imperial Overextension.....	116
5.6.2 Global Resistance against the United States.....	120
CONCLUSION.....	123

APPENDICES.....	129
A. LIST OF COUNTRIES BY GROSS DOMESTIC PRODUCT (GDP)	129
B. THE TABLE OF ECONOMIC INDICATORS, 2004 AND 2005.....	132
C. WORLD ENERGY CONSUMPTION WITH FUTURE FORECASTS.....	133
D. WORLD PRIMARY ENERGY CONSUMPTION BY REGION, 1995-2004.....	134
E. WORLD OIL PRODUCTION.....	135
LIST OF REFERENCES.....	137

INTRODUCTION

This thesis will discuss the subject of exhaustion of economic globalization as an American foreign policy principle after the September 11, 2001. The study argues that economic globalization is intended to restore declining American hegemony started in 1970s. However, it has finally given way to the concept of 'return of the geopolitics' as a new foreign policy imperative. Accordingly, this study focuses on the rise of new, alternative 'great powers' (European Union, China etc...) with particular reference to the concepts such as 'crisis of over-accumulation', 'spatial/temporal fix' and 'post cold war geopolitics'.

The events of September 11, 2001 and the subsequent war on terror have indicated the end of globalization. National security becomes much more important than global trade in the United States. A huge opposition to neo-liberal economic policies takes place in many countries. Globalization increasingly seems as the great myth of the late twentieth century to the people. World politics at the beginning of the twenty first century signifies a new world order. There is now a return to old style geopolitics, unilateralism and the reassertion of the military power. In this context, the idea of globalization and the political debates about globalization which characterized the 1990s seem inappropriate to the current global situation.

In this framework, the purpose of this thesis is to propose that the new developments in the international arena in the post-cold war era and particularly after the September 11 events brought the end of the globalization as an American project. There are new threats for United States such as the rise of new global actors in world politics or international competition for oil resources in the strategic regions of the world. As a reaction to these new developments, globalization is replaced with geopolitics as an imperial, expansionist drive in the transition period from hegemony to empire in United States foreign policy.

Perceptions of the United States and its role at the centre of the contemporary international order have been evaluated over time in the discipline of International Relations. The end of bipolar system has transformed the perception what was during the Cold War a hegemonic position over the 'free world' into global hegemony in the aftermath of the Cold War. American primacy in almost all elements of traditional power (from military to economics) is generally admitted and has even enhanced in the 1990s. In spite of this indisputable pre-eminence, the US -as the September 11 attacks have exposed- seems to be vulnerable to some threats. The concept of hegemony appears more suitable to describe the nature of US domination. Derived from Greek, it initially refers to an informal type of dominance of one state over the others in the international system which does not depend on territorial and political control and coercion of subordinate units.

Globalization implies the opening of national economies and their vulnerability to international capital. After the Second World War, the United States formed its economic hegemony with the establishment of the Bretton Woods System, IMF, the World Bank and the General Agreement on Tariffs and Trade (GATT). Its aim was to open national economies, their resources, their labor and their market, to western and especially American capital. After the decades of sustained growth and increasing productivity, the United States economy entered a long period of stagnation and declining profitability in 1970s. It was characteristically a capitalist crisis of overcapacity and overproduction. In addition to that its former military adversaries -Japan and Germany- had become extremely effective economic competitors.

As a result; globalization was used in the past in American foreign policy by the help of its control of financial and commercial networks by easing the movements of excess capital for new profits. Under the framework of 'Washington Consensus' and the 'structural adjustment' programs of its instruments such as IMF or World Bank; United States forced developing economies on production for export, the removal of import controls, the privatization of public services and financial deregulation. During the 1990s, the

justifications of free trade and neo-liberal policies were used to mask American hegemony.

However, as it is seen nowadays, new global powers such as European Union and China are taking their place in world economy. American economy started to decline in the global market and it is moving downwards. So, the geopolitical competition of the earlier centuries is coming back. Instead of globalization, economic regionalization is favored mainly by states. Some social academicians argue that there will be a global shift in the world hegemony from the United States to East Asia under the leadership of China. The occupation of Iraq is another handicap which has made US military strength vulnerable. It also weakened the center position of its hegemony and its currency within the international political economy. As a result, it strengthened also the movement towards the appearance of China as an alternative to US leadership in the world.

While geopolitics is returning back, the significance of energy politics is also increasing rapidly. America's domestic production of oil is conversely in decline and a rising portion of its oil needs will have to be satisfied by imports. This indicates that there might be a greater US dependence on oil supplied by states in the Middle East, Africa and other non-Western regions. Therefore, the possibility of future wars are seeming to be over oil resources and thus there might be an immense struggle among great powers in order to survive in three key factors which are –the politics of oil security, the dynamics of energy resources demand and supply and the constraints of geography. However, the ecosystem could not be able to sustain this new rivalry for power in the 21st Century because of environmental degradation and global warming. This new geopolitical competition for oil between global actors seems to be very difficult for the United States in order to continue its hegemon power status in world politics.

Even though United States has the ability to gather together a ‘coalition of the willing’ to respond to the perceived Iraqi threat in 2003, the US has not persuaded the world that global safety needs the use of preventive force. Certainly, for many authors or politicians, the US is at the beginning of being an empire and not a hegemon any more. This is primarily owing to the Iraqi

operation, which clearly lacked consensus and legitimacy. It questions naturally the fact that the US is still a hegemon or it is turning into being an empire.

In this regard, this thesis asserts two main arguments. The first argument is that although United States still has unequalled power in international economics and politics, it is less able than it once had the power to influence and control the international affairs. Its military dominance is also no longer matched its economic and political power. Its increased military expenditures and other related costs put further pressure on the weakened national economy. American foreign debt is at present so huge which is without precedent in world history. Therefore, in order to maintain American primacy in the world, American leaders are trying to build an empire in the post-September 11 era.

The second argument is that while in the recent past, American hegemony was routinely recognized and often considered legitimate abroad, now it is being imposed mainly by military force. This weakens its legitimacy as a constituent of hegemony. With the intention of ensuring American supervision over the oil resources against economic and strategic rivals; Bush Administration is following a new foreign policy—called as the Project for a New American Century by the help of ‘War on Terror’. The interventions in Afghanistan and Iraq were the opening acts of empire-building even though international law does not recognize the claim of ‘regime change’. There is also a global resistance in many countries against the United States military activities. United States, one of the earlier democratic states of the world, is now turning out to be a threat against global democracy.

This study seeks to explore what is the relationship between the New American Century project and the turbulence of the global political economy since 1970s. In dealing with this question, David Harvey’s analysis of the connection between imperialism and the spatial and temporal unevenness of capitalist development and especially his concepts of ‘spatial fix’ and ‘accumulation by dispossession’ will be very helpful in order to understand the US hegemonic rise and decline.

This thesis is composed of five chapters. The fundamental purpose of the first chapter is to introduce a theoretical framework for the subject of this thesis and to introduce briefly the political economy of globalization. The meanings of some important concepts are described according to the objective of this study. In this chapter, it is also important to evaluate the effects of globalization on states and economy by the help of some social theories. Later, a short historical analysis of globalization and American foreign policy in the last century is presented.

The aim of the second chapter is to express the role of globalization as an element of American foreign policy between 1945 and 1990 after having explained its theoretical framework in the first chapter. Hence some important historical developments are presented according to their impacts for American foreign policy. This chapter deals with the subjects which are the Bretton Woods Agreement, globalization of production and financial capital, neoliberalism and the effects of globalization in the American economy before 1990.

Third chapter scrutinizes globalization as an element of American foreign policy principle after 1990 and its results in the world politics. This chapter underlines mostly the neo-liberal policies and their affects on developing states. It tries to answer how United States preserved its economic hegemony by the help of globalization and neoliberal economic policies in 1990s.

Fourth chapter will primarily emphasize on the significance of geopolitics in the era of rising new global powers, such as European Union and especially the new emerging actor in East Asia, which is China. After the assessment of globalization project and its role in US foreign policy in the second and third chapters, this part deals with the problems of US economy presently, the rise of geopolitics and economic regionalization, new global powers and energy politics.

The intention of the previous chapter is to attempt to enlighten the New American Century Project and its execution by the Bush Administration as an effort to maintain the hegemonic position of the United States against new global powers expressed in the fourth chapter. Finally, the facts presented in this chapter assist the arguments that the imperial overextension of US power and global resistance might not permit US to establish an empire in the future.

CHAPTER 1

THE POLITICAL ECONOMY OF GLOBALIZATION

The aim of this first chapter is to introduce a theoretical framework for the subject of the thesis and to explain the political economy of globalization. First of all, the meanings of some important concepts are being described according to the purpose of the study.

In the first section, the relationship between globalization and states is explained and also the role of the state in capital accumulation is clarified by the help of some important social theories. The usage of some significant keywords such as spatio-temporal fix, accumulation by dispossession and the crisis of over-accumulation are given in the second section to simplify the subject, so that the reader can understand easily the meaning of these terms in the following chapters. Later, a short historical analysis is presented in order to enlighten the globalization phenomenon.

The last section of the chapter is trying to answer briefly, why globalization was so important in the American foreign policy during the last century.

1. 1 Globalization and States

1.1.1 The Discourses of Globalization and Its Effects on States and Economy

Although globalization has become an all-embracing characteristic of world life, there is not a widely accepted definition of the concept. It has been

seen as an inevitable phenomenon in which a fundamental transformation is happening in the global economy: the center of political economy is being shifted from a state-based economy to a market-dominated one.¹ Therefore, it implies that states have lost much of their capacity to control economy. The world economy has become much more integrated in recent years because of the combined affects of market incentives or international organizations such as the World Trade Organization (WTO). There are also an increasing number of regional trade agreements, covering such areas as the Asia-Pacific region, North America, as well as Europe.

David Held and Anthony McGrew categorize two main groups in the discourses of globalization, whom they define the ‘globalists’ and the ‘sceptics’. They argue that globalists are believers. For them, globalization is a real and significant historical development. It is the sum of the effects of structural changes in the past few centuries. The skeptics, in contrast, think that what we are living now is only a continuation of trends that developed in the period of European colonial expansion. They were peaked during the period 1870-1914 and were then interrupted by the two great wars. According to them, globalization is mostly ideological, present more in the discourse than in reality.² The subject of this thesis mainly focuses on the approaches of skeptics.

Main skeptics are marxists and neo-marxists, who focus on history in order to understand globalization better. They believe that, it is not only helpful but also essential to view international relations from a historical perspective. It is also through a study of history that one can know the current international system within which world politics takes place. For many Marxists, the crucial feature of the international system is that it is capitalist. This needs the examination of the rise of capitalism as it started in sixteenth-century in Western Europe, its progress,

¹ Howard H. Lentner, *Power and Politics in Globalization: The Indispensable State*, New York, London: Routledge, 2004, pp.71-72.

² See David Held, Anthony McGrew, *Globalization/Anti-Globalization*, Cambridge: Polity Press, 2002.

transformations and expansion to a world capitalist system that sets and limits the behavior of all states and societies.

Marxism, as an influential theory in International Politics, offers an analysis of state power. Marxists think that the state cannot be understood independent from the economic construction of society. According to them, the state comes out of the class system. Its purpose is to preserve and support class domination and exploitation. The classical Marxist view is articulated in Marx's 'Communist Manifesto': "the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie".³ This analysis was affirmed more severely by Lenin in 'The State and Revolution', who referred to the state plainly "as an instrument for the oppression of the exploited class".⁴

Whereas classical Marxists emphasized the coercive role of the state, modern Marxists need to take account of the legitimacy of the 'bourgeoisie' state.⁵ For example, Gramsci stressed the extent to which the domination of the ruling class is realized not only by open coercion but it is also elicited by consent. He argued that the bourgeoisie had established 'hegemony', ideological leadership or domination, over the proletariat and claimed that the state played an important role in this process.⁶ In 'Political Power and Social Class', Nicos Poulantzas described the state as a "unifying social formation"⁷, capable of reducing class tensions through, for instance, the spread of political rights and welfare benefits.

The study of history to analyze globalization has its sources in traditional Marxist theory especially in the works of Immanuel Wallerstein. He outlines the trends in human societies and thinks that the main characteristic of all social

³ Karl Marx, Friedrich Engels, *The Communist Manifesto*, Harmondsworth: Penguin, 1976, p.82.

⁴ Vladimir Illyich Lenin, *The State and Revolution*, Beijing: Foreign Languages Press, 1973, p.310.

⁵ Andrew Heywood, *Political Ideas and Concepts*, London: The Macmillan Press, 1994, p.42.

⁶ See Antonio Gramsci, 'Selections from the Prison Notebooks', ed. Q. Hoare and G. Nowell-Smith, Chicago: International Publishing Corporation, 1971.

⁷ See Nicos Poulantzas, *Political Power and Social Class*, London: Verso, 1978.

systems is the division of labour in an area of economic exchange. He believes that there are simply two systems in which societies are organized. On the one hand, there are mini-systems where division of labour and economic exchange occurs only within a group of isolated hunter-gatherer societies. They are always exceptional and now almost non-existent. On the other hand, there are world-systems which are a central theory of his view of history and of globalization. He thinks that, apart from the exceptional mini-systems, economic exchange has always been able to take place across political and cultural barriers. He claims that the modern form of world-system is capitalist rather than military-imperial and it is genuinely international and distributive.⁸

World-systems theory explains the formation of the state system and the creation of a global capitalist system as the two independent processes of the modern age. Wallerstein examines the functions of states within the capitalist world-economy. He identifies three structural positions “–core, peripheral and semi-peripheral– the last of which is essential to the smooth running of the world capitalist system since it acts as a bridge between core and periphery and a channel for development.”⁹ “Unlike core and periphery, it is much more of a political category than an economic one.”¹⁰ As a result, “in Wallerstein’s world-system analysis, semiperiphery is the categorization of a set of countries revealing similar structural, historical and behavioural characteristics”.¹¹ According to Charles Tilly, “both marxism and world-systems theory emphasize the meaning of the rise to global dominance of a capitalist market economy that is entering the

⁸ Immanuel Wallerstein, *The Essential Wallerstein*, New York: New Press, 2000, pp.233-235.

⁹ Immanuel Wallerstein, ‘The rise and future demise of the world Capitalist system: concepts for comparative analysis’, 1974, in Richard Little and Michael Smith, *Perspectives on World Politics*, 2nd. ed., London and New York: Routledge, 1991, pp.305-318.

¹⁰ M. Fatih Tayfur, ‘Systemic-Structural Approaches, World-System Analysis and the Study of Foreign Policy’, *METU Studies in Development*, Vol.27, No.3-4, 2000, pp. 265-299, esp. p.288.

¹¹ M. Fatih Tayfur, *Semiperipheral Development and Foreign Policy, The Cases of Greece and Spain*, Aldershot: Ashgate, 2003, p.16.

entire globe, while world-systems theory stresses the equal significance of a system of national states”.¹²

Wallerstein’s arguments of the conflictual nature of international economic relations is a strong critique against the theory that globalization is good for all. However, world systems theory does not give an adequate explanation of globalization, because it mainly subsumes all social, cultural and political spheres under the sphere of economic relations. It explains all of them in terms of economic affairs. A more inclusive Marxist explanation of the relationship between the economic, political and social spheres is given in Michael Hardt and Antonio Negri’s *Empire*.

Michael Hardt and Antonio Negri are trying to analyze globalization historically in terms of what they call the system and hierarchy of Empire. Their study informs many subjects, such as capitalism, sovereignty and subjectivity. Empire is explained as a move beyond and as something irreducible to state sovereignty in their work. It is accepted that United States (US) has a considerable privileged position within Empire. This is mainly because the United States is defined as an ever-expanding and heterogeneous society mostly driven by capitalist imperatives. According to them, US is very different from the old European imperial powers. It is a model for Empire. However they think that nation-states are unable to organize or administer their economic, political, social and cultural affairs in the global world. This is an indication of the more or less terminal decline of state sovereignty and the ascent of Empire. For Hardt and Negri, Empire can be the political form of globalization.¹³

Manuel Castells, one of the neo-marxist, defines globalization as “a technological revolution, centered on information technologies which is reshaping, at an accelerated pace, the material basis of society”.¹⁴ According to

¹² Charles Tilly, *Big Structures, Large Processes, Huge Comparisons*, New York: Russell Sage Foundation, 1984, p.147.

¹³ See Michael Hardt and Antonio Negri, *Empire*, Cambridge: Harvard University Press, 2000.

¹⁴ Manuel Castells, *The Rise of the Network Society*, New York: Blackwell Publishers, 2000, p.1.

Castells and Carnoy, economic globalization has changed economic relations through an information and communications revolution. As a result of many changes in the past twenty years, the definition and role of the state need to be reconsidered in the new global economy. They believe that globalization could only advance thanks to the revolution in information and communication technologies. But it is argued that technology was not the source, only it was the instrument. The basis of globalization was the practice of capitalist restructuring that wanted to triumph over the crisis of the mid-1970s. The major players in this restructuring were both corporations and the states. Moreover, without critical state intervention, globalization could not have happened.¹⁵

Castells and Carnoy suppose that, globalization¹⁶ was, actually, accelerated by the state, as a solution out of the crisis. However, once the practice of globalization was set into activity, it became mostly out of control of states. It is suggested that the more countries that were attached to the global network of restructured capitalism, the fewer the opportunities of economic survival for countries left out of this network. Therefore, the states mainly prefer the unification of their economies under the framework of regional organizations such as European Union (EU) in order to homogenize their economic policies. They are more and more dependent on the free movement of capital, goods and services, which pursue the rules of profit-maximizing on a global scale.¹⁷

According to Castells and Carnoy, the United States developed an institutional construction to enforce the respect for firm market rules around the world. International Monetary Fund (IMF), World Bank (WB) and the World Trade Organization were reinforced in their roles as regulators of the global economy. The economies of all countries, including the US, have become largely

¹⁵ Manuel Castells, Martin Carnoy, 'Globalization, The Knowledge Society and The Network State: Poulantzas at the Millennium', *Global Networks*, Vol.1, Issue 1, 2001, pp.1-18, esp. p.5.

¹⁶ Globalization, according to Rosenberg, refers to a 'far-reaching change in the nature of social space.' in Justin Rosenberg, *The Follies of Globalization Theory*, London: Verso, 2001, p.22.

¹⁷ Castells, Carnoy, *op. cit.*, p.6.

integrated into the world market. Accordingly, to a great extent, the state has lost its control over economic policies. In a world of global production, states have, in general, given up industrial policy. As a substitute they focus on providing the technological infrastructure and human resources to draw and encourage investment from international capital.¹⁸

What these incidents and facts put forward is that Castells and Carnoy are right to argue that information and communication technologies exert a significant effect over the daily activities and lives of people around the world. However, all of the states do not have the same conditions and opportunities in economic competition. One of the examples is the distribution of the scientific successes that benefit the developed world. A small part of the world, accounting for some 15 percent of the world's population living mainly in developed countries, provides almost all of the earth's technological innovations. A second part, covering "half of the world's population, is able to adopt these technologies in production and consumption. The remaining part, involving around a third of the world's population, is technologically disconnected. They are neither innovating at home nor adopting new technologies".¹⁹

Globalization could be defined as "a set of technologies, institutions and networks operating within and at the same time transforming, contemporary social, cultural, political and economic spheres of activity".²⁰ According to Halliday, globalization, simply, signifies three things: a marked reduction in the barriers "between societies and states, an increasing homogeneity of societies and states and an increase in the volume of interactions between societies—be this in terms of trade, capital, volumes of currency traded or movements of tourists and migrants".²¹ Halliday claims that the state might play a role in addressing another

¹⁸ *Ibid.*, p.6.

¹⁹ Jeffrey Sachs, 'Digital Divide', *The Economist*, June 22, 2000.

²⁰ Tony Schirato, Jen Webb, *Understanding Globalization*, London: Sage Publications, 2003, p.21.

²¹ Fred Halliday, *The World at 2000*, New York: Palgrave Macmillan, 2001, p.61.

side of globalization that of the growing similarity of states, economies, societies, even cultures. Globalization involves this in certain direct ways: increasing common rules of trade, investment, copyright, a shared set of legal and political principles around good governance and democracy.²²

The sceptics define globalization in terms of the power and influence of global capitalism. They think that it is embodied in the practices of transnational corporations, the World Bank and the International Monetary Fund. They characterize globalization as the various political, economic and cultural ways in which American hegemony has imposed itself upon the world. They point to the ways in which the IMF and the World Bank, operating as *de facto* instruments of American free-trade policies. These policies have effectively undermined the sovereignty of developing nations.²³

There are many descriptions of globalization. However, the most useful description is that it is a set of pressures originating frequently from the most powerful states with which individual states have to deal with. States need to do so within a system of political economy. This political economy is international rather than global and it is controlled mainly by a liberal coalition of influential states in the world economy led by the United States.²⁴

1.1.2 States and Capital Accumulation in the Internationalization of Capitalism

Giovanni Arrighi, one of the skeptics, argues that much of what was said under the term of ‘globalization’ has been actually a continuing trend of world capitalism since early-modern times. He focuses on the progressive path which has facilitated capitalism and its underlying state-system to develop for many

²² *Ibid.*, p.72.

²³ Schirato, Webb, *op. cit.*, p.9.

²⁴ Lentner, *op. cit.*, p.193.

centuries. He claims that the configuration of a capitalist world system has been established on the creation of states which have the capability to regulate social and economic life and to monopolize means of coercion and violence. He believes also that the sovereignty of states is being damaged continually by the present wave of economic globalization.²⁵

Capitalism, as a particular mode of the social organization of production, is at the center of the neoliberal ideology. It is a system of economic and social organization founded on private ownership of the means of production and the division of the economy and the state.²⁶ Its main principle is the pursuit of self-interest, which is realized economically through competition. According to Bob Jessop, capitalism has exact historical preconditions and forms of development. It is also true that the state has a vital role in realizing these preconditions and that its organization and types of intervention must be changed as capitalism develops. He claims that the economic state apparatuses and their methods of intervention are not neutral; instead they are integrated into the accumulation of capital. They are a source of conflict between different interests. This implies that state intervention has natural restraints in securing the conditions for capital accumulation. It is always subject to the unavoidable manipulation of different class and popular democratic struggles. Therefore, he concludes that the reorganization of the state apparatus might be compulsory before economic problems or crises can be resolved.²⁷

The stages of capitalist state form in the historical development according to Simon Clarke started with mercantilism, which is the usual form of the eighteenth century state²⁸, founded on the global expansion of commercial capital.

²⁵ Giovanni Arrighi, 'Globalization, State Sovereignty, and the "Endless" Accumulation of Capital', 1997, <http://www.binghamton.edu/fbc/gairvn97.htm>, accessed on 11.03.2007.

²⁶ Schirato, Webb, *op. cit.*, p.79.

²⁷ Bob Jessop, 'Recent Theories of the Capitalist State', *Cambridge Journal of Economics*, Vol.I, 1977, pp.353-373, esp. pp.370-371.

The liberalization of the capitalist state in the first half of the nineteenth century was established mainly on an international division of labor. Later, imperialism and social reform started as the state sought to continue domestic accumulation and contain its organized working class through active regulation of international trade and investment. The inter-war period witnessed the emergence of the aspects of the social democratic form of the state, which was thoroughly developed in the post-war reconstruction period because of the need for social reform to contain class struggle. Today, monetarism gives emphasis to the subordination of the state and civil society to the money power of international capital under neoliberal economic policies.²⁹

Pierre Bourdieu thinks that the progress toward the neoliberal utopia of a perfect market is achieved by the policies of financial deregulation in global politics. It is realized through the transformative and destructive applications of all of the political decisions. The last one was the Multilateral Agreement on Investment (MAI), aimed to guard foreign corporations and their investments from protective laws of national states. It intends to challenge any and all collective structures that might work as a barrier to the logic of the market system. For instance; the role of work groups is minimized through the individualization of salaries and of careers as a function of individual competences, with the resulting atomization of workers. The bargaining power of unions for the defense of the rights of workers is continually limited. Even the family loses part of its control over consumption throughout the formation of markets by age groups.³⁰

²⁸ Simon Clarke, 'The Global Accumulation of Capital and the Periodisation of the Capitalist State Form' in W. Bonefeld, R. Gunn and K. Psychopedis (eds.) *Open Marxism, Vol.1, Dialectics and History*, London: Pluto Press, 1992, pp.133-150, esp. pp.137-138.

²⁹ *Ibid.*

³⁰ Pierre Bourdieu, 'The Essence of Neoliberalism: Utopia of Endless Exploitation', *Le Monde Diplomatique*, December 1998.

“Globalization, by its very nature, is a big and complex subject.”³¹ According to Ellen Wood, the core of globalization is a global economy directed by a global system of multiple states in a complex relation of domination and subordination. She claims that globalization is not completely an integrated world economy. Moreover, it is not a system of declining states. In contrast, the state by sustaining the conditions of capital accumulation is at the center of this new global system. It is the only non-economic organization really crucial to accumulation of capital. The global capital takes advantage of uneven development. The division of the world into different states under dissimilar social regimes makes wages and labor conditions very weak against capital.³²

Wood believes that globalization depends principally on a system of multiple and more or less sovereign national states. It has expanded capital’s purely economic powers far beyond the power of any single nation state. It means that global capital needs many nation states to achieve the administrative and coercive functions that support the system of property and supply the kind of day-to-day regularity, stability, predictability and legal order that capitalism requires more than any other social system. Wood argues that no types of ‘global governance’ as suggested by some liberal thinkers could make available the conditions of accumulation that capital needs.³³ In the same opinion with Wood, Lentner thinks also that states continue necessary to sustaining a stable international system and the development of globalization.³⁴

³¹ Leslie Sklair, ‘Competing Concepts of Globalization’, *Journal of World Systems Research*, Spring 1999, Vol. 2, pp.143-163, esp. p.145.

³² Ellen Meiksins Wood, *Empire of Capital*, London and New York: Verso, 2003, pp.130-142.

³³ *Ibid.*, p.141.

³⁴ Lentner, *op. cit.*, pp.192-193.

1.2 The Project of Globalization

1.2.1 The Crisis of Over-accumulation

The regime of accumulation is described “by a relatively stable and reproducible relationship between production and consumption”.³⁵ “The mode of regulation is a complex of norms, institutions, organizational forms, social networks, and patterns of conduct that promote the reproducibility of the regime of accumulation.”³⁶ According to Regulation theory, every regime of accumulation will reach a crisis at which the mode of regulation no longer sustains it. Subsequently, society will be forced to discover new rules and norms, establishing a new mode of regulation. This will instigate a new regime of accumulation, which will finally reach a crisis, and so forth.³⁷

Regulation theorists think that the present regime of accumulation is in the process of transforming from a ‘Fordist’ system into what Harvey has named ‘flexible accumulation’³⁸. Fordism is described “by a circular relationship between mass production and mass consumption, with the main elements of the system generally confined within the borders of a nation-state”³⁹. While academic conceptions of a post-Fordist regime are dissimilar, most scholars are in agreement that new ways of organizing production and consumption are starting to come into view that differ considerably from the Fordist paradigm. One of the

³⁵ Paul Hirst, J. Zeitlin, ‘Flexible Specialization versus Post-Fordism: Theory, Evidence, and Policy Implications’, in Michael Storper, Allen John Scott (eds.), *Pathways to Industrialization and Regional Development*, London, New York: Routledge, 1992, pp.70-116, esp. p.85.

³⁶ Bob Jessop, ‘Fordism and Post-Fordism: a critical reformulation’, in Michael Storper, Allen John Scott (eds.), *Pathways to Industrialization and Regional Development*, London, New York: Routledge, 1992, pp.46-69, esp. p.48.

³⁷ <http://en.wikipedia.org/wiki/Post-fordism>, accessed on 12.11.2005.

³⁸ See David Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change*, Cambridge, Mass.: Blackwell, 1990.

³⁹ Jessop, *op. cit.*, p.49.

most remarkable distinctions of the globalization is a rise in production, marketing and accumulation on a global level that pays no attention to national boundaries.⁴⁰

The crisis of over-accumulation is, as Marx noticed, an inherent problem of capitalism needing regular adjustments. Partially it is driven by the global competition or it is caused by a natural disposition: the wealth, freedom and power of both workers and consumers have to be strictly restrained. Since this makes threats to the profit and the power of capital. This process causes to declining demand and so to underused physical and human capital resources. At this point, the crisis of over-accumulation is not autonomous, but it is in a symbiotic and dialectical relation with the social and political struggle over the taking out of profit from both workers and consumers.⁴¹

Brenner argues that “deep and persistent overcapacity and overproduction in manufacturing on a world scale, leading to a secularly reduced profit rates, is at the root of the long period of economic stagnation that began in the early 1970s, and of its persistence and exacerbation into the present”.⁴² Clarke claims that accumulation of capital constantly takes the form of the over-accumulation and uneven development of capital. It indicates that capitalist accumulation will always be interrupted by crises which mean the devaluation of capital and the destruction of productive capital. However, while each local crisis has wider impacts and risks setting off a chain reaction which can cause to a general crisis, such a generalization of the crisis is not at all essential, as long as the losses can be redistributed rather than being cumulative.⁴³

⁴⁰ Thomas Ford Brown, ‘Ideological Hegemony and Global Governance’, *Journal of World-Systems Research*, Spring 1997, Volume 3, Number 2, pp.250-258., esp. p.251.

⁴¹ John Milbank, ‘Economy, Religion and Empire after 9/11’, *Geopolitical Theology*, http://www.theologyphilosophycentre.co.uk/papers/Milbank_GeopoliticalTheology.doc, accessed on 12.08.2006.

⁴² Robert Brenner, ‘The Economics of Global Turbulence’, *New Left Review*, No:229, May/June 1998, pp.1-264.

⁴³ See Simon Clarke, ‘Class Struggle and the Global Overaccumulation of Capital’, in Albritton R., Itoh M., Westra R., Zuege A. (eds.), *Phases of Capitalist Development*, Palgrave, London, 2001, pp. 76-92.

According to Clarke, the crisis tendencies of post-war accumulation in the mid-1960s -the over-accumulation and uneven development of capital- were resolved by the expansion of credit mechanism and increasing government spending. They generated growing inflationary pressure and imbalances of international payments. It seems that the oil-crisis of 1974 was a typical over-accumulation crisis. Even though the direct reaction of many states was to follow deflationary policies with the intention of forcing accumulation back within the limits of profitability, such policies rapidly provoked industrial and political conflict. The recession of 1979-81 was deep and great with its social costs, but it was not enough to restore the conditions for sustained accumulation. It did not eliminate the tendency to crisis of over-accumulation.⁴⁴

Finally, Bello suggests that there have been three moments in the deepening crisis of the globalist project after the Cold War. The first moment was the Asian financial crisis of 1997. The second moment was the collapse of the third ministerial conference of the WTO in Seattle in December 1999. The third was the collapse of the stock market in United States and the end of the Clinton boom. According to Bello, “this was a rude reassertion of the classical capitalist crisis of overproduction which is the main sign of massive overcapacity”.⁴⁵ Milanovic thinks that global capitalism should be ‘civilized’ likewise national capitalisms of the 19th Century after World War II—“a period which then witnessed the fastest economic growth in world history. The civilizing role might be done by global institutions other than individual states because of the global nature of capitalism.”⁴⁶

⁴⁴ *Ibid.*

⁴⁵ Walden Bello, ‘Crises of the Globalist Project’, *Focus on Global South*, 2003, <http://www.revolutionintheair.com/strategy/Bello.pdf>, accessed on 24.10.2005.

⁴⁶ Branko Milanovic, ‘The Two Faces of Globalization: Against Globalization as We Know it’, *World Bank Research Paper*, May 2002, <http://www.servicesforall.org/html/Governance/Milanovic%20-%20Two%20Faces.pdf>, accessed on 07.09.2005.

1.2.2 Spatio-Temporal Fix, Switching Crisis and Accumulation by Dispossession

Harvey has used a complex conceptual apparatus in searching of a relationship between processes of capital accumulation and expansionist political-military projects such as the *Project for the New American Century*. The centerpiece of his theories is the concept of spatio-temporal fix. In his concept, the term 'fix' has two meanings.

A certain portion of the total capital is literally fixed in and on the land in some physical form for a relatively long period of time (depending on its economic and physical lifetime). Some social expenditures (such as public education or a health-care system) also become territorialized and rendered geographically immobile through state commitments. The spatio-temporal 'fix', on the other hand, is a metaphor for a particular kind of solution to capitalist crises through temporal deferral and geographical expansion.⁴⁷

Temporal delay and geographical expansion 'fix' the overaccumulation crises. As mentioned before, overaccumulation crises come "from the chronic tendency of capital to accumulate over and above what can be reinvested profitably in the production and exchange of commodities. In consequence of this tendency, surpluses of capital and labor become unutilized or underutilized."⁴⁸ The integration of new space into the accumulation of capital absorbs these surpluses in two methods. In the beginning, it supports their use in the actions by opening up the new regions and donating it with the crucial infrastructure. After that, "once the new space has been effectively 'produced', the surpluses of labor and capital can be absorbed in the new productive combinations that have been made profitable by the spatial enlargement of the system of accumulation".⁴⁹

⁴⁷ David Harvey, *The New Imperialism*, New York: Oxford University Press, 2003, p. 115.

⁴⁸ Giovanni Arrighi, 'Spatial and Other "Fixes" of Historical Capitalism', *Journal of World-Systems Research*, Volume 10, Number 2, Summer 2004, pp.527-539, esp. p.528.

⁴⁹ Harvey, *op. cit.*, pp.109-112.

As Harvey states, in support of the geographical expansions, reorganizations and reconstructions that absorb capital and labor surpluses “threaten... the values already fixed in place (embedded in the land) but not yet realized”. Therefore,

The vast quantities of capital fixed in place act as a drag upon the capacity to realize a spatial fix elsewhere.... If capital does move out, then it leaves behind a trail of devastation and devaluation; the deindustrializations experienced in the heartlands of capitalism... in the 1970s and 1980s are cases in point. If capital does not or cannot move... then overaccumulated capital stands to be devalued directly through the onset of a deflationary recession or depression.⁵⁰

Spatial fixes can be imagined to be connected with interregional economic instability and the movement of capital flows from one region to another. The movement might happen easily, or it might entail what Harvey names ‘switching crises’⁵¹. Harvey does not explain the link between overaccumulation crises, spatial-temporal fixes and switching crises. However the meaning of his concept appears to be that, while overaccumulation crises are the cause, switching crises are a possible result of the spatial-temporal fixes that “recurrently revolutionize the historical geography of capitalism. They arise from resistance to the relocations involved in spatial fixes—a resistance that at least partially derives from the contradictory logic of capital accumulation itself.”⁵²

In Harvey’s view in mentioning about the spatial fix, the appearance of China as the main absorber of surplus capital is most outstanding thing in the present conjuncture. Harvey inserts a new component to the forces of geographical inertia that might stop new spatial fixes from being realized: resistance to hegemonic change. The relationship between spatial fixes and hegemonic shifts thus reinforces competition between new centers and previously

⁵⁰ *Ibid.*, p.116.

⁵¹ *Ibid.*, pp.121-123.

⁵² Arrighi, *op. cit.*, p.529.

leading centers of capitalist development. The unrestrained development of “capitalism in new regions brings devaluation to these old centers through deepened geopolitical competition. If the competitively challenged center is also a hegemonic center, either result threatens to reduce not just its assets but its power as well.”⁵³

Harvey sees two probable ways out of this geopolitical competition. One is the exercise of financial means “to rid the system of overaccumulation by the visitation of crises of devaluation upon vulnerable territories”⁵⁴. The other is the exercise of political and military methods to make international competition to the advantage of the more powerful states. The use of these methods represents the “sinister and destructive side of spatial-temporal fixes to the overaccumulation problem”.

Like war in relation to diplomacy, finance capital intervention backed by state power frequently amounts to accumulation by other means. An unholy alliance between state powers and the predatory aspects of finance capital forms the cutting edge of a ‘vulture capitalism’ that is as much about cannibalistic practices and forced devaluations as it is about achieving harmonious global development.⁵⁵

Harvey argues that these ‘other means’ are what Marx, following Adam Smith, denoted as the means of ‘primitive’ or ‘original’ accumulation. He quotes appreciatively Hannah Arendt’s remark that “the emergence of ‘superfluous’ money...which could no longer find productive investment within the national borders”, produced a situation in the late 19th and early 20th centuries whereby Marx’s “original sin of simple robbery... had eventually to be repeated lest the motor of accumulation suddenly die down”⁵⁶. Because a similar situation seems to have materialized once more with the globalization, Harvey suggests a common

⁵³ Harvey, *op. cit.*, pp.123-124.

⁵⁴ *Ibid.*, p.134.

⁵⁵ *Ibid.*, pp. 135-136.

⁵⁶ *Ibid.*, p.142.

re-examination of ‘primitive’ or ‘original’ accumulation within the long historical geography of capitalism. As he does not like to name current process ‘primitive’ or ‘original’, he offers to change these terms with the concept of ‘accumulation by dispossession’.

In the past, accumulation by dispossession has many various forms, for instance the transformation of different forms of property rights (common, collective, state, etc.) into exclusive property rights; colonial, semi-colonial, neo-colonial, imperial appropriations of assets and natural resources for the capitalistic use of human and natural resources. “Finance capital and the credit system have been major forces of accumulation of dispossession, while the states, with their monopolies of violence and legal power have been essential leading actors.”⁵⁷ But whatever its appearances, agencies and instruments,

What accumulation by dispossession does is to release a set of assets (including labor power) at very low (and in some instances zero) cost. Overaccumulated capital can seize hold of such assets and immediately turn them to profitable use.⁵⁸

Imperialism is an expansion or imposition of the power, authority or pressure of a state over other states or communities. It has many different forms in the past. By using the concept of ‘*new imperialism*’, Harvey tries to underline the relation between the Project for a New American Century and the over-accumulation crisis of the 1970s and 1980s. According to Harvey, the rise of neoliberal ideology and its related politics of privatization since the late 1970s represent the current stage of accumulation by dispossession. The disintegration of the Soviet Union and the privatization policies “realized under the title of ‘shock therapy’ and the release of devalued assets in other lower-income states during the financial crises as recommended by the capitalist powers and the international financial institutions were major experiences.”⁵⁹

⁵⁷ *Ibid.*, pp.145-149.

⁵⁸ *Ibid.*, p.149.

1.3 Hegemony and International Political System

1.3.1 Hegemony

Hegemony, in general usage, means that a single state has a predominant position over others. Kindleberger presented the concept that a liberal political economy needs a hegemon with command over sufficient resources to preserve an order.⁶⁰ Gilpin added the concept of hegemonic stability, arguing that the hegemon provides public goods to maintain a set of governing rules in the international political economy. Some of these public goods are fundamental security, a stable currency for exchange and reserve, and enough economic power to permit the hegemon to supply trading concessions to its partners and to give financing assistance to help some of them.⁶¹

Many scholars agree that there was a hegemonic transformation in 1970s as other powers recovered from the destruction of World War II and the United States seemed to lose its dominant position in global economy. There were increased pressures on the dollar in the 1960s that led to the Nixon government's 1971 decisions to finish its linkage of the dollar with gold and to oblige a revaluation of other currencies, efficiently devaluing the dollar. The adjustments for producing and marketing oil in the early 1970s and the quintupling of oil prices in 1973 and 1974 were some developments which signified an indication in American hegemonic decline. Likewise, the success of rough parity in nuclear weapons by Soviet Union increased the opinion that the United States could no longer lay claim to predominant position in the international political economy.

⁵⁹ Giovanni Arrighi, 'Hegemony Unravelling-1', *New Left Review* 32, March-April 2005, pp.23-80, esp. p. 35.

⁶⁰ See Charles Poor Kindleberger, *The World in Depression, 1929-1939*, London: Allen Lane, 1973.

⁶¹ See Robert Gilpin, *War and Change in World Politics*, Cambridge; New York: Cambridge University Press, 1981.

Particularly, the defeat in Vietnam War appeared to mean a considerable loss of power, with the following lack of ability to arrange the world politics.⁶²

Even though this explanation of developments failed to notice the primary continuance of the position of the United States in the international political system,⁶³ it increased some new judgments about what was named hegemonic stability theory. According to Keohane, besides material resources that are the cause of the hegemon's authority in forming cooperative regimes in the international political economy, ideas have also a significant role.⁶⁴ Keohane used especially Gramsci's arguments to claim that hegemony is composed of both power and ideology. As a result, even in the appearance of the decline of power of the hegemon state, regimes may continue since their contributors are convinced that existing principles and practices are useful for their interests.⁶⁵ However, it becomes clear that the United States' way of leadership combines leadership of others with unilateral action when necessary.⁶⁶

The term of 'hegemony' contains more than simple dominance in Gramscian usage. By using this concept, Italian marxist Gramsci tried to answer the question why the early 20th century working class had not rebelled as Marx had expected. Gramsci said that the power of capitalism depended on more than brute force. Instead, the capitalist ideas had extended intensely into the minds of working people through ideological dominance. Workers have a propensity to believe the world view of the capitalist class more willingly than their own direct practice of repression under capitalism. "Whereas orthodox Marxism explained

⁶² Lentner, *op. cit.*, pp.71-72.

⁶³ See Joseph S. Nye, Jr., *Bound to Lead: The Changing Nature of American Power*, New York : Basic Books, 1990.

⁶⁴ See Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton, N.J.: Princeton University Press, 1984.

⁶⁵ Lentner, *op. cit.*, p.72.

⁶⁶ See G. John Ikenberry, *After Victory: Institutions, Strategic Restraints and the Rebuilding of Order after Major Wars*, Princeton, NJ: Princeton University Press, 2001.

nearly everything by economic forces, Gramsci added the crucial cultural dimension. He showed how, once ideological authority or cultural hegemony is established, the use of violence to impose change can become superfluous.”⁶⁷ In this thesis, the concept of hegemony is used in its Gramscian meaning.

The concept of hegemony is very important in international relations, since it includes both the inclination of the world’s primary power to emphasize powerfully its dominance and to construct alliances, ideas and institutions at the same time. So that hegemon state can maintain the comparatively free participation of other states and peoples into international system.⁶⁸ Hegemony therefore represents both the coercion of armed forces and the consent of democratic participation. It mixes both the hard power of military capability with the soft power of democratic ideas and global institutions under the ideology of neoliberalism.

Neoliberalism might be defined as “the movement towards and the coming into being of, a particular idea of freedom as unfettered circulation, particularly of capital and goods”.⁶⁹ According to McChesney, neoliberalism is not only an economic theory but also it is a political theory. It imagines that “business domination of society advances most efficiently when there is a representative democracy. However, it should be a weak and ineffectual polity characterized by high levels of depoliticization, particularly among the poor and working class.”⁷⁰ It is here understood why the media is so essential to the neoliberal economy. Media is especially good at producing the popular culture that allows business

⁶⁷ Susan George, ‘How to Win the War of Ideas: Lessons from the Gramscian Right’, *Dissent*, 44:3, 1997, <http://www.global-labour.org/Dissent%20Summer%201997%20-%20George.pdf>, accessed on 22.04.2005.

⁶⁸ Atila Eralp, ‘Hegemony’, in Atila Eralp (ed.), *Devlet ve Ötesi*, İstanbul: İletisim Publishing, 2005, pp. 155-181.

⁶⁹ Schirato, Webb, *op. cit.*, p.23.

⁷⁰ Robert W. McChesney, ‘Global Media, Imperialism and Neoliberalism’, *Monthly Review*, March 2000, <http://www.monthlyreview.org/301rwm.htm>, accessed on 11.03.2005.

domination to continue without using a police state or facing effective popular resistance.

So, now it might be said that “capitalism controls not only the means of production and thus the conditions of work but also, through formal and informal education (known as propaganda when others do it), has come to control the hearts and minds of the people”.⁷¹ As George Orwell said in his introduction to *Animal Farm*, censorship in free societies is considerably more complicated than in dictatorships, because “unpopular ideas can be silenced, and inconvenient facts kept dark, without any need for an official ban”.⁷²

1.3.2 The Hegemonic Character of Pax-Americana

The United States became after World War II the strongest economic and military power in the world. The US demonstrated its military superiority with its atom bombs in Hiroshima and Nagasaki in the end of the war. Its economic hegemony is also established with the foundation of the Bretton Woods System, IMF, the World Bank and somewhat later, the General Agreement on Tariffs and Trade (GATT) as a response to later capitalist crisis and its changing imperial needs. These international economic institutions were accompanied also by a political organization, the United Nations (UN). After the decades of rapid growth and rising productivity, the US economy penetrated into a long period of economic stagnation and declining profitability which is a typically capitalist crisis of overcapacity and overproduction. In addition to that its former military rivals, Japan and Germany had become very effectual economic competitors again.⁷³

⁷¹ Doug Dowd, ‘Refuting the Big Lie’, *Monthly Review*, March 2000, <http://www.monthlyreview.org/301dowd.htm>, accessed on 11.03.2005.

⁷² George Orwell, *Animal Farm: a Fairy Story*, New York: Penguin Books, 1965.

⁷³ Wood, *op. cit.*, pp.129-133.

Hardt and Negri think that the current signs of global capital arise from a series of crises that started in the 1970s. The post-World War II period had been controlled by the Bretton Woods system, which was explained by a strong US military, political and economic hegemony over the non-socialist world.⁷⁴ By then, the hegemonic world power was United States. Supranational institutions such as the World Bank and the International Monetary Fund under the de facto control of the US and an international monetary agreement successfully made the US the world's banker. Everything was organized to hinder the appearance of opponent power blocs within the capitalist world and to make easy the internationalization of (especially US) capital under conditions of comparatively limited geographical mobility of labor power.⁷⁵

According to Hardt and Negri, the American hegemony went into crisis for two main causes during the 1970s. Firstly, the Bretton Woods system was weakened by a series of connected economic incidents and developments. It was together with the United States' growing trade deficits with Europe and Japan, the ending of the gold-US dollar nexus, high inflation and trade wars. Secondly, the cost of the social gains made under the international adaptation of the New Deal (the implementation of a type of social contract, related with the Roosevelt administration in the United States, which guaranteed workers' rights, conditions and standard of living). They were together with what Hardt and Negri explain as the achievement of 'anti-imperialist and anti-capitalist struggles in subordinate countries', efficiently 'undermined the extraction of superprofits'.⁷⁶

In fact, globalization implies the opening of sub-ordinate economies and their vulnerability to imperial capital. It is the internationalization of capital as a reaction to not only successes but also to the failures of capitalism. The aim is to use resources and markets of sub-ordinate economies freely. This was achieved by

⁷⁴ Hardt, Negri, *op. cit.*, p.265.

⁷⁵ David Harvey, *Spaces of Capital: Towards a Critical Geography*, New York: Routledge, 2001, pp.342-343.

⁷⁶ Hardt, Negri, *op. cit.*, p.265.

the being of the ‘Third World’ dependent on conditions enforced by the US after the Second World War.⁷⁷ As Held and McGrew accept that “if the global cannot be interpreted literally as a universal phenomenon, then the concept of globalization seems to be little more than a synonym for Westernization or Americanization”.⁷⁸

Gray thinks that the role of globalization is to maintain the illusion of an inevitable worldwide free market.⁷⁹ Giddens believes that “to many living outside Europe and North America, it looks like Westernization –or, perhaps, Americanization, since the US is now the sole superpower, with a dominant economic, cultural and military position in the global order”.⁸⁰ Friedman admits this idea and said that “culturally speaking, globalization is largely, though not entirely, the spread of Americanization—from Big Macs to Mickey Mouse—on a global scale”.⁸¹ The US uses it by the help of its control of financial and commercial networks by easing the movements of excess capital for new profits under the framework of ‘Washington Consensus’ and also using the ‘structural adjustment’ programs of its instruments such as IMF or World Bank on developing economies. An emphasis on production for export, the elimination of import controls, the privatization of public services and financial deregulation make them more vulnerable to international capital. As a result, the propensity towards what Polanyi⁸² named ‘the self-protection of society’ against the damages of ‘the self-regulating market’ has to be much stronger than before. “United States

⁷⁷ Wood, *op. cit.*, pp.133-134.

⁷⁸ Held, McGrew, *op. cit.*, p.3.

⁷⁹ John Gray, *False Dawn: The Delusions of Global Capitalism*, New York: The New Press, 1998, p.64.

⁸⁰ Anthony Giddens, *Runaway World*, London: Profile Books, 1999, p.15.

⁸¹ Thomas L. Friedman, *The Lexus and the Olive Tree*, New York: Farrar, Straus & Giroux, 1999, p.12.

⁸² Karl Polanyi, *The Great Transformation, The Political and Economic Origins of Our Time*, Boston: Beacon Press, 1944.

may find it progressively more difficult to mobilize popular support for neoliberal policies whose burdens are assumed by the vast majority of the world's population and whose benefits are obtained only by a minority.”⁸³

The hegemonic character of the Pax Americana demonstrates a number of aspects. The new world order was established by United States-in which social hegemony has been founded and in which that hegemony was adequately expansive to present itself onto the world scale by new spatial/temporal fixes (for instance, Far-East Asia today). US methods of production turned out to be the world model. They were exported and imitated in other countries. Moreover, the ideological and political power of global hegemony limited the forms of state that were accepted within this world order. A mixture of rewards and penalties imposed conformity to American hegemony which was access to credit for friendly states and political destabilization for unfriendly national regimes.⁸⁴

According to Hoffman, “Globalization is neither inevitable nor irresistible. Rather, it is largely an American creation, rooted in the period after World War II and based on US economic might”.⁸⁵ United States made globalization possible through its military/economic power and its technological superiority. It received also the greatest advantages. It openly and sometimes aggressively supported the opening up of many countries to capitalism in its own interest. However, the outcomes of September 11, 2001 reasonably brought the end of globalization. While the Clinton government “powerfully promoted economic imperialism, the Bush administration was obviously assigned to military imperialism. His implementation of unilateral preemptive military action weakened the international rules and norms on which commerce depends.”⁸⁶ In

⁸³ Giovanni Arrighi, ‘Global Market’, *Journal of World System Research*, Vol V, Number 2, 1999, pp.217-251, esp. p.248.

⁸⁴ Robert Cox, *Production, Power and World Order*, New York: Columbia University Press, p.266.

⁸⁵ Stanley Hoffman, ‘Clash of Globalizations’, *Foreign Affairs*, July-August 2002, <http://www.cfr.org/publication.html?id=4763>, accessed on 04.05.2005.

the following chapters, this transformation in US foreign policy will be explained in a historical way with its causes and outcomes.

⁸⁶ Chalmers Johnson, *Sorrows of Empire: Militarism, Secrecy, and the End of the Republic*, New York: Metropolitan Books, Henry Holt and Company, 2004, p.257.

CHAPTER 2

GLOBALIZATION AS AN ELEMENT OF AMERICAN FOREIGN POLICY BETWEEN 1945-1990

The objective of this chapter is to explain the role of globalization as an element of American foreign policy between 1945 and 1990 after having presented its theoretical framework in the first chapter. Therefore some important historical developments are presented according to their significance for American foreign policy in this chapter.

In the first section, the Bretton Woods Agreement is expressed with its successes and failures in the history of international economics. Later, the globalization of production and financial capital takes place in the second section as a significant development in the history of capitalism. The third section deals with the ideology of globalization which is called as neoliberalism. The last section tries to explain the role of globalization in American economy.

This chapter also with the next chapter is giving answer to the questions: Why did United States need to use globalization in its foreign economic policy in order to restore its declining hegemony in 1970s and how did globalization serve to American national interests in world politics.

2.1 The Bretton Woods Agreement, its Successes and Failures

Globalization is regarded as the progress by which capital reduces the importance of national borders. It opens the way for global markets, trade and capital flows. Globalization is frequently supposed to be the unavoidable result of capitalism. It has overwhelmed all opponents and ended the regulatory practices of national states. These states are apparently made out of date by technological developments in transportation and electronic communications.

Economic and financial globalization was very important for the US national interests in the practice of its foreign policy before September 11. It has now exactly with renewed ambitions of global power. Simultaneously, it is essential to be understandable that, however dominant US capital and the American state are in the creation of globalization, globalization is not equal to Americanization. Ruling elites of many states provided contribution into globalization project seriously for their own interests. Nevertheless, much of its vital force may have an American emphasis.⁸⁷

In order to understand the rise of globalization, it is compulsory to know what the United States did after 1945. Therefore, the outcome of the Bretton Woods agreement and its successes and failures are very important in order to comprehend subsequent developments. The economic management arrangements agreed at Bretton Woods Conference in 1944 consisted of four main elements: (1) a gold standard, with the dollar linked to gold; (2) the International Trade Organization, to promote free trade in the world; (3) the International Monetary Fund, to help countries with their balance of payments difficulties; (4) the International Bank for Reconstruction and Development (the World Bank), to promote economic recovery and development through technical assistance and lending credits.⁸⁸

The General Agreement on Tariffs and Trade was generated by the Bretton Woods Conference as a component of a larger plan for global economic recovery after World War II. GATT included the rules for managing the liberalization of trade determined by the United States late in World War II. Consequently, it was signed by some twenty-one other nations and it had ensured impressive expansion in international trade. The intention of the GATT was to prevent a recurrence of the economic nationalism and the break down of international trade. Because it was believed that economic nationalism had caused the Great Depression which

⁸⁷ Neil Smith, *The Endgame of Globalization*, New York-London: Routledge, 2005, pp.122-126.

⁸⁸ Lentner, *op. cit.*, p.80.

played a role directly in the emergence of totalitarian regimes in Europe and Asia. This model was fine with the United States provided that its trade balance remained favorable and it could order the terms.

A huge level of economic growth was lived through the twenty-year period from the late 1940s to the late 1960s, both in the United States and in the world that has not been repeated again. Concerning the United States, there were several causes for this. First, a widespread series of labor deals prevented the threat of postwar class struggle that may interrupt economic growth. Second, the conditions of the welfare state originated by the New Deal were realized which was offering a minimal safety net for workers and their families. Third, the extreme re-armament with the Korean War in 1950, Marshall Plan reconstruction in Europe and quickly increasing production by increasing foreign direct investment further enhanced the accumulation of capital. The Bretton Woods system of currency agreements and capital controls granted a necessary stability in the financial system, particularly as the European currencies became generally convertible after 1958 and the Japanese yen after 1964. By and large, a positive integration was realized between financial, industrial and social policies of member countries in the early postwar period.⁸⁹

Although US governmental leaders believed that their hegemony was unchallengeable in this era, it was not to last for very long. US-funded reconstruction of the European and Japanese economies, from which US capital so benefited, paradoxically produced its own forceful competition by the early 1960s. It was a classic example of spatial fix in the accumulation of capital. US industry, undamaged during the war thanks to its geography, was also defended by postwar tariffs, but it rapidly found itself challenged by the advanced technologies of those reconstructing economies. US trade had experienced considerable economic deficits because of decreasing profit rates. These economic problems were worsened also by the enormous economic exhaustion of the Vietnam War, which increased after 1964.

⁸⁹ Smith, *op. cit.*, pp.126-127.

Consequently, all of these developments had an effect on the global financial system. The dollar started to become vulnerable and large quantities of gold were sold to maintain its value. The US deficit got bigger and accordingly the inflation rate increased. The stability of international currency exchanges was ever more threatened. A never-ending cycle deepened as the rising weakness of the dollar started to obstruct the US ability to continue the Vietnam War. As currencies faced progressively more pressure under the system of fixed exchange rates, it became apparent that the IMF could not continue to the duty of currency stabilization. Its fund was too small. The US imbalance of exports and imports compromised the role of the dollar as a reserve currency, but the deutsche mark and yen were growing in power also. As a result, the US managed a system of 'special drawing rights' inserted onto the existing IMF arrangements.

The main problem was that currency speculation could cause to wild fluctuations in international trade and in the incomes of national economies. The sterling crisis of 1967 compelled a devaluation of the pound, which consecutively led to a run on the dollar. The US Treasury reacted by declaring that it no longer was obliged to limit the sale price of its gold to the \$35 figure. This reaction resulted in sending billions of dollars into European economies, efficiently offloading onto them the consequences of the US trade deficit. New US trade tariffs heightened this outcome, threatening a trade war with Europe.

By 1971, since the situation gradually became more unsustainable, a run on the dollar compelled a re-valuation of European currencies, mainly the deutsche mark. Richard Nixon pulled the dollar completely off the gold standard. Regulatory order yielded to chaos on the international monetary markets as currencies now floated relatively free of fixed or agreed exchange rates. The Bretton Woods system was ended, concluded one analyst, by the "struggle of the United States to increase its freedom of action in international monetary affairs. ...Step by step, the United States either broke the rules of the old order or forced other nations to break them."⁹⁰

The end of the Bretton Woods system came neither by intention nor by accident; it was conjunctural. The fixed exchange rates permitted little flexibility as dissimilar national economies wanted to apply different economic programs. They let also little change to bigger adjustments in the productive sector.⁹¹ It was ultimately in the interests of the United States. Although it had been forced down by the increasing deficits and pressure on the dollar, exclusive free market power enabled it to arrange currency relations beyond the fixed Bretton Woods arrangements. US had the power to let currencies to float rather than spend vast amounts of gold in defense of the dollar. Despite that, it did not solve any problems. The chaos in the international monetary world was not autonomous. It was an appearance more than a cause of deeper contradictions of capitalism.

Since the dollar was under severe pressure, money markets were closed for two weeks in early 1973. This was a critical year in the globalization of finance. Four incidents stand above all significant. First, the world's major economies, especially the United States, were all exploring into a more or less interrelated economic depression that indicated the end of the historic postwar economic expansion. Second and related, US trade deficits, which had averaged an annual level of \$1.8 billion during the 1960s, at this time exploded to \$11 billion by 1972.⁹² Consequently billions of US dollars poured into the world financial markets, particularly in Europe. These funds embodied early deposits into an emerging market, centered in London, which allowed dollar-denominated financial exchanges in non-dollar currency markets. Free from local state regulation, it flourished into the Eurodollar market of the 1970s which, by one estimate, was equal to 10 percent of the US money supply.⁹³

⁹⁰ Fred Block, *Origins of International Economic Disorder: A Study of United States International Monetary Policy from World War II to the Present*, Berkeley: University of California Press, 1977, p.203.

⁹¹ Smith, *op. cit.*, p.129.

⁹² *Ibid.*, p.131.

⁹³ Eric Helleiner, *States and The Reemergence of Global Finance: From Bretton Woods to the 1990s*, Ithaca: Cornell University Press, 1994, p.135.

Crises in the financial and productive areas were intensified by a third incident, the OPEC oil embargo. Oil prices were increased by a factor of almost ten times. As a result, the embargo ended the monopoly power of western oil corporations, which nevertheless profited considerably from the price hike. The real losers were the developing countries who could no longer pay for cooking fuel. The governments of Europe, Japan and North America appeared incapable in the duty of providing their citizens with cheap oil. The impressive increase in oil incomes, denominated in US dollars, had to be invested somewhere. The private banks of US turned out to be the global center of petrodollar reinvestment. Recycled around the world, this capital enlarged the Eurodollar market but just as significantly funded increased debt in Asia and Latin America.⁹⁴

The fourth incident of this period, and one which has been far more continuing, can be named as the ‘Asian Industrial Revolution’. Since the 1960s a number of economies, most remarkably the so-called ‘tigers’ –South Korea, Hon Kong, Taiwan, Singapore– had preferred export-based production instead of import substitution strategies. Evenly accepted in the West as part of the ‘Third World’ in 1973, the ‘Asian tigers’ aimed to go into the top ranks of national economies. They had in general not only cheap labor but also strong state control over workers, capital flows and the economy. They were rapidly joined by other economies in South and Southeast Asia –Thailand, Indonesia, Malaysia, Bangladesh– with China’s huge development and India’s ‘New Economy’ of the 1990s.

1979 was another critical year. The primary economies had started to stabilize to some extent after the lowest point of stagnation period in 1973-1975. The situation was worsened by Iranian oil worker’s strike in late 1978 which caused the downfall of the US-supported Shah of Iran and quickened a new round of oil price rises. These events started not only another global recession but also

⁹⁴ Smith, *op. cit.*, p.131.

they intensified inflation, which reached its peak in 1980 at an international rate of 15.7 percent.⁹⁵

Bretton Woods had already achieved a de facto financial globalization. What is more, the financial globalization and international economic integration that existed between the 1880s and 1914 looks surprisingly similar to that of the post-1980s. With regard to trade, there is nothing new in the globalization of this field since classical economists from Smith to Marx long ago acknowledged the vitality of the global market. If post-1970s globalization does signify anything new, someone has to look outside the financial and commercial spheres to discover the source of this world historical newness.⁹⁶

2.2 The Globalization of Production and Financial Capital

The concept of a ‘post-industrial society’, argued in the 1970s by sociologist Daniel Bell among others, could make sense only inside the consumerist America.⁹⁷ For the reason that globalization in the financial sector after the 1960s did not mean an end to industry. Instead it was matched by a globalization of production itself which had a number of aspects. In the first place, the geography of production was noticeably redistributed. Stimulated by low wage rates, modern equipment and global export strategies, producers in so-called ‘less developed countries’ expanded swiftly in the 1960s, particularly in East Asia, but in the end throughout Asia and Latin America. This overlapped with more than two decades of declining profit rates in the world’s largest economy: in the United States. The crisis of 1969-1970 was marked by an absolute decline in profitability in this country.⁹⁸

⁹⁵ *Ibid.*, p.132.

⁹⁶ *Ibid.*, pp.135-136.

⁹⁷ See Daniel Bell, *The Coming of Post-Industrial Society*, New York: Basic Books, 1976.

⁹⁸ Smith, *op. cit.*, pp.136-137.

The 1970s had already accompanied in a phase of questioning about where the capitalist world was heading. The American and British economies were weighed down by ‘stagflation’ (high rates of inflation together with low economic growth), high rates of unemployment, large public-sector deficits, two major oil crises, racial conflict and for the United States, defeat in Vietnam. “Similarly threatening, by the mid-1980s, Japan had shifted the United States as the world’s primary creditor nation, while America’s fiscal deficits and its inability to cover the costs of products imported from foreign countries turned it into the world’s largest debtor.”⁹⁹

However, uneven development in a geographical sense can be classified as an aspect of globalization. The rise of the ‘newly industrial countries’ (NICs) was highly interrelated with a restructuring of production itself. Until the 1970s, the traditional organization of multinational corporations necessitated a head office located in the country of origin and many branch plants around the world. Frequently geographically collected in industrial regions, these plants produced either for the domestic economy or for export to other national economies, either in the region of production or back to the headquarter nation. Simultaneously, smaller national capitals also produced for the local autonomy and for export. This globalized Fordist system developed in the 1920s with the growing of multinational branch plants in many countries and it came to control postwar industrial structure.

However, Fordist system started to be replaced in the 1970s. A new global business organizational structure was progressively more suitable for global production. This new structure was supported by the twin advantages of just-in-time inventory systems in order to keep away from the cost of long-term raw material inventories and outsourcing. These multiple sources were hardly ever large factories. As a substitute, they were a network of quite small and decentralized production locations, even homeworking. Frequently, these new industrial structures were being attributed to technological developments in

⁹⁹ Johnson, *op. cit.*, p.259.

transportation, telecommunications and computers which had increased the speed and capability of communication. They decreased costs, and thus profitably reduced the turnover time of capital. Such technological advances were certainly vital, but they were not detached from other transformations in the conditions of capital accumulation, particularly the increased scale of production compulsory to continue profitability in the global market.¹⁰⁰ The global production was motivated not only by technological needs and possibilities, but also by the expansion of the market scale. In view of the fact that nationally based plants were no longer sufficient and they had to produce for markets larger than the national.

These new methods in production deteriorated the power of labor by organizing multiple sources for parts and materials. As a result, the outsourcing of work also weakened union power insofar as strikes in one facility could be avoided by reliance on others. The globalization of supply sources was elaborately interlinked with the globalization of markets. A computer sold in Germany, for instance, could include constituents from factories in China, India, Thailand, Malaysia and Japan, and final gathering of constituents could be realized in Taiwan. As an indicator of how completely the production process has been integrated globally, by 1987, according to one report, 67 percent of US imports and 81 percent of exports correspond to trade within rather than between multinational corporations.¹⁰¹

The globalization of production is not separated from transformations in the financial sphere. While corporations gather products with inputs from multiple national economies, the capability to exchange funds across currency zones became imperative. The liberalization of the currency and financial structures consequently obtained an important support from the globalization of production. The globalization of financial capital is more completed than that of production

¹⁰⁰ Smith, *op. cit.*, pp.137-139.

¹⁰¹ Amir Mahine, 'A New Look at Trade', *The McKinsey Quarterly*, Winter, 1990, pp.34-48, esp. p.46.

capital exactly because unlike the latter, the former can be moved in huge quantities electronically or on paper with very little effort. By contrast, factories and office buildings are fixed over considerable periods of time. But the effortlessness of movement and more completed global sway of financial capital do not mean unimportance of global production. Without the globalization of production, marked the US economy since the 1970s, the force for liberalizing and globalizing the financial sector would have been considerably decreased.¹⁰²

2.3 Neoliberalism: The Ideology behind Globalization

United States' declining economic hegemony in 1970s allowed for the rise of a conservative leader –Ronald Reagan–. In order to increase international trade and to provide United States control of it, national states were committed to a revitalization of nineteenth-century capitalist fundamentalist theory. “This meant withdrawing the state from involvement in the economy. Domestic markets should be open to international trade and foreign investment. States were forced to privatize investment in public utilities and natural resources.”¹⁰³ They had to end most protective labor laws and enact powerful domestic and international safeguards for private and intellectual property rights. They should put in force conservative fiscal policies even without regard for the public's health and welfare.

This agenda, which became Anglo-American economic thinking, was presumed to bring an extensive development in average incomes. As Bruce R. Scott argued that Firms will obtain increased economies of scale “in a larger market and incomes will converge as poor countries grow more rapidly than rich ones. In this ‘win-win’ perspective, the importance of nation-states fades as the ‘global village’ grows and market integration and prosperity take hold”.¹⁰⁴ These

¹⁰² Smith, *op. cit.*, p.141.

¹⁰³ Johnson, *op. cit.*, pp.259-260.

economic thoughts originated from eighteenth and nineteenth century Scottish and English economists such as Adam Smith and David Ricardo. Later, they were combined with the political movement in Britain and were entitled as ‘liberalism’. This economic belief is nowadays being often called as ‘neoliberalism’. It became recognized as the ‘Washington Consensus’ in policy circles, as ‘neoclassical economics’ in academic life and as ‘globalism’ in public ideology or, more proactively, ‘globalization’.¹⁰⁵ Bearing in mind that, neoliberalism, the modern version of the doctrine, is far removed from that of such great ‘liberal’ political economists as Adam Smith or David Ricardo.

If this economic configuration of globalization started in reaction to specific crises and contradictions in the financial and productive economies, the outcome was yet conducted by a quite specific idea. The center of this idea was a deep-seated reaction against Keynesian state efforts to direct the economy and society together. Originated from the Austrian thinker Friedrich Hayek, Karl Popper and from Chicago economist Milton Friedmann, this devoted loyalty to the free market as arbiter of social as well as economic good co-existed with the half-century domination of Keynesianism. It had a certain intellectual presence, but it was still insignificant to state policymaking. For these thinkers, state intervention did not assist regulation of the economy but obstructed it.¹⁰⁶

After the economic crises of the 1960s and 1970s, continuing stagflation and the failure of Keynesian economic strategies showed a wider economic failure of postwar arrangements. In the struggle between left and right thinkers to fill the consequential vacuum, the neoliberals were the winners. The ascent of Thatcher in Britain and Kohl in Germany reinforced the victory of free-market economics over any alternatives. It was in the 1980s that this monetarist and free-market

¹⁰⁴ Bruce R. Scott, ‘The Great Divide in the Global Village’, *Foreign Affairs* 80:1, January/February 2001, <http://www.foreignaffairs.org/20010101faessay4251/bruce-r-scott/the-great-divide-in-the-global-village.html>, accessed on 27.06.2005.

¹⁰⁵ Johnson, *op. cit.*, p.260.

¹⁰⁶ Smith, *op. cit.*, p.142.

ideology institutionalized itself and its global political aspiration was declared openly.¹⁰⁷

Different from its predecessors, the Reagan administration in United States, guided by ever more monetarist policies and free market, rejected any attempt to control the soaring dollar. The persistence of high interest rates not only attracted capital but also limited the demand for credit and as a result the Third World debt crisis followed. It was realized first in the Mexican economy in 1982 and then spread throughout much of Latin America. Although there was a domestic economic revival in the mid-1980s that pursued the deepest recession since the 1930s, the US trade deficit exploded to \$148 billion by 1986.¹⁰⁸ Infrequent intervention in the late 1980s minimized the dollar's rise before the 1987 stock market crash which needed quick intervention in the opposite direction. The volatility of the monetary system was more and more obvious.

Actually, United States and global currency policy had cycled through successive policies of intervention and non-intervention in the two decades since 1971, but non-interventionist neoliberals were dominant in general. The major economies of the world, persuaded by the United States, settled on a relatively stable system of target ranges within which currencies would exchange without explicit interference. Central banks were organized to interfere in support of a currency, either alone or increasingly in collaboration with others. However, for the next decade currencies were exchanged on a day-to-day basis with stripped-down regulatory control. By the late 1980s, then, out of the remains of Bretton Woods, a restructured, free market centered global currency market had been built. It was properly in place that after 1989 it could absorb the new convertibility of East European currencies. The new financial system was governed by the United States, a consequence which French economists Gérard

¹⁰⁷ *Ibid.*, pp.142-143.

¹⁰⁸ *Ibid.*, p.133.

Duménil and Dominique Lévy, with an eye back to a century earlier, describe a ‘second financial hegemony’¹⁰⁹.

The global export of billions of US dollars in the 1960s, the abandonment of the gold standard in favor of floating exchange rates, the recycling of petrodollars and the final foundation of a new currency system by the late 1980s all created the requirement for a range of institutions to make easy the new global currency exchanges. Currency markets had to be launched around the world in national economies that had formerly limited such flows. But a liberalization of currency markets could not be achieved without a parallel restructuring of the broader financial markets to help the expanded exchanges.

The US had ended many of its financial controls in 1974, Britain pursued US in 1979 and many national economies followed them in 1980s, reducing controls on capital movement in and out of their national boundaries.¹¹⁰ Stock markets came into view where none or only secondary ones had existed in the past, particularly in East Asia. While they at first supplied a means of accumulating capital locally, particularly in the situation of temporarily high interest rates for US dollars, they rapidly functioned to provide capital toward the US, efficiently covering the ever-expanding debt of that economy. It was accepted usual after these developments in the global economy, that the process of globalization in the 1980s would be related primarily with the financial sector where so much of the old regulatory system was changed.

2.4 The Role of Globalization in American Economy

Besides GATT, the IMF and the World Bank, the postwar economic reformers produced a system of fixed exchange rates between the currencies of all the capitalist states. This system was made reliable by tying the value of each currency to the US dollar and by an American assurance that it would be ready, on

¹⁰⁹ See Gérard Duménil and Dominique Lévy, *Capital Resurgent: Roots of the Neoliberal Revolution*, Cambridge, MA: Harvard University Press, 2004.

¹¹⁰ Smith, *op. cit.*, p.134.

appeal, to exchange all dollars for gold. The system of fixed exchange rates, a currency adjustment agency and a lender to the developing countries for economic development created amazing consequences during their twenty years. They extended international business by making trade secure and stable and they formed a major barrier to the comeback of the harmful speculation that had led to the Great Depression.¹¹¹

However, by 1971, the United States was no longer capable to promise the fixed value of the dollar in gold. It had spent its public finances on the Vietnam War, on nuclear weapons and on payments to capitalist countries. In order to stop the bleeding of dollars, President Richard Nixon ended the system of fixed exchange rates. Afterwards, the currencies of the different nations were permitted to ‘float’ their values being set daily by supply and demand in international currency markets. With floating exchange rates, the World Bank and the IMF were left then with little to do for the rest of the decade. The conclusion of fixed exchange rates promoted risky investments and speculation. Since profits could be huge and costs were low, American banks started to make large ‘overloans’ to Third World countries. Many loans went to authoritarian or corrupt regimes, with little possibility of ever being repaid. The banks even so presumed that the governments of developing countries were not likely to go broke or, if they did, that some international organization would help them.¹¹²

Beginning in around 1981, the United States initiated, under the cover of globalization, a new policy aimed to achieve two major objectives. First, “to question state-supported capitalism like Japan's and stop its spread to any countries other than the East Asian NICs, which had already industrialized by pursuing the Japanese model. Second, to deteriorate the sovereignty of Third World states.”¹¹³ US economic hegemony was very influential in the

¹¹¹ Johnson, *op. cit.*, pp.264-265.

¹¹² *Ibid.*, pp.265-266.

¹¹³ *Ibid.*, p.264.

implementation of this globalization project. “American information technologies and services are at the cutting edge of those that are enabling globalization. Access to the largest economy in the world is the primary carrot leading other nations to open their markets.”¹¹⁴

The United States' preferred devices for realizing this strategy were the World Bank and the International Monetary Fund. John Maynard Keynes, the English economic theorist and historian, first discovered the ideas behind these institutions. Like the General Agreement on Tariffs and Trade, the World Bank and the IMF were generated after World War II to supervise the international economy and avoid a repetition of the manipulations of economic policies of the 1930s. They are both situated in Washington DC and their voting regulations make certain that they need the agreement of the US Administration in their critical decisions. In this structure, the IMF was given responsibility for making loans to equalize irregular disparities between one nation's currency and that of its trading partners. The World Bank was charged with making developmental loans to countries that necessitated investing in their infrastructures and infant industries in order to bring them up to the level of the developed nations.¹¹⁵

Globalization implies the geographical generalization of certain economic, social, political and cultural rules and practices. It is only the recent phase of a much earlier global project, namely capitalism. Whether enforced by IMF or World Bank, the US or national governments, the mixture of currency and financial decontrols, austerity programs and social welfare cuts had highly uneven results for citizens. From the end of the 1970s US income from foreign corporate profits started to dominate domestic profits as US corporations benefited from globalization and maintained their ability to do so for the next quarter century.¹¹⁶

¹¹⁴ David Rothkopf, 'In Praise of Cultural Imperialism', *Foreign Policy*, Number 107, Summer 1997, pp. 38-53, esp. p.41.

¹¹⁵ Johnson, *op. cit.*, pp.264-265.

¹¹⁶ Smith, *op. cit.*, p.143.

Although postwar economic growth managed by the Keynesian state had seen a continual reduction of the income gap between rich and poor within the US, every indicator of income and wealth demonstrates that this progress also was overturned at the end of the 1970s. This was a comprehensively deliberate effect of globalization. Whatever technological developments it involved, globalization brought about a redistribution of wealth as the rich got richer and the poor poorer. Although much disguised by some economists' diagrams, equations and the discourses of many thinkers, globalization might be reasonably defined as a direct strategy of class struggle.

According to Zizek, "financial crisis legitimizes the demands to cut social spending, health care, support of culture and scientific research, in short, the dismantling of the welfare state".¹¹⁷ Moreover, it is intended to convince international society that underdeveloped countries bring poverty on themselves as a result of corruption and a failure to take advantage of the impressive opportunities being offered. In the US and to a less important degree throughout the advanced capitalist world, the wealth of the upper classes is now so excessively dependent on remittances from the global economy and from the workers around the world. Therefore, the United States has been accepted as the epicenter of this global class struggle.

¹¹⁷ Slavoj Zizek, 'Multiculturalism, Or, The Cultural Logic of Multinational Capitalism', *New Left Review* 225, pp.28-51, 1997, p.34.

CHAPTER 3

GLOBALIZATION AS AN ELEMENT OF AMERICAN FOREIGN POLICY AFTER 1990

This chapter analyzes globalization as an element of American foreign policy principle after 1990 and its outcomes in the world politics. Having explained the developments until 1990 in the second chapter, this chapter emphasizes mainly on the neo-liberal policies and their effects on developing states.

In the first section, the role of some economic and financial institutions in globalization of world economy under the US control is scrutinized. Later, the criticisms against globalization are presented in the second section in order to express its destructive effects for people who have to obey its neo-liberal policies. The third section deals with the signs of globalization's economic failure. The fourth section presents the role of military-industrial complex in American economy being as an example which doesn't follow the rules of market economy. The last section summarizes the myth of globalization.

This chapter gives an answer not only to the question, how United States preserved its economic hegemony by the help of globalization and neoliberal economic policies in 1990s, but also why it could not continue with globalization in the twenty-first century.

3.1 Washington Consensus

After the debt crisis in the early 1980s, the United States made the IMF and the World Bank responsible for the Third World. US wanted them to do two things: first, to maintain the debtor countries paying their loans so that the official

non-payments could be avoided and second, to take as much money out of them as possible. These two institutions acknowledged their new tasks with enthusiasm, enjoy acting as collection agencies for banks that had lent terrible loans. Accordingly the World Bank's 'Structural Adjustment Loans' and the IMF's 'Structural Adjustment Programs' emerged.¹¹⁸

The World Bank lends funds to a debtor country under structural adjustment in order that the nation can maintain to 'service' its debts in small amounts. Nonetheless, the IMF forces the country to make a severe socioeconomic repair compliant with the neoliberal agenda as a provision for the loan. If a debtor country does not recognize these conditions, its entry to international economic system is not accepted, thus undermining its economy still further. The whole Third World countries came under the control of the IMF's experts very rapidly. By the late 1990s, near to ninety countries were being "structurally adjusted through shock therapy ordered up in Washington".¹¹⁹

One of the condition of a structural adjustment program, the IMF and World Bank need that a state must liberalize trade which means providing foreigners free entrance to its economy. The state is furthermore obliged to decrease payments on social programs for example health care and education. Instead they should use public funds to repay their debts to foreign banks and transnational corporations. Subsidies to local agriculture are abolished, while subsidies to agro-businesses growing export crops for instance flowers and fruits are supported.

Globalization is "a program to create private corporate rights to trade, invest, lend or borrow money and buy and own property anywhere in the world without much hindrance by national governments".¹²⁰ Therefore, the IMF persists that the country decline all controls over the movements of capital and permit

¹¹⁸ Johnson, *op. cit.*, p.266.

¹¹⁹ Bello, *op. cit.*, p.49.

¹²⁰ Hugh Stretton, *Economics: A New Introduction*, Sydney: UNSW Press, 1999, pp.179-180.

foreign investors and businesses to purchase state-owned enterprises, for example electric power, telephone, transportation, energy companies and natural resources. Adjustment policies imposed by the IMF/World Bank as “the price of admission to the global trading community mean that poor countries are obliged to service their debts before they are allowed to do anything else. Their only option is to increase raw material exports into world markets.”¹²¹

A country taking a World Bank loan has to obey to keep the convertibility of its currency. Explicitly, it cannot forbid the exchange of its own currency for that of another country's, which would stop the outflow of capital for the short term. However, providing free convertibility despite the consequences of the exchange rate makes speculation about a currency's future value possible. A country might get out of such a combination of reforms is not economic revival, long-term growth or stability. Instead, it frequently declines into kleptocracy and experiences periodic economic crises caused by uncontrolled speculation (for instance: Mexico, 1994-95; Thailand, South Korea, and Indonesia, 1997; Brazil and Russia, 1998; Argentina, 2000; Venezuela, 2002). It is obliged to thrust on US corporations to give almost all consumer products, employment and even public services.¹²² The United States was the inventor of and main profiteer from these policies.

These emergency measures for debtor countries early in the 1980s gradually turned into the inflexible orthodoxy of the ‘Washington Consensus’ in the 1990s. The US governments persistently forced neoliberal economic programs on every country in the world. Its master plan was the ‘Uruguay Round’ of international trade negotiations from 1986 to 1994. These long negotiations generated the World Trade Organization (WTO) on January 1, 1995. By accepting a common set of trade rules and taking agriculture under such rules for the first

¹²¹ Wayne Ellwood, *The No-Nonsense Guide to Globalization*, London: Verso, 2001, p.93.

¹²² John Madeley, *Hungry for Trade: How the Poor Pay for Free Trade*, London: Zed Books, 2000, p.58.

time, “many developing countries discovered that in signing on to the WTO, they had signed away their right to development”.¹²³

It should be clear that there was no requirement to establish the WTO. There was no crisis in international trade between 1986 and 1994 that needed a new organization. International trade was growing satisfactorily under the GATT regime. Between 1948 and 1995, until GATT replaced by the World Trade Organization, international trade increased from about \$124 billion to \$10.772 billion.¹²⁴ The WTO was created for the reason that the United States realized that liberalization of national trade policies under the WTO supervision would be very useful for its interests. Actually, it had two aims: first, to try to control the important industrial countries, mainly the European Union and Japan, and second, to prevent industrialization of Third world. The United States accomplished the second aim through the Agreement on Agriculture and the Trade-Related Intellectual Property Rights Agreement, two of the pacts that the Uruguay Round brought in 1995 to the WTO to impose.¹²⁵

As a result of these developments in world economy, global neoliberalism flourished in the 1990s. Behind these policies, the role of ‘Washington Consensus’ could not be underemphasized. The Washington Consensus brought the elites of the capitalist world together in a generally shared ideological thinking which is equating capitalism with democracy, free markets with human rights. It is also presented as an option to the development of the ‘less developed countries’. These countries supported before mainly import substitution policies which aim to develop by building industries that supplied their own needs instead of depending on imported goods. However, the Washington Consensus stressed

¹²³ Bello, *op. cit.*, p.xiv.

¹²⁴ World Trade Organization, *Annual Report 1998: International Trade Statistics*, Geneva: WTO, 1998, p.12. Quoted in Walden Bello, *Future in the Balance*, Oakland, Calif.: Food First Books, 2001, p.36.

¹²⁵ Johnson, *op. cit.*, p.269.

not only export-oriented growth but privatization, deregulation, free trade and monetarism for these states.¹²⁶

As the IMF, World Bank and the World Trade Organization started to play a more prevailing global role under the ideological control of United States, they rapidly impose on developing countries the doctrines of neoliberalism. They emphasize free trade in their structural adjustment and financial stabilization programs by imposing domestic reforms on developing states.¹²⁷ Liberalization, privatization and deregulation were the policies of this new orthodoxy.

To give an example, earlier to the World Trade Organization, agriculture had been outside the context of GATT because the United States had long threatened to withdraw if it was not permitted to go on protecting domestic sugar, dairy products and other agricultural commodities. Therefore, GATT plainly decided not to impose any rules on agriculture. By the 1970s, nevertheless, Europe had turned out to be a net food exporter and struggle among the two agricultural superpowers, the European Union and the United States, was increasing even severer. Both desired to oblige open the Third World as a new market for agricultural exports. For that reason, they had to put the farmers of underdeveloped countries out of business and substitute them with huge agrobusinesses. In the Uruguay Round of agricultural negotiations, the European Union and the United States were in agreement among themselves on rules covering agriculture.¹²⁸

3.2 Globalization in Question

3.2.1 The Criticisms against Globalization

The globalization project under American hegemony was not successful in creating a new global order. Wars, invasions and bombings came to Granada,

¹²⁶ Smith, *op. cit.*, p.144.

¹²⁷ Lentner, *op. cit.*, p.81.

¹²⁸ Johnson, *op. cit.*, pp.269-270.

Panama, Kosovo, Serbia, Bosnia, Sudan, Afghanistan, Iraq, among others. However, before the year of 2001, its motives were geo-economics more than geopolitics. All of multilateral agreements on trade, weapons reduction, currency transfers, environment, judiciary, finance and accounting practices outlined the principal edge of globalization and neoliberalism, but they also strengthened United States hegemony.¹²⁹

The Nobel Prize-winning economist Joseph Stiglitz, a former director of research at the World Bank, has even come to admit that,

It is now a commonplace that the international trade agreements about which the United States spoke so proudly only a few years ago were grossly unfair to countries in the Third World. The problem [with globalists is] ... their fundamentalist market ideology, a faith in free, unfettered markets that is supported by neither modern theory nor historical experience?¹³⁰

He left his position at the World Bank as a chief economist and senior vice-president at the end of 1999. The Washington Consensus he said was: “not only faulty in its narrow economic strategies, but also excessively narrow in its objectives. It focused mainly on increasing GDP, not on broader concepts of increasing living standards or democratic, equitable, sustainable development.”¹³¹

According to Galbraith, “it was an expression of faith that markets are efficient, that states are unnecessary, that the poor and the rich have no conflicting interests, that things turn out for the best when left alone and that governments should balance budgets and fight inflation and do almost nothing else”.¹³² Hence, nearly 50.000 demonstrators protested the World Trade Organization in Seattle in 1999 and “pointed to the absence of democracy and of transparency in the

¹²⁹ Smith, *op. cit.*, p.147.

¹³⁰ Joseph E. Stiglitz, *A Fair Deal for the World*, New York Review of Books, May 23, 2002, http://www.nybooks.com/articles/article-preview?article_id=15403, accessed on 03.04.2006.

¹³¹ *Ibid.*

¹³² James K. Galbraith, ‘The Crisis of Globalization’, *Dissent*, Vol.46, No:3, Summer 1999, <http://www.igc.org/dissent/current/summer99/galbraith.html>, accessed on 29.04.2005.

administration of the international economic institutions. They criticized that these institutions work for special corporate and financial interests and there is an absence of countervailing democratic checks.”¹³³ There is no acknowledged example in which globalization has made prosperity in any Third World state. What it has created, in the words of De Rivero, “is not NICs (newly industrialized countries) but about 130 NNEs (nonviable national economies) or, even worse, UCEs (ungovernable chaotic entities)”.¹³⁴ According to Stiglitz, “Globalization has left many of the poorest in the developing world even poorer. Even when they are better off, they feel more vulnerable.”¹³⁵

George thinks that the late twentieth century could be named “the Age of Exclusion. It’s now clear that the ‘free market’ which increasingly determines political and social as well as economic priorities, cannot embrace everyone.”¹³⁶ In 1841, the famous German political economist Friedrich List immigrated to America where he wrote his most important book, ‘*The National System of Political Economy*’. He argues there, “it is a very common clever device that when anyone has attained the summit of greatness, he kicks away the ladder by which he has climbed up in order to deprive others of the means of climbing up after him.”¹³⁷ It seems that all of the theories of justifying globalization might be efforts to camouflage this kicking away of the ladder.

Many developed countries industrialized more or less in the same way. Actually they protected their domestic markets exercising high tariff walls and numerous non-tariff barriers to trade. Britain, for instance, did not admit free trade

¹³³ See Joseph E. Stiglitz, ‘Globalism’s Discontents’, *The American Prospect*, Vol. 13, No. 1, http://www.prospect.org/cs/articles?article=globalisms_discontents, accessed on 24.09.2006.

¹³⁴ Oswaldo De Rivero, *The Myth of Development: The Non-Viable Economies of the 21st Century*, London: Zed Books, 2001, pp. 3, 9, 24.

¹³⁵ Joseph E. Stiglitz, ‘The Roaring Nineties’, *The Atlantic Monthly*, October 2002, <http://www.theatlantic.com/doc/prem/200210/stiglitz>, accessed on 13.03.2005.

¹³⁶ George, *op. cit.*

¹³⁷ Quoted in Ha-Joon Chang, *Kicking Away the Ladder: Development Strategy in Historical Perspective*, London: Anthem Press, 2002, p.62.

until the 1840s, later than it had become the world's primary industrial power. Between 1790 and 1940, the United States was perhaps the most highly protected economy in the world. In the 1970s and 1980s, the only country on the earth without a single Japanese auto in it was South Korea, since it was nurturing its own automobile production.

The latest East Asian development shows us the truth of this theory. By 1990, the four tiger economies made for 6.4 percent of world manufacturing exports (up from 1.2 percent in 1965) while non-OPEC Asia (excluding Japan) realized for 13.1 percent, a bigger percentage than even that of the United States. This number rose to 16.4 percent in 1995.¹³⁸ Therefore, by the early twenty-first century, five of the largest thirteen economies in the world are Asian or Latin American countries that in 1965 would have been called, 'Third World': China (6th), Mexico (10th), India (11th), South Korea (12th) and Brazil (13th). The economies of the Netherlands, Australia, Russia, Belgium and Sweden all were behind these countries.¹³⁹

All of these developing states requested, purchased or stole higher technology from the developed countries. After that, they advanced on it through reverse engineering and targeted investment. They made use of state power to sustain and care for their well-organized capitalists who had the capability to become exporters. They transferred subsidies into uncompetitive industries with the purpose of substituting domestically produced goods for imports. Some of them occupied overseas markets through imperialism and colonialism. They protected these markets later from other possible conquerors by establishing powerful navies and armies.¹⁴⁰

However, where economic administrators had no option but to pursue the rules of globalization -free trade, privatizations of public goods, no controls over

¹³⁸ Robert Brenner, *The Boom and The Bubble*, London: Verso, 2002, pp.31-47.

¹³⁹ Rankings are measured in terms of Gross Domestic Product 2002: *World Development Indicators Database*, World Bank, Washington DC, April 2004.

¹⁴⁰ Johnson, *op. cit.*, p.263.

capital transactions and the end of all national preferences-, the outcomes have been disastrous. In all of Latin America and the Caribbean countries between 1960 and 1980, gross domestic product increased by 75 percent per person, but over the next twenty years of globalization GDP grew only 6 percent.¹⁴¹

Mahathir Bin Muhammed, the former Malaysian prime minister, said in the summit of leaders of the South an interesting thing about the subject of globalization:

But if globalization implies integration of all countries into one single global entity then why should it mean only the free flow of capital and capitalist across borders? Why should not workers, especially unemployed ones, move across borders freely? If money is a capital for the rich, labour is the capital of the poor countries.¹⁴²

3.2.2 Globalization in Difficulty

The WTO system that began life in 1995 is perceived as an instrument of economic imperialism exercised by developed states against undeveloped ones. Within a few years after it was initiated, however, the arrangement began to collapse. After September 11, the overstress on militarism and unilateralism in the United States has fundamentally deteriorated the efficiency of international law. Therefore, it is weakening the pretense of legality that sustains the WTO system. As Stiglitz argued that “economic policy is today perhaps the most important part of America’s interaction with the rest of the world. And yet the culture of international economic policy in the world’s most powerful democracy is not democratic.”¹⁴³

Simultaneously, the interests of American militarists and economic globalists have started to conflict, especially over the emergence of an apparent future superpower-China. The economic globalists have invested more intensely

¹⁴¹ De Rivero, *op. cit.*, p.109.

¹⁴² Mahathir Bin Muhammed, Quoted in *The Speech in the South Summit*, Havana, 12.04.2000.

¹⁴³ Joseph Stiglitz E., ‘The Insider’, *The New Republic*, April 17, 2000, http://findarticles.com/p/articles/mi_m2465/is_6_30/ai_65653647, accessed on 14.07.2005.

“in manufacturing in China than in any other place outside the Anglo-American world. The militarists, in contrast, have already strategies to contain China, militarily if necessary, to maintain their future global supremacy.”¹⁴⁴

Globalization was under increasing criticism by its sufferers and their supporters by the end of the Clinton administration. Many of its once well-known supporters, such as the international currency speculator George Soros or the former chief economist of the World Bank, Joseph E. Stiglitz, were intellectually challenging its most important principles. For instance, George Soros wrote in an article: “Although I have made a fortune in the financial markets, I now fear that the untrammelled intensification of laissez-faire capitalism and the spread of market values into all areas of life are endangering our open and democratic society.”¹⁴⁵

Globalization is now in difficulty, although the Bush administration still pretends that the World Trade Organization is important, that free trade would finish poverty in the third world and that the International Monetary Fund and the World Bank were functioning properly. Businessmen, industrialists, bankers and economists still go to their yearly meeting in Davos, but protectionism by developed countries and poverty for most of the people of the world have been increasing. However, the Bush administration also realized after September 11 that globalization was as useful to terrorists attempting to launder their money and fund their militants as it was to capitalist speculators. Therefore it initiated to limit or close down various channels of American economic relations with the rest of the world. This development implied that globalization, at least as it was promoted in the 1990s, may have a rather short life.¹⁴⁶

¹⁴⁴ Johnson, *op. cit.*, p.272.

¹⁴⁵ George Soros, ‘The Capitalist Threat’, *The Atlantic Monthly*, February 1997, <http://www.theatlantic.com/issues/97feb/capital/capital.htm>, accessed on 12.05.2005.

¹⁴⁶ Johnson, *op. cit.*, p.272.

3.3 Signs of Globalization's Economic Failure

Conceivably, the first obvious indication of globalization's economic failure was the Asian financial collapse of 1997. The Clinton administration had forced the smaller economies of East Asia with a great pressure to acknowledge neoliberalism. They have to open up their economy into foreign capital, because positive credit ratings and right of entry to international markets needed collaboration with United States. Furthermore, foreign investors were not concerned about the result after the US government's aid to Mexico crisis in 1994-95. Most investors thought that the US-IMF combination would not allow major non-payments in emerging markets.

When some of these successful Asian countries threw caution and gave in to American pressure to liberalize capital flows rapidly, they were lived the Asian financial crisis.¹⁴⁷ Just once these smaller nations were filled up with huge amounts of debt and declared that they would have difficulty in meeting their repayment schedules, the foreign capital escaped even faster than it had come. Beginning with Thailand and after that taking place in Indonesia and South Korea, most of Asia's economies suddenly lived the effects of financial crisis and had to demand help from IMF. The IMF forced socioeconomic reforms as a prerequisite for its loans, provoking a political crisis that led to the revolutionary overthrow of the government of Indonesia. A stable and inherent opposition to the IMF, the World Bank and the United States extended gradually across East Asia.¹⁴⁸

The Asian financial crisis of 1997 was caused by an opening of capital markets that led to a rapid inflow of foreign funds into Asian states. "This was forcefully promoted by the US Treasury Department, despite the fact that the affected countries had high domestic savings rates and did not necessarily need to increase their foreign borrowing."¹⁴⁹ American administration tried to switch

¹⁴⁷ Dani Rodrik, 'Trading in Illusions', *Foreign Policy*, March/April 2001, pp.54-62, esp. p.59.

¹⁴⁸ See also, Edith Terry, *How Asia Got Rich*, Armonk N.Y.: M. E. Sharpe, 2002.

responsibility for the East Asian collapse away from its instruments -the IMF and World Bank- and to keep it from ruining globalization itself. One of the few East Asian states to come out of from this crisis unharmed was Malaysia. Its achievement in opposing to Washington's neoliberal policies assisted to question globalization still further. Mahathir Bin Muhammed, the former Malaysian prime minister, refused to accept the conditions of the IMF and rapidly re-established its economy.

Secondly, Third World poverty increased faster after the establishment of the WTO. At the WTO's Third Ministerial Conference in Seattle in 1999, many protesters -trade unionists, environmentalists, anarchists and some Americans worried about the role of the sole remaining superpower- prepared an alternative commentary for Third World poverty, uncovering the imperial, expansionist intentions behind globalization. They gave emphasis to the nonexistence of democracy within the IMF, the World Bank and the WTO. They indicated that IMF voting system is fixed with the intention that only the developed countries have the power. The United States preserve the right to choose the president of the World Bank. The WTO decisions are based on 'consensus' whereby any industrialized state that does not join the consensus has a de facto veto.¹⁵⁰

There are three other major events which happened to further discredit globalization before September 11, 2001. The US Treasury had requested from Congress to enhance US guarantees to the IMF. With regards to the economic crisis occurring in East Asia, Brazil and Russia; Congress organized an International Financial Institutions Advisory Commission to check the documentations of the IMF and the World Bank. This commission was under the management of neoconservative Alan Meltzer of Carnegie Mellon University and the American Enterprise Institute. In March 2000, the Meltzer Report, authorized by the US Congress, proposed that the IMF had "institutionalized economic

¹⁴⁹ Mark Weisbrot, 'The Mirage of Progress', *The American Prospect*, Vol. 13, No. 1, January 1, 2002, http://www.prospect.org/cs/articles?article=the_mirage_of_progress, accessed on 3.4.2005.

¹⁵⁰ Bello, *op. cit.*, pp. 28-29.

stagnation” and that the World Bank was “irrelevant rather than central to the goal of eliminating global poverty”. The results of the Meltzer Report were already general facts in the Third World, but this was the first time they were made known by a figure within the Washington Consensus.¹⁵¹

Meltzer noted down, “both institutions are driven to a great extent by the interests of key political and economic institutions in the Group of Seven (G7) countries –particularly, in the case of the IMF, the US government and US financial interests”. When evaluating World Bank in its purpose of eradicating global poverty, its performance, he said, was ‘miserable’.¹⁵² It is noteworthy how unconcerned the World Bank, the IMF and other global economic organizations are about these developments. “The Bank’s *World Development Report* for 2000 even noted that increasing income inequality should not be seen as *negative* if the incomes at the bottom do not fall and the number of people in poverty falls.”¹⁵³

The collapse of Argentina’s economy in 2001 was an additional confirmation of IMF and World Bank’s ineffectiveness. Argentina had loyally applied the free-market ideas of neoliberalism and the instructions of the IMF. Even, Argentina sold its banking sector to foreigners, who, by 1998, possessed 80 percent of the country’s banks. Its government attached the peso at parity to the value of the dollar, thus one peso was equal valuable to one dollar. So both currencies circulated without restraints in the country. By 2002, Argentina seized the undesirable record of having accumulated the largest amount of public debt by any single country in history—some \$160 billion.¹⁵⁴ Its national income minimized by almost two-thirds in a year. More than half of its middle-class population found itself living under the poverty line.¹⁵⁵

¹⁵¹ Johnson, *op. cit.*, p.275-276.

¹⁵² <http://www.j-bradford-delong.net/TotW/meltzer.html>, accessed on 15.05.2006.

¹⁵³ Robert Wade, ‘Winners and Losers’, *The Economist*, April 26, 2001.

¹⁵⁴ Shihoko Goto, ‘Argentina’s Menem Says Woes Not His Fault’, *Washington Times*, June 12, 2002.

¹⁵⁵ Johnson, *op. cit.*, p.276.

The IMF accepted to assist the Argentine government in meeting its debt service payments. As a provision for its loans, it insisted an austerity budget policy that meant firing large numbers of government workers, cutting pensions, decreasing wages and abolishing social benefits. Rebellions and a violent police reaction brought the country to a standstill. In December 2000, the IMF made available nearly \$40 billion to Argentina, but insisted that the government should maintain to pay foreign debts by strengthening its press on the poorest population of the society. No government could fulfill these conditions and escape from revolution. Argentina experienced five governments and six economic ministers in fourteen months. IMF came to a decision that Argentina was still not strong enough and it was of little strategic significance to the United States. For that reason it pulled its support and turned down to give any more loans. This resulted with a double-digit monthly inflation. The peso decreased in value by 220 percent and social order collapsed in the country. Argentina, being previously the wealthiest country in Latin America, turned out to be in a miserable situation as a result of neoliberalism, globalization and the IMF.¹⁵⁶

The third event that facilitated discredit of globalization was the discovery of corruptions at Enron and other multinational corporations in the United States. When the corporations, the agents of globalization, were exposed as criminal conspiracies to cheat their customers, their own employees and their governments, the whole idea of globalization became ridiculous. This was the situation prior to September 11. Globalization stood revealed in all its predatory nakedness after the attacks, when the United States moved determinedly from economic to military imperialism.¹⁵⁷

¹⁵⁶ *Ibid.*, pp.276-277.

¹⁵⁷ *Ibid.*, p.277.

3.4 The Military-Industrial Complex against Market Discipline

After September 11, military industry replaced economic globalization of the late 1990s as the best method for politically well-connected corporations to make profits. The military-industrial complex and the Pentagon have always played influential roles in the post-World War II economy, but they became main forces behind the economy after September 11. Arms manufacturing, nevertheless, does not obey to the rules of globalization. Usually it has only one purchaser and is not subject to market discipline. Risks of loss and profit are basically not taken into consideration by states when national security is in danger.

The United States is formally and openly against national industrial policy, which is perceived to challenge the free market rules to realize a governmentally desired objective. Furthermore, industrial policy is outlawed by the WTO under requirements dealing with non-tariff barriers to trade. There is, however, an obvious exception to this rule—the production and sales of weapons. The United States has one of the world’s most highly developed industrial policies owing to its defense sector for a long time.

Pentagon loans and concessions are frequently financing foreign military sales. After the privatization of many actions previously executed by the armed forces, military functions serve now to the interests of private companies. An additional way of sustaining armaments sales is through wars. They are very effective in exhausting stocks and showing to potential customers around the world the usefulness of latest generations of American weapons. Therefore, the military-industrial complex welcomed the wars against Yugoslavia, Afghanistan and Iraq as excellent markets for business. In the expressions of Karen Talbot, for twenty years the World Peace Council’s representative to the United Nations, “Actions just short of war, such as bombings and missile strikes, are also, giant bazaars for selling the wares of the armaments manufacturers.”¹⁵⁸

For example, the military sector continuously advertises the latest armaments to Taiwan, although the Pentagon's attempts to ignite this country a war with China are of decreasing value as China and Taiwan start to integrate their economies. Nevertheless, Israel continues one of the Pentagon's oldest and most faithful customers and seems likely to go on to be in the future.¹⁵⁹ While the United States offers ever more of its manufacturing resources to the arms trade, it has become increasingly reliant on imports for the nonmilitary products, because Americans no longer produce them. However, they want still to preserve their customary lifestyles. For instance, "once a leader in Internet innovation, the United States has fallen far behind Japan and other Asian states in deploying broadband and the latest mobile-phone technology".¹⁶⁰

With a record trade deficit for 2005 of \$725 billion and a very small savings rate of its citizens, United States should become much more careful in its foreign policy against other countries. As the economic analyst William Greider argues,

Instead of facing this darkening prospect, President George W. Bush and team regularly dismiss the worldviews of these creditor nations and lecture them condescendingly on our superior qualities. Any profligate debtor who insults his banker is unwise, to put it mildly. ... American leadership has... become increasingly delusional and blind to the adverse balance of power accumulating against it.¹⁶¹

¹⁵⁸ Karen Talbot, 'The Real Reasons for War in Yugoslavia: Backing Up Globalization With Military Might', *Social Justice* 27:4, Winter 2000, p.100, <http://www.socialjusticejournal.org/fliers/27-4flier.html>, accessed on 09.04.2005.

¹⁵⁹ Johnson, *op. cit.*, p.281.

¹⁶⁰ Thomas Bleha, 'Down to the Wire', *Foreign Affairs*, May/June 2005, <http://www.foreignaffairs.org/20050501faessay84311/thomas-bleha/down-to-the-wire.html>, accessed on 20.11.2005.

¹⁶¹ William Greider, 'The End of Empire', *Nation*, September 23, 2002, <http://www.thenation.com/doc/20020923/greider>, accessed on 20.11.2005.

3.5 The Myth of Globalization

Many social scientists think that, globalization of the world economy increased more and more for several centuries. Many regions of the earth were integrated gradually into the capitalist system. First World War and its consequences generated deceleration in this course. Nonetheless, it was pursued by a period of financial expansion and contraction, protectionism, rising nationalism and finally the breakdown of global economic and political policy again. Second World War once more contained much of the earth in an even more ruinous international crisis.¹⁶²

In the end of the war, many developments happened in order to outline the post-war international economic system. At the Bretton Woods Conference in 1944, financial regulations were accepted in order to create a globalized economic order. After the conference, the World Bank and IMF were established. They were two important financial organizations as a source of future plans. With the conclusion of the Second World War, world trade exploded in the global economy. National trade barriers were progressively decreased in order to encourage globalization. Global economic forces entered increasingly into the responsibility area of national economies and popular culture became very influential in this development.

After the end of the socialist system, the Cold War period came to a conclusion and globalization has become prevailing and virtually unchallenged in the world politics. "The dominance of such financial globalization is argued to be the triumph of neoliberal democracy in the world with its discourses and institutions of a pluralistic system of checks and balances, parties, elections, human rights and free trade."¹⁶³ During the 1990s, capitalism has been seen as the condition of democracy and human rights.

¹⁶² Douglas Kellner, *Globalization and Post-modern Turn*, <http://www.gseis.ucla.edu/courses/ed253a/dk/GLOBPM.htm>, accessed on 29.03.2005.

¹⁶³ Francis Fukuyama, *The End of History and the Last Man*, London: H. Hamilton, 1992.

The globalization of financial markets with the progress of information technology provides now an unprecedented mobility of capital.¹⁶⁴ It accumulates capital in a global market ruled by the forces and organizations of finance capital. Capital accordingly circles the earth by supplying new products and fashions whilst eroding national traditions, economies and identities. If we look back fifty years later, “it can be seen that economic growth has increased fivefold, international trade has developed by approximately twelve times and foreign direct investment has been increasing at two of three times of the rate of trade expansion.”¹⁶⁵

However, the outcomes of these developments have been extremely uneven. While transnational corporations have gained immensely from economic globalization, the benefits have been unequally allocated between countries. Gaps between rich and poor people and the overdeveloped and underdeveloped regions of the world have grown dramatically. Global economic transformation often has terrific local impact. The wealthier nations are still continuing to exploit the resources and land of the underdeveloped countries. They are frequently leaving environmental pollution in these countries. The debt crisis has enhanced severely since the 1970s, so the poorer states owe the richer ones astronomical sums. There are much more poor people in the earth today than even before as a result of globalization. Violence on the local, national and global level exploded throughout twenty century. “The earth’s ecosystem is under danger and the ‘fate of the planet’ is in trouble. For much of the humanity, life is still ‘nasty, brutish and short’ and prosperity, health, education and welfare continue distant dreams for much of the population of the world.”¹⁶⁶

The myth of globalization should not be seen innocent or neutral in many of its discussions, because it frequently works for substituting older terms such as

¹⁶⁴ Bourdieu, *op. cit.*

¹⁶⁵ David C. Korten, *When Corporations Rule the World*, San Francisco: Kumarian Press, West Hartford CT and Berrett-Koehler Publishers, 1996, p.15.

¹⁶⁶ Kellner, *op. cit.*

‘imperialism’. As a substitution for imperialism, it could hide the fact of the domination of poor countries by the rich ones or the control of national and local economies by transnational corporations. Globalization might be disempowering for people by causing to pessimism and hopelessness. Since they might believe that inevitable market forces cannot be organized and checked by the government or that the economy cannot be regulated and controlled by the state. As a result, it might be influential in weakening democracy and opposing powers to the hegemony of global capital.¹⁶⁷

Actually, in the past twenty years, there has been a revival of nationalism, traditionalism and religious fundamentalism in spite of globalization. For instance, the explosion of regional, cultural, ethnic and religious differences in the former Soviet Union and Yugoslavia caused to their disintegration. As well as explosive tribal conflicts in Africa and elsewhere were main indications of the failure of globalization. These events propose that globalization and homogenization were not as deep as its promoters expected. Huntington might be right to argue that culture has turned out to be a new cause of conflict and a significant element of violence among the civilizations.¹⁶⁸

There is a considerable outbreak of subcultures of resistance that have tried to defend their culture and society against globalization and homogenization. Most noticeably, guerrilla movements in Peru, peasant movements in Mexico, labor unions in France, environmentalists and a variety of other social groups and movements have resisted capitalist globalization in many different ways. Many social organizations around the world “have protested World Trade Organization policies and a backlash against globalization is evident everywhere. Politicians, who formerly supported trade agreements like GATT and NAFTA, are now silent

¹⁶⁷ See also Paul Hirst, Grahame Thompson, *Globalization in Question*, London: Polity Press, 1996.

¹⁶⁸ See Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order*, New York: Simon & Schuster, 1996.

about these arrangements.”¹⁶⁹ “At the 1996 annual Davos World Economic Forum, its creator and managing director published a forewarning entitled: ‘Start Taking the Backlash Against Globalization Seriously’.”¹⁷⁰

According to Bichler and Nitzan, although liberalism needs relative price stability, there is at present a rising pro-inflation coalition in United States. It has the support of dominant capital especially of oil companies, together with central bankers and finance ministers. The ‘war on terror’ justifies also increasing military expenditures. The Neo-Conservatives argued in 2000 that they required a ‘New Pearl Harbour’ to overturn the long-term decline of US military payments. September 11 has provided America “its ‘New Pearl Harbour’. Military spending in the United States is absolutely on the rise. High military spending means the end of liberal fiscal ‘discipline’ and ‘lean’ government and also the end of neoliberal globalist project.”¹⁷¹

Sicherman thinks that globalization had started to weaken even before September 11, when the collapse of the World Trade Center finished this period. Today, geopolitics has come back with a vengeance. America’s conflict with international realities gives a clear message. He believes that the world still works by a more traditional set of rules and impulses. For instance, Bush’s policies represented “a full return to geopolitics in American foreign policy. His administration favored to work within a traditional nation-state system at the center of which was now an American power that will look after its own national interests first.”¹⁷²

¹⁶⁹ Kellner, *op. cit.*

¹⁷⁰ K. Schwab and C. Smadja, ‘Start Taking the Backlash Against Globalization Seriously’, *International Herald Tribune*, February 2, 1996. <http://www.iht.com/articles/1996/02/01/edklaus.t.php>, accessed on 12.06.2006.

¹⁷¹ Shimshon Bichler and Jonathan Nitzan, *The End of Neoliberalism?*, Jerusalem and Montreal, December 2003, <http://www.net4dem.org/mayglobal/Papers/JonathanNitzan.pdf>, accessed on 18.07.2006.

¹⁷² Harvey Sicherman, ‘The Revival of Geopolitics’, *The Intercollegiate Review*, Spring 2002, pp. 16-23, <http://www.fpri.org/pubs/200204.intercollegiatereview.sicherman.revivalgeopolitics.pdf>, accessed on 18.04.2005.

Johnson argues that Clinton masked his economic policies by realizing them under the name of 'globalization'. This is relatively efficient in maneuvering other nations to do America's command. For instance, in weakening possible rivals such as South Korea and Indonesia in the 1997 financial crisis and in defending national interests or in preserving the very high prices of American pharmaceutical companies under the cover of preserving 'intellectual property rights'. Throughout the 1990s, the justifications of free trade and capitalist economies were used to "camouflage America's hegemonic power and make it look like benevolent, natural and inevitable. The United States ruled the world but it did this in a cautiously masked way that created high degrees of consent between the dominated nations."¹⁷³

By contrast, George W. Bush, rotated to geopolitics again based on the use of America's incomparable military power. Even before September 11, the Bush administration had revealed its unilateral foreign policy to the world. It withdrew from important international treaties, as well as those seeking to prohibit antiballistic missile weapons, control the emission of greenhouse gases and construct an international court to judge the person responsible from the most atrocious war crimes. Bush furthermore declared explicitly his devotion to a doctrine of preemptive war. "The US demanded that every country sign on to UN-brokered treaties and other international agreements, while exempting itself from any such responsibility."¹⁷⁴ The US attack on Iraq in spring 2003 confirmed that US no longer required or cared about international legitimacy, that "it had become a power responsible only to itself and that internal forces of militarism were ordering foreign policy. It seems that US is a New Rome, beyond good and evil and unrestrained by the established treaties of international community."¹⁷⁵

¹⁷³ Johnson, *op. cit.*, pp.255-256.

¹⁷⁴ Phyllis Bennis, *Before&After US Foreign Policy and The War on Terrorism*, New York, Northampton: Olive Branch Press, 2003, p.104.

¹⁷⁵ Johnson, *op. cit.*, p.256.

These policies are creating international isolation for US and a global loss of self-confidence in the American foreign policy institutions.

CHAPTER 4

RETURN OF GEOPOLITICS AND RISE OF NEW GREAT POWERS

This chapter mainly focuses on the increasing importance of geopolitics because of rising new global powers into the world politics as major players, such as European Union and especially China, a new emerging actor in East Asia. After the evaluation of globalization project and its role in US foreign policy in the second and third chapters, this chapter will begin with effects of globalization on American economy and the problems of US economy at present.

In the first section, the globalization and its effects on American economy are explained in a detailed way in order to demonstrate the reasons of the end of globalization as a foreign policy principle. The second section mentions about the rise of geopolitics being an imperial drive as a new foreign policy imperative and economic regionalization. The third section focuses on new global powers which are European Union and China. A special importance is given to China because of its rapid economic growth in the last decades. The last section deals with the political economy of energy, especially oil, because of its increasing importance.

This chapter reveals the answer for the question, how global economy and the geopolitical realities are quite different today from the past and why does the United States need to follow now the requirements of geopolitics in its foreign policy.

4.1 The Effects of Globalization on American Economy

4.1.1 The Changes in the Global Economy and Rising Protectionism in American Economy

Globalization, as an economic term, is used to indicate the “acceleration in the past few decades of the interconnections in the global economy, especially in

the financial sectors and the related phenomena of the rise of both relatively open international financial markets and global corporations”.¹⁷⁶ Neo-classical economic scholars have defended the advantages of globalization for a long time. According to them, tradable goods were the main field of economic competition, where states exchanged goods appropriate to the Ricardian theory of comparative advantage. If developing countries penetrated the market, the decline of tradable goods’ prices in developed states was unavoidable. However, developed states can compensate this decline by inserting their highly educated peoples into knowledge-based sectors that are mostly protected from international competition.

Duménil and Lévy argue that, capitalism entered into a new phase named ‘neoliberalism’ at the transition period between the 1970s and 1980s. They refer this ‘neoliberal ideology’ as ‘the apology of free markets’ both nationally and internationally and the corresponding detachment of the state from economic affairs.¹⁷⁷ According to them, some among the most important characteristics of this new phase do relate to free markets, particularly the imposition of global free trade, the freedom on the part of enterprises to hire and fire and the free international accumulation of capital. However, the year 2000 indicated a significant break, “with the destructive crisis in Argentina, the recession in the United States and the decline of the stock market after so many years of stability. This instability was significantly reinforced by the shock of September 11, 2001, and the wars in Afghanistan and Iraq.”¹⁷⁸ These political and military developments are also signals of a considerable transformation in the global economy.

¹⁷⁶ Simon Dalby, ‘Political Space: Autonomy, Liberalism and Empire’, *Alternatives: Global, Local, Political*, Vol. 30, No. 4, Lynne Rienner Publishers, October-December 2005, pp. 415-441., esp. p. 419.

¹⁷⁷ Gérard Duménil and Dominique Lévy, ‘The Economics of US Imperialism at the Turn of the 21st Century’, *Review of International Political Economy*, Vol. 11, No. 4, October 2004, pp. 657-676.

¹⁷⁸ Gérard Duménil and Dominique Lévy, ‘Neoliberal Dynamics - Imperial Dynamics’, *Economix*, PSE: Paris, September 2003, www.jourdan.ens.fr/levy/biblioa.htm, accessed on 10.05.2006.

Duménil and Lévy define imperialism as the economic advantage taken by the most advanced and dominating states over less developed or vulnerable states of the world. There is doubtless the primary strength of the US economy, which is a very efficient imperialist country, dominating the rest of the world. On the other hand, it is also clear that the rising dependency of this country on foreign assets questions its superiority in the long run. They think that an extraordinary imperial configuration is existed today, where “income is pumped from the rest of the world quite efficiently but the deterioration of the external position of the US, due to excess imports, leads to a situation in which practically what is extracted from the rest of the world is distributed to the rest of the world.”¹⁷⁹

In order to clarify this situation and its causes, twenty years of neoliberalism must be analyzed. Free trade and enormous competitive pressures coming largely from East Asia have produced massive excess capacity in the world. For the period of the 1990s, these developments were kindly welcomed. The economic policy in the United States was anti-inflationary and this neoliberal competition assisted to decrease inflation. However this process has gone way too far. In 2003, the ex-chairman of the Federal Reserve Board (FED), Alan Greenspan, expressed his dissatisfaction with an unwanted considerable decrease of inflation. Immediately after Greenspan’s speech, “US Treasury Secretary John Snow stated the end of a ‘strong dollar’ policy, which amounted to a parallel policy loosening from the fiscal side, with tax cuts and increasing spending presently to make America’s largest budget deficit yet.”¹⁸⁰

There is a huge reaction to neoliberal policies in the world at present. According to Fukuyama, already during the Clinton years, “American economic hegemony had generated enormous hostility to an American-dominated process of globalization, frequently on the part of close democratic allies who thought the

¹⁷⁹ Gérard Duménil and Dominique Lévy, ‘The New Configuration of US Imperialism in Perspective’, *Economix*, PSE: Paris, 2004, www.jourdan.ens.fr/levy/biblioa.htm, accessed on 10.05.2006.

¹⁸⁰ Bichler and Nitzan, *op. cit.*

United States was seeking to impose its antistatist social model on them”.¹⁸¹ Now, neo-liberal globalization has finished its role. “In the economic turmoil of the first quarter of the twenty-first century, the major centers of capital accumulation will probably be more, not less, protectionist.”¹⁸²

Despite its neo-liberal public speaking, the Bush government was not at all as passionate as the Clinton government about the practice of multilateral liberalization of trade and capital movements that represented the fundamental institutional characteristic of globalization. During Bush Administration, “there has been a sharp rise in protectionism, in the form of giant subsidies for farmers, the steel industry and the collapsed World Trade Organization talks in Cancun, Mexico”.¹⁸³ Actually, Bush did not want to use the word of globalization in his speeches very much. As United States was being punished by the WTO because of its 2002 tariffs on imported steel, the White House thinks “under threat of \$2.3 billion in retaliatory sanctions, what went wrong in the 90’s is that US forgot to put American interests first. So globalization sounds like the creation of a lot of rules that may restrict the president’s choices that dilute American influence.”¹⁸⁴

4.1.2 American Economic Decline in Global Economy

The Bush Administration’s departure from neo-liberal rhetoric may be enlightened in connection with a threatening economic crisis to a large extent. The liberal capitalist system is suffering, particularly in the American prospect, from overproduction/underconsumption crisis which means supply is much more than

¹⁸¹ Francis Fukuyama, ‘After Neoconservatism’, *The New York Times*, February 19, 2006, <http://www.nytimes.com/2006/02/19/magazine/neo.html?ex=1298005200&en=4126fa38fed80de&ei=5090>, accessed on 17.09.2006.

¹⁸² Immanuel Wallerstein, *Alternatives: The United States Confronts the World*, Fernand Braudel Center Series, London: Paradigm Publishers, 2004, p.151.

¹⁸³ Simon Nixon, ‘What’s that in Euros?’, *The Spectator*, October 18, 2003, http://findarticles.com/p/articles/mi_qa3724/is_200310/ai_n9331263, accessed on 12.04.2005.

¹⁸⁴ *New York Times*, December 7, 2003.

demand in an economy. When this occurs, investments are postponed, production holds back, equipment sits unused, workers are out of work and unemployment rises. Technology simply produces more of many things that people can probably buy. Such overcapacity is a weakness that happens again and again under the conditions of monopoly capital.

If capital owners constantly try to increase their productive capacity to maximize their profits, the quantity of created goods exceeds the demand of purchasers. When the demand of consumers falls, investments of the producers similarly have to decrease. This results with a recession in the economy. Both production and employment will continue under the actual capacity of the economy. This is the explanation why the United States has been running a serious trade deficit for a long time. However, it did not live a fate similar to those experienced by Argentina or Russia. The US dollar is being used for payments by other states. Therefore when US felt the need to pay its debt, the solution waited, because of the dominance of the American national currency in global economy. Instead of applying radical structural adjustment programs that the IMF wants from some other countries, United States relies on the printing of Treasury bonds. So it continues to borrow credits from the capital market.

There was no other international currency in the past challenging the US dollar, but inevitably the euro came into view on 1 January 1999, as the common currency of the European Union (EU). In the beginning, the euro seemed stable. It presented a chance to diversify financial means and satisfied those willing to make use of it as a weapon. Some countries switched to the euro in their trade relations. Iraq was one of them. The more countries converted to it, the more the US dollar would lose its dominant position in the world economy. The United States would no longer sit in the driver's seat. Its resistance to an Asian Monetary Fund or developments in the way of a common currency particularly for some East Asian states may also be traced to the similar anxiety.¹⁸⁵

¹⁸⁵ Türkçaya Ataöv, *9/11 Discrimination in Response*, Geneva: EAFORD, 2004, pp.65-66.

In reality, it is far more complicated for the United States to resolve these problems in its favour than it was the case with the Soviet Union. The significant strength of the US during the Cold War was its economic power. However, economic power is not in favour but against the United States now. If US misuses of seigniorage privileges once again produce a dollar disorder, European and East Asian states are in a far better situation than they were 25 years ago to produce practical alternatives to the dollar standard. The sinking dollar of the 2000's is "the explanation of a far more serious crisis of American hegemony than the sinking dollar of the 1970's. It is the expression of a relative and absolute loss of the US's capacity to preserve its centrality within the global political economy."¹⁸⁶

For the first time since 1945, as mentioned before, there is a new universally acknowledged payment unit (the Euro), causing the further erosion of the US dollar. The Euro-zone has a bigger portion of international trade than the US sphere. The United States has a huge deficit in its trade in goods. Foreign investment in American soil is rising faster than American investment abroad. For instance, United States supplied in 1950 half of the world's gross product, the proportion now is about one-fifth. While 47% of the world's reserve of direct investment in the other countries was American in 1960, only 21% of the same was right around 2000. The greater part of the largest banks in the world is non-US banks. Only less than one fourth of the top corporations ranked by foreign-held assets are currently American.¹⁸⁷

The United States also suffered from several defeats in the hands of the World Trade Organization panel that took decision in favour of Japan (Fuji Film), the EU (steel tariffs) and others. Airbus Industrie (AI), as a four-nation European consortium challenging Boeing, took 30% of new aircraft orders worldwide. The EU declared the launching of its own satellite navigation system (Galileo), ending

¹⁸⁶ Arrighi, 'Hegemony Unravelling-1', *op. cit.*, p.74.

¹⁸⁷ Richard B. Du Boff, 'US Hegemony, Continuing Decline, Enduring Danger', *Monthly Review*, 55/7, December 2003, <http://www.monthlyreview.org/1203duboff.htm>, accessed on 28.04.2005.

American monopoly (Global Positioning System). European Union is challenging US even in Latin America. Three-fifth of the largest foreign companies doing business in Latin America continent is European. A Peruvian suggestion for a South American trade area, uniting Mercosur (the world's third largest trade group after the EU and NAFTA) and the Andean Community of five countries, is a counterbalance against the United States. China is eroding American economic domination in Asia. Even Britain disregards the boycott of Cuba. Thus, in spite of its military supremacy, America is much less invulnerable.¹⁸⁸

According to Emmanuel Todd, America's real war is on the subject of economics not terrorism. Instead of strengthening US global hegemony, its war in Iraq and Afghanistan has generated a rapid decline in the global position of the America. He claims that "although small in military terms, the conflicts in which US is engaged are becoming a serious economic burden in American economy when the 'allies' no longer want to pay a major share of the costs as they did before during the first Gulf War".¹⁸⁹

Therefore, United States' effort to set itself free from the restrictions that globalization enforced on US power has been most apparent in the economic area. Niall Ferguson, a British historian, comparing the financial position of the United States with that of Britain a century earlier, has suggested, in Britain's case, hegemony 'also meant *hegemony*'. As the world's banker, Britain in its imperial peak 'never had to worry about a run on the pound', while the US, as it 'overthrows 'rogue regimes', first in Afghanistan and now in Iraq, is the world's biggest debtor'. This situation is the consequence of ever-larger deficit in the current account of the US balance of payments. According to Ferguson, this deficit is the biggest distinction between globalization past and globalization present:

¹⁸⁸ *Ibid.*

¹⁸⁹ Emmanuel Todd, *After the Empire: The Breakdown of the American Order*, New York: Columbia University Press, 2003, pp. xviii.-xix.

In the 19th Century, the global hegemon --the United Kingdom-- was a net exporter of capital. UK was channeling a high percentage of its savings overseas to finance the construction of infrastructure for instance railways and ports in the America, Asia, Australasia and Africa. At present, United States, its successor, plays the completely opposite role --as the world's debtor rather than the world's creditor--, absorbing around three-quarters of the rest of the world's surplus savings.¹⁹⁰

Even though European private investment was very important in financing the US deficit in the recent years of the new-economy, it was not Europeans who were the most important financiers of the huge US current-account deficit. “By far the leading financiers of the US current-account deficits have been East Asian governments. They have engaged in substantial purchases of US government securities and they are building up dollar -denominated foreign exchange reserves-”¹⁹¹ (first the Japanese but, to an increasingly considerable extent, the Chinese as well). The US current account deficit reached to a massive \$805 billion in 2005 (about 6.25 percent of nominal GDP), and its global trade deficit in goods and services is \$725 billion in the same year.¹⁹² The economic supremacy of United States, it once enjoyed, can no longer be taken for granted. It is becoming more and more dependent on the financial extent of others to administer its increasing debt.

“The United States, certainly, leads the pack in being hardest hit by globalization. Over the same 35-year time frame, 1970 to 2004, factory

¹⁹⁰See Niall Ferguson, ‘Sinking Globalization’, *Foreign Affairs*, March/April 2005, <http://www.foreignaffairs.org/20050301faessay84207/niall-ferguson/sinking-globalization.html>, accessed on 20.05.2006.

¹⁹¹ According to the latest estimations, towards the end of 2004, foreigners owned about 13 percent of US stocks, 24 percent of corporate bonds, and 43 percent of US Treasury securities (Robert Samuelson, *Washington Post*, November 17, 2004). The biggest share of US treasuries was Japan’s (\$740 billion), followed by China’s (\$174 billion) and Taiwan’s (\$57 billion). Adding the lesser shares of Hong Kong, Singapore, South Korea and Thailand, East Asian holdings of US treasuries totaled \$1.1 trillion (William Pesek, *International Herald Tribune*, December 7, 2004).

¹⁹² Institute for International Economics, *US-China Trade Disputes*, www.iie.com/publications/chapters_preview/3942/01iie3942.pdf, accessed on 18.11.2006.

employment plunged from a 33% share to less than 14% today.”¹⁹³ One of the reasons in this outcome is America’s comparatively flexible social contracts between management and employees. They nearly guarantee sharper erosion in jobs and production when contrasted with Europe and Japan. This economic decline has slowed down by the United States for thirty years by political, cultural and economic means. It based its arguments to do this on remaining legitimacy (as the leader of the free world) and the enduring existence of the Soviet Union. The disintegration of the Soviet Union “weakened these claims strictly and unleashed the growing anarchy of the world-system—‘ethnic’ wars in the former Soviet zone, civil wars in multiple African states, the two Gulf wars and the harsh economic recessions in many Third World states.”¹⁹⁴

Wallerstein argues that the United States confronted with not only the hot breath of its competitors in the world-economy but the apparent success of ‘developmentalist’ policies in other parts of the world. These policies had been produced clearly to restrain the capability of states in the core zone to accumulate capital to be the expense of states in the periphery. Wallerstein thinks that the aggressive assertion of neoliberalism and Washington Consensus with IMF and World Bank, the conversion of GATT into the World Trade Organization and the spreading of the term of globalization with its argument, ‘there is no alternative’; meant a removal of the ‘developmentalist’ policies in the world and principally in the peripheral zones of the world-economy. This counteroffensive led by the US government in the 1980s and 1990s seemed to succeed.¹⁹⁵

Now, the Bush government is applying more unusual actions to maintain US financial hegemony. The protection of US jobs is more important than the entrance to international markets in its political agenda. America is progressively

¹⁹³ Stephen Roach, ‘Global: Politicization of the Trade Cycle, Morgan Stanley’, May 9, 2005, www.morganstanley.com/GEFdata/digests/20050509-mon.html, accessed on 25.05.2005.

¹⁹⁴ Wallerstein, *op. cit.*, pp.113-114.

¹⁹⁵ Immanuel Wallerstein, *The Decline of American Power*, New York: The New Press, 2003, pp.206-207.

more forced to employ its military power to support its national interests in global politics. Emmanuel Todd reminded that this decrease in economic power is not compensated for “by the activities of American-based multinationals. The US effort to be a democratic and economically independent nation was lost between 1995 and 2000. The recent imperial option is not the result of a strongly willed plan; rather it is the product of circumstances.”¹⁹⁶

4.2 Rise of Geopolitics and Economic Regionalization

It might be stated that “it is no longer true that the US unilaterally defines the rules of the geopolitical game”.¹⁹⁷ The United States, as a hegemonic power in international politics, is in the beginning period of its decline. Its rise began just about in 1873, when the US is one of two possible successor powers (the other being Germany) to the United Kingdom. UK had passed its peak and was starting its decline as the hegemonic power in that time. Similar to UK, US global domination had started to decline in 1973 from its post-World War II peak. One indication is US control of the world’s wealth, which is estimated to have reduced from approximately 50 percent to half of that.

The current situation is the economic rise and geopolitical hesitations of Western Europe and Eastern Asia against United States. They are no longer economically dependent on the United States. They resist more and more to US unilateralism and they are uncomfortable about US cultural arrogance. Western Europe and Eastern Asia continue hesitant to engage in actions that would deeply upset the United States.¹⁹⁸ “A growing chorus of critics within and beyond Europe deplored the thrust of US policy and objected to what it saw as a pronounced unilateralism and indifference to the interests of others.”¹⁹⁹

¹⁹⁶ Todd, *op. cit.*, p.65.

¹⁹⁷ Wallerstein, *Alternatives: The United States Confronts the World*, *op. cit.*, p.42.

¹⁹⁸ *Ibid.*, p.73.

A new ‘great game’ is in progress in the Middle East and Central Asia.²⁰⁰ Asia is changing. Northeast Asia is described as the center of international trade and hi-tech innovation. It is the fastest-rising financial area in the earth for much of the past two decades. It accounts already for almost 30 percent of global GDP, far ahead of the United States. It is also having about half of global foreign exchange reserves. These economies also “account for nearly half of global inbound foreign direct investment (FDI) and are becoming a growing source of outbound FDI, flowing within East Asia and to Europe and North America, which now trade more with Northeast Asia than with each other.”²⁰¹

According to Wallerstein, the US looked for an alternate for the Soviet Union to propose Western Europe as a basis for faithful obedience to US leadership. Essentially, what the US offered was neo-liberal globalization. Nonetheless, the geopolitical realities are quite different today. Western Europe believes that Bush’s policies in Iraq are as much aimed at them as at Saddam Hussein. They perceive Bush trying to obstruct the opportunity of a strong and politically independent Europe, at exactly a very fragile moment in the constitutional construction of Europe. But the US’s ability to rely on automatic support from Western Europe and East Asia is perhaps gone forever.²⁰²

¹⁹⁹ John Newhouse, *Imperial America, The Bush Assault on the World Order*, New York: Vintage Books, 2004, p.5.

²⁰⁰ The phrase “great game” is used for referring to the 19th century rivalry of Britain and Russia over Central Asia, is attributed to Rudyard Kipling. The term became useful once more: M.E. Ahrari, James Beal, *The New Great Game in Muslim Central Asia*, Washington D.C.: McNail Paper 47, National Defense University, Institute for National Strategic Studies, 1996; Dianne L. Smith, *Central Asia: a New Great Game?*, Carlisle Barracks, PA., Strategic Studies Institute, 1996; Ian Cuthbertson, ‘The New ‘Great Game’’, *World Policy Journal*, New York, XI/4, Winter 1994-95, pp. 31-43.

²⁰¹ Noam Chomsky, *Hegemony or Survival: America’s Quest for Global Dominance*, New York: Metropolitan Books, 2003, p.151.

²⁰² Wallerstein, *Alternatives: The United States Confronts the World*, *op. cit.*, pp. 104-106.

“Economic regionalism may also be pursued today as an element of postmodern power balancing.”²⁰³ Economic regionalism indicates here the supranational regions, including sovereign states in some form of cooperation or integration arrangement –such as European Union, Mercosur, Association of South East Asian Nations (ASEAN). “The world economy moved to a ‘tripolar’ order, with three major power centers: North America, Europe, and Japan-based Asia.”²⁰⁴ “These structures have been changed further, especially with the rise of the East Asian ‘tigers’ and the entry of China into the global system as a major player.”²⁰⁵

Wallerstein believes that, “we do not have today an integrated world-economy. We have essentially a Triadic world-economy, with three main zones... globalization, at least trade globalization, is as real as the stars we see in the night, illusions of the reality from the past, or maybe the future.”²⁰⁶ Chomsky argues that the tripolar order that was taking form from the early 1970s has become more real. This development is increasing the anxiety of US strategists that not only Europe but also Asia may look for a more independent course. According to Chomsky, this would not be too surprising from a longer historical perspective, because China and India were main commercial and industrial centers in the eighteenth century. “East Asia was far ahead of Europe in public health and probably sophistication of market systems...It is not, then, a great surprise that Asia is returning to a position of considerable wealth and power after regaining sovereignty”.²⁰⁷

²⁰³ G. John Ikenberry (ed.), *America Unrivaled: The Future of the Balance of Power*, Ithaca and London: Cornell University Press, 2002, p. 26.

²⁰⁴ See Appendix A.

²⁰⁵ Chomsky, *op. cit.*, p.148.

²⁰⁶ Wallerstein, *The Decline of American Power, op. cit.*, pp.280-294.

²⁰⁷ Chomsky, *op. cit.*, p.155.

4.3 New Global Powers

4.3.1 European Union

European states were definitely subordinated to United States' political and military leadership throughout the Cold War. Eventually, they developed into a major economic rival to US capitalism. US relative economic decay in the appearance of this challenge was one of the most important driving factors behind the world economy's entry into a new era of crises at the end of the 1960s.²⁰⁸ Free from the limitations required by unity against the Eastern Bloc during the Cold War, European states gradually more emphasized themselves geopolitically and developed into a world power threatening US hegemony.

European Union is now an important global actor in world economy. "Europe is beginning to show clear signs of challenging the United States economically."²⁰⁹ After the Cold War, Europe has succeeded from every setback: launching the single market "after years of Eurosclerosis, the single currency after the Maastricht debacle, European defense after the Balkans and a European security strategy after Iraq. A new kind of power has evolved which cannot be measured in terms of military budgets."²¹⁰ Legrain explains the advantages of European Union and its economic power:

The fact about Europe is that its disadvantages are not as big as they seem and its advantages are underestimated. Obscured by all the cyclical gloom in the beginning, Europe Union's new common currency, the euro, is

²⁰⁸ See also Robert Brenner, 'The Economics of Global Turbulence', *New Left Review*, No: 229, May/June 1998.

²⁰⁹ Michael Cox, 'Empire by denial: The strange case of the United States', *International Affairs*, Volume 81, Number 1, Blackwell Publishing, January 2005, pp.15-30, esp. p.29. (For the most radical scenario concerning the European challenge—written by an American—see Charles A. Kupchan, 'The Rise of Europe: America's Changing Internationalism, and The End of US Primacy', *Political Science Quarterly* 118: 2, 2003, pp. 205–225.)

²¹⁰ Mark Leonard, 'Ascent of Europe', *Prospect*, March 2005, p.22.
<http://www.opensubscriber.com/message/osint@yahoogroups.com/764844.html>, accessed on 26.03.2005.

already working its magic. Ascending cross-border trade and investment within the euro-zone are transforming individual economies into one. For example, Germany trades one-sixth more of its economy with its European partners than it did previous to the euro in 1999; France, one-eighth more. Cross-border investment within the euro-zone quadrupled in the first two years of the new currency as corporations reorganized their national operations along continental lines. The long-term boost to growth from the establishment of a single market with a single currency will be great.²¹¹

Europe's transformative power is strengthened by a huge internal market. According to some measurement, it is now the largest economy in the earth. The euro is on the way to developing into a reserve currency with the same status to the dollar in the world economy. The euro's proportion of official reserve holdings has increased progressively upwards, "from 13.5 percent of all foreign holdings in 1999 to 19.7 percent in 2003. The euro area's economy is about the same as that of the United States and it is rising faster in dollar terms. Different from the US, the Eurozone is a net creditor."²¹²

It is the difference of Europe's economy that makes it a model for other economic regions. For instance, Europeans have shorter working hours and longer vacations than other people on the world. European societies in general have lower levels of inequality and as a result a lower crime rate. Europe's energy-efficient economies might save them from increasing oil prices. An emerging European model of integration for migrants "might allow Europe to escape the unending isolation that has worried the US. The European single market permits European countries to profit from economies of scale in a global market without giving up on the flexibility that comes from being small."²¹³

Todd thinks that Europe is gradually becoming conscious that Russia is no longer a threat for Europe and this is making an improvement for European

²¹¹ Philippe Legrain, 'Europe's Mighty Economy', *The New Republic*, Issue date: 16.06.2003, <http://www.philippelegrain.com/Articles/europe%60smightyec.html>, accessed on 11.04.2005.

²¹² Arrighi, 'Hegemony Unravelling-1', *op. cit.*, p.73.

²¹³ Leonard, *op. cit.*, p.24.

defense. Since Russia, with its decreasing population, might become a harmless giant, Europeans might think that they no longer necessitate US as a guardian. For the United States, this might be a negative situation, because it depends seriously “on the industrial and financial resources of Europe. De facto, America's current unilateralism may have accelerated such a development in Europe and shifted the rapprochement between European Union and Russia further.”²¹⁴

However, in recent times, a Belgian Foreign Minister said a well-known sentence that “Europe is an economic giant, a political dwarf and a military worm”.²¹⁵ His words remain still true today. The political and military issues, even with some cooperative efforts, are still regulated at the level of national governments. As a result, its economic weight is not matched with its political, neither military power. This fact leads to critical conclusions about limitations of the EU’s as a global actor.

Although Europe can try to stand up to ‘balance’ the United States on economic matters, it has still no capability on military intervention for its geopolitical interests. “Europe is likely to emerge as a major force on the world scene and Atlanticism is likely to become a concept of the past.”²¹⁶ However, both the United States and Europe will face an emergent East Asian complex under the leadership of China, a third serious pole of both capital accumulation and military strength.²¹⁷

4.3.2 China

4.3.2.1 The Entry of China into the Global System as a Major Player

China has managed a rapid economic growth since its leaders choose socialist system in the 1980s. Their political regime is also appropriate for

²¹⁴ Todd, *op. cit.*, pp.193-194.

²¹⁵ Michael Mann, *Incoherent Empire*, London: Verso, 2003, p.261.

²¹⁶ Wallerstein, *Alternatives: The United States Confronts the World*, *op. cit.*, pp.152-153.

²¹⁷ See Appendix B.

supporting international economic competition. It gave them the instruments to make China up as a major military power in the most geopolitically unstable region in the world.²¹⁸ While the Japanese economic threat withdrew in 1990s, China became ever larger as the major long term threat contrary to United States capitalism. One of the important American analysts of international relations, John Mearsheimer wrote:

Another way of illustrating how powerful China might become if its economy continues growing rapidly is to compare it with the United States. The GNP of the United States is \$7.9 trillion. If China's per capita GNP equals [South] Korea's, China's overall GNP would be almost \$10.66 trillion, which is about 1.35 times the size of America's GNP. If China's per capita GNP is half of Japan's, China's overall GNP would then be roughly 2.5 times bigger than America's. For purposes of comparison, the Soviet Union was roughly one half as wealthy as the United States during most of the Cold War ... China, in short, has the potential to be considerably more powerful than even the United States. ...Not only would China be much wealthier than any of its Asian rivals ... but its huge population advantage would allow it to build a far more powerful army than either Japan or Russia could. China would also have the resources to acquire an impressive nuclear arsenal. North East Asia ... would be a far more dangerous place than it is now. China, like all previous potential hegemon, would be strongly inclined to become a real hegemon, and all its rivals, including the United States, would encircle China to try to keep it from expanding.²¹⁹

Here, "the most noteworthy perhaps in view of the widespread western propaganda about its own alleged virtues is the demonstrated fact that no western model need or should be followed by Asians in Asia or even elsewhere."²²⁰ Far

²¹⁸<http://www.foreignaffairs.org/20060301faessay85210/kent-e-calder/china-and-japan-s-simmering-rivalry.html>, accessed on 05.11.2006.

²¹⁹ See, J.J. Mearsheimer, *The Tragedy of Great Power Politics*, New York: W. W. Norton, 2001, pp.398-400.

²²⁰ Andre Gunder Frank, 'Paper Tiger in Washington: Fiery Dragon in the Pacific', Luxembourg Institute for European and International Studies, Luxembourg, 15 October 2004. <http://www.historia-actual.com/hao/Volumes/Volume1/Issue5/esp/v1i5c9.pdf>, accessed on 19.11.2006.

from preparing the creation of a second American century, the occupation of Iraq has put in danger the reliability of United States military strength. It further challenged the hegemony of the US and its currency within the international political economy. Its economic problems reinforced the propensity towards the appearance of China as an option to US hegemony in the world.²²¹

“The tightening of financial constraints on US global power, both military and political, was closely associated with a major shift of the center of world-scale processes of production, trade and accumulation from North America to East Asia.”²²² In global terms, it could be regarded as a development of “continued shift of the world center of gravity west-ward around the globe, from East Asia to Western Europe, then across the Atlantic to the US, then from the eastern to the western seaboard of US and now onwards across the Pacific back to East Asia”.²²³

According to Arrighi, accumulation of capital has also some problems. It was observed by the collapse of the Tokyo stock exchange in 1990-2 and the more destructive financial crisis in the whole East Asian region in 1997. For all their destructions, however, “these crises in themselves are a symptom of a roll-back of East Asian economic power vis-a-vis the United States. It is similar to ‘Great Depression’ in Wall Street in 1929 as an indication of a roll-back of US economic power vis-a-vis Britain.”²²⁴ As Braudel has explained in discussing the financial crisis of 1772-3 (which started in London but reflected an ongoing shift of world financial dominance from Amsterdam to London) that newly rising centers of the world economy are ‘the first place in which the seismic movements of the system’ confirm themselves. As further and more convincing indication in support of this hypothesis, Braudel argues that the crisis of 1929-31 started in New York but

²²¹ Charles Dumas, Diana Choyleva, Gabriel Stein, ‘The Hegemon Stumbles’, *Euromoney*, January 2007, pp.110-111.

²²² Arrighi, ‘Global Market’, *op. cit.*, p.245.

²²³ Frank, *op. cit.*

²²⁴ Arrighi, ‘Global Market’, *op. cit.*, p.246.

reflected an ongoing shift of world financial dominance from London to New York.²²⁵

Braudel does not give the details why this should have been so. However, a good part of this argument can be understood from Geoffrey Ingham's study that in the 1920s the US had not yet built up the capacity to replace Britain as the hegemon state of the world economy, despite "its impressive progresses in output and capital accumulation. *Mutatis mutandis*, parallel deliberations apply to London vis-a-vis Amsterdam in the 1770s, and to Tokyo and other East Asian financial centers vis-a-vis New York and Washington in the 1990s."²²⁶ "The very speed, scale and scope of capital accumulation in the expanding centers conflicts with the latter's limited organizational capabilities to produce the systemic conditions for the enlarged reproduction of their expansion."²²⁷

According to these facts, "the most dynamic centers of world-scale processes of capital accumulation are likely to become the epicenters of systemic instability. In the past, this instability was an integral characteristic of the continuing structural transformations of world capitalism."²²⁸ For the reason that it might cause in the foundation of a new hegemony several decades later and it might provide the reconstitution of the global market on new circumstances. According to Arrighi, whether the current turbulence is the indication of a future world hegemony and global market centered on East Asia, it is still too early to argue. However "whatever its potential result, the recent financial instability centered on East Asia should be taken as a symptom that in the future the global

²²⁵ See Fernand Braudel, *The Perspective of the World: Civilization and Capitalism 15Th-18th Century*, New York: University of California Press, 1992.

²²⁶ See Giovanni Arrighi and Beverly J. Silver, *Chaos and Governance in the Modern World System*, Minneapolis: University of Minnesota Press, 1999.

²²⁷ Arrighi, 'Global Market', *op. cit.*, pp.246-247.

²²⁸ *Ibid.*, p.247.

market as currently organized might well grow to be as temporary a construct as the 19th century global market”.²²⁹

Harvey explains this new development with his concepts in a different way. According to Harvey’s thinking, Marx’s argument explains a series of spatial fixes of growing scale and scope which present beneficial channels for the surplus capital that overaccumulates in earlier founded capitalist centers. At the same time, they decrease accumulation by dispossession in the recently rising centers. If this trend is still in operation today, the US and other older centers of “capital accumulation would be lending out ‘enormous amounts of capital’ to presently emerging centers, first and foremost China. Therefore, the need for a new round of accumulation by dispossession would be correspondingly decreased.”²³⁰

David Harvey concentrates on China as the most promising place for an efficient spatial fix for the continuing overaccumulation crisis. Not only has China turn out to be the best growing attractor of foreign direct investment, “with net inflows increasing from \$5 billion in 1991 to around \$50 billion in 2002, but also its domestic market has been growing more quickly than any other, with urban incomes rising at an annual rate of 11 percent and rural incomes at a rate of 6 percent.”²³¹ This spatio-temporal fix has global implications not only for “absorbing overaccumulated capital, but also for shifting the balance of economic and political power to China as the regional hegemon and perhaps placing the Asian region, under Chinese leadership, in a much more competitive position vis-à-vis the US”.²³² Harvey believes that this prospect might force US to oppose a smooth spatial fix, in spite of the fact that this development offers the best solution to the underlying overaccumulation crisis.

²²⁹ *Ibid.*, p.247.

²³⁰ Harvey, *The New Imperialism*, *op. cit.*, pp.83-86.

²³¹ Arrighi, ‘Hegemony Unravelling-1’, *op. cit.*, p. 39.

²³² Harvey, *The New Imperialism*, *op. cit.*, p. 123.

4.3.2.2 The Real Threat for US Hegemony: China

Jane Perlez describes the present international situation in *New York Times* such a way that “the perception is that China is trying its best to please, assist, accommodate its neighbours while the United States is perceived as a country involved more and more in its own foreign policy, and strong-arming everyone onto that agenda”.²³³ Simultaneously, the ‘rise of Asia’ was being called by the *Financial Times*’s main writer as “the economic event of our age: Europe was the past, the US is the present and a China-dominated Asia is the future of the global economy”.²³⁴

Many Asia-Pacific states realized huge economic growth throughout the last decade. China’s growth performance is significant even within these states. Other Asia-Pacific states took advantage of this rapid economic growth of China, because China’s growth also enhanced their imports. For this reason, China’s growth is also both export-driven and import-driven. Average yearly growth between 1992 and 2000 “equals 15% for exports and 14% for imports. Both exports and imports nearly tripled over the same period. In 2000, around 80% of Chinese exports went to neighboring countries. At the same time, China imported approximately 71% of its imports from the region.”²³⁵ This is primarily driven by the huge Chinese hunger for raw materials and capital goods. China’s most important trading partners are situated in the Asia-Pacific region. Not only China pushes out exports of consumer goods by less- developed Asian states, but also more advanced Asian economies take advantage of Chinese imports of capital goods.

In the last three years, China has made for one-third of the total increase in world import amount. According to Arrighi, it has thus turn into an engine for the

²³³ Jane Perlez, *New York Times*, October 18, 2003.

²³⁴ Martin Wolf, *Financial Times*, September 22, 2003.

²³⁵ Filip Abraham, Jan Van Hove, ‘The Rise of China: Prospects of Regional Trade Policy’, *Review Of World Economics*, Vol. 141, No. 3, 2005, pp.488-489.

rest of East Asia where a large component of its imports are concentrated, with exports to China having played an important role in Japan's latest economic recovery. China's significance comparative to the US is increasing quickly even outside the East Asian region:

The signing of a major oil agreement between Beijing and Tehran in October 2004 increased Washington's trouble to control energy resources in the Middle East. Each year, more Chinese entrepreneurs come into Africa to invest where Western corporations are dispassionate in doing business, whereas the Chinese government (except for requesting that Taiwan not be recognized) offers development aid. More and more, African leaders look east for trade, aid, cooperation and political alliances. This new development in world politics is shaking up the continent's historical links with Europe and the United States. Political arrangements seemed to be advancing most quickly with Brazil, where Lula has frequently suggested the idea of a 'strategic alliance' with Beijing. China has also started to surpass the United States in the support of multilateral trade liberalization. Regionally, it looked for integration with ASEAN countries by agreeing on a Treaty of Amity and Cooperation. At the same time it is seeking to develop economic ties with Japan, South Korea and India. Globally, it joined Brazil, South Africa and India in directing the G20 offensive at the 2003 WTO summit in Cancún against Northern double standards —imposing market opening on the South while staying intensely protectionist. In this respect, too, China's position can be distinguished harshly with the US rejection of multilateral trade negotiations in favour of bilateral agreements.²³⁶

China's trade with India has grown from \$300 million a decade ago to \$13.6 billion in 2004. It led to a 'complete U-turn' in the relationship between these two countries and to an unprecedented mutual engagement at the governmental and business level alike.²³⁷ "The 'Beijing Consensus' is a development approach driven not by a desire to make bankers happy, but by the

²³⁶ Arrighi, 'Hegemony Unravelling-1', *op. cit.*, pp.78-79.

²³⁷ Anna Greenspan, *International Herald Tribune*, September 14, 2004; N. Vidyasagar, *Times of India*, February 9, 2005.

more fundamental urge for equitable, high-quality growth -because no other formula can keep China from exploding-.”²³⁸ “Economic power is the foundation of military power. A richer China, as its ever-growing military budgets indicate, it will be stronger and more assertive.”²³⁹

4.4 The Political Economy of Energy

4.4.1 The Importance of Oil Security

During the Cold War, the largest concentration of military forces was to found along the East-West partition in Europe and at other locations of superpower rivalry. According to Peter W. Rodman, the United States and Soviet Union enforced a sort of ‘discipline’ over their alliances in the Third World during the Cold War. The threats of this rivalry provided ‘cohesion’ in the Western bloc. After the Cold War, this “discipline and cohesion have eroded. Therefore, friendly countries, friendly as they may continue to be, now have more ‘space’ to themselves, safe from any overriding danger and usually eager to reclaim some freedom of action.”²⁴⁰

Since 1990, “the world is in the midst of a great geopolitical adjustment process”²⁴¹ and military concentrations have mainly disappeared in Europe, while troop levels in the major oil regions have been increased. It gives the impression that the probability of future wars will be over oil. For that reason there might be a huge struggle among great powers in order to survive in three key issues which

²³⁸ Joshua Cooper Ramo, ‘China has discovered its own economic consensus’, The Foreign Policy Centre, *Financial Times Op-Ed* 08.05.2004, <http://fpc.org.uk/fsblob/240.pdf>, accessed on 22.04.2005.

²³⁹ Ronald Steel, *Temptations of a Superpower*, USA: Harvard University Press, 1995, p.127.

²⁴⁰ Peter W. Rodman, *Uneasy Giant, The Challenges to American Predominance*, The Nixon Center 2000 Executive Summary, p.33.

²⁴¹ G. John Ikenberry, *Strategic Reactions to American Preeminence: Great Power Politics in the Age of Unipolarity (CIA)*, 28 July 2003, www.dni.gov/nic/PDF_GIF_2020_Support/2003_11_24_papers/ikenberry_StrategicReactions.doc, accessed on 22.10.2006.

are –the politics of oil security, the dynamics of energy resources demand and supply and the constraints of geography. The United States, for instance, has founded a permanent military establishment in the Persian Gulf area and has brought enough war material there to support a major military operation.²⁴² In the meantime, Russia has shifted more of its forces to the North Caucasus and the Caspian Sea basin, while China has increased its naval presence in the South China Sea. Other states have also strengthened their military presence in these areas and other sites of possible conflict over oil.²⁴³

Geology and geography also insert to the risk of conflict. While quite plentiful at present, natural oil does not exist in unlimited quantities; it is a limited, nonrenewable resource. At some point in the prospect, accessible supplies might verify insufficient to satisfy increasing demand and the world may come across considerable scarcities. Unless some plentiful new sources of energy have been discovered by that point, competition over the remaining supplies of oil could be more and more violent. In such situations, any extended interruption in the global flow of oil might be seen by import-dependent countries as a serious threat to their security – and therefore as a matter that may justifiably be resolved through the use of military force. Increasing shortage can also bring in higher prices for oil, making huge hardship for those without the means to absorb added costs; widespread internal disorder may take place.

The demand for petroleum is increasing rapidly. It is mainly used as a source of energy for electrical power generation, transportation and heating. No other form of energy is as broadly or intensively used in the global economy today. In 2003, oil accounted for about 39 percent of total world energy consumption; coal, the second major source of energy, accounted for only 24

²⁴² See, Thomas P. M. Barnett: ‘The Middle East is the perfect place to start. Diplomacy cannot work in a region where the biggest sources of insecurity lie not between states but within them.’, Thomas P. M. Barnett, *U. S. Naval War College, The Pentagon’s New Map* (Maps by William McNulty), Esquire, March 2003 issue; Robert Jervis, *American Foreign Policy in a New Era*, New York: Routledge, 2005.

²⁴³ Michael T. Klare, *Resource Wars: The New Landscape of Global Conflict*, New York: Metropolitan Books/Henry Holt, 2001, p.28.

percent. The remaining 37 percent of global energy consumption was divided between natural gas (24 percent), nuclear energy (6 percent), hydropower and ‘traditional’ fuels like wood and animal waste. Together, oil and natural gas might account, by this estimate, 60 percent of world consumption in 2030; coal might account for 27 percent and all other sources for 13 percent.²⁴⁴

By the way, oil consumption in the developing world is expected to rise at two or three times the rate in the industrialized countries.²⁴⁵ Of particular significance is the increasing demand for petroleum in developing Asia –according to the U. S. Department of Energy, oil consumption in China and India can rise by a brisk 3.8 percent per year. At current rates of production–approximately 73 million barrels per day in 1999, or 26.6 billion barrels could theoretically satisfy global needs for another sixty years.²⁴⁶ Whether shortages happen sooner or later, the world economy, as currently composed, has to forget the effortless availability of petroleum at an acceptable cost.

Since older fields are exhausted, the global competition for oil might focus gradually more on those few areas of the world that still has considerable supplies of oil. The ownership of petroleum is highly concentrated within the five most important producers –Saudi Arabia, Iraq, the United Arab Emirates, Kuwait and Iran–. They are sharing together nearly two-thirds of global reserves.²⁴⁷ The high concentration of oil in a few of major producing regions implies that the accessibility of oil is directly attached to political and socioeconomic conditions within a relatively small group of states. When war or political disorder explodes in these countries and the global flow of oil is consequently interrupted, the rest of the world is probably to live considerable economic difficulties. This was made painfully obvious in 1973-74, when the Arab oil embargo generated widespread

²⁴⁴ See Appendix C.

²⁴⁵ See Appendix D.

²⁴⁶ Klare, *op. cit.*, p.42.

²⁴⁷ See Appendix E.

fuel shortages and caused an extended economic recession. The equivalent message was conveyed once more in 1979-80, subsequent to the revolution in Iran as well as in the occupation of Kuwait by Iraqi forces in August 1990.

4.4.2 The Geopolitical Competition for Oil

In the twenty-first century, a new oil-crisis is possible to be in a huge triangular region extending from the Persian Gulf in the west to the Caspian Sea in the north and the South China in the east. Inside this 'Strategic Triangle' can be found some of the world's largest concentrations of petroleum, along with many territorial disputes and the opposing security interests of powerful states. According to the calculations of Klare:

Included within the Strategic Triangle are three major oil-producing areas: the Persian Gulf, possessing approximately 65 percent of the world's known petroleum reserves; the Caspian Sea basin, producing little petroleum at present but holding huge reserves of oil and natural gas; and East Asia, having a number of existing fields and having potentially large reserves in the South China Sea. All of these three areas own approximately 49 percent of current world oil production and 74 percent of currently identified reserves.²⁴⁸

The United States has now bases in Afghanistan, Kyrgyzstan, Pakistan, Sri Lanka, Tajikistan and Uzbekistan, with military consultants in Georgia. The Afghan war gave the US the opportunity to establish military bases in Afghanistan and Central Asia. These military bases are helping to position US corporations more satisfactorily in the existing phase of the 'great game' to control Central Asian resources. So US expanded the encirclement of the far more significant Persian Gulf. Also, "it had long been anticipated that one of Washington's goals in Iraq was to obtain military bases right in the heart of the oil-producing regions".²⁴⁹ The American policy-makers resorted to war in Afghanistan and Iraq

²⁴⁸ Klare, *op.cit.*, p.49.

²⁴⁹ Chomsky, *op. cit.*, p.163.

declaring that their eventual purpose is 'peace'. However, military occupation over most of the world's oil wealth might provide that United States the option to control huge energy reserves in the region. All European partners, apart from the United Kingdom that exports the North Sea oil, are vulnerable to this threat. As a result, the US might have the ability to determine whose currency the oil trade will be accomplished, what its price will be in the international market and who will transmit it, how and where.²⁵⁰

However, America's domestic production of oil is in decline and a growing portion of its oil needs will have to be met by imports. It means that there will be a bigger US reliance on oil supplied by states in the Middle East, Africa and other non-Western regions. These states demonstrate a huge level of instability. Many of them are induced by the legacies of colonialism and a predominance of undemocratic governments. Nigeria, for instance, has been living periodic outbreaks of ethnic disorder in the Niger Delta region, the source of most of its oil. Saudi Arabia and Iraq have been the frequent targets of terrorist attacks on oil facilities and oil infrastructure. From the Pentagon's view, the safety of oil and the war against terrorism is the same thing. "In none of these countries, the uninterrupted extraction and export of oil can be taken for granted. So the American economy is becoming more and more exposed to supply interruptions of oil in overseas producing areas."²⁵¹

Furthermore, the United States has to face a global rival: China. The US controls China, as a potential rival, and its 'Shanghai Group' (Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan). Oil and China are related, since both Washington and Beijing look for control in the most important oil-producing areas. "The main terrorist organizations, the most promising places of new oil and the central areas of Sino-American energy competition are all located in the same

²⁵⁰ Ataöv, *ibid.*, pp.65-66.

²⁵¹ Michael T. Klare, *Imperial Reach*, <http://www.thenation.com/doc/20050425/klare>, accessed on 03.05.2005.

districts: Central Asia, Caspian region and Middle East. Therefore, US is founding new basing facilities”²⁵² exactly in these areas.

According to Tyler, “motivation of direct control through military presence over most of the world’s oil reserves is accompanied by the desire to prevent others to rival its global hegemony”.²⁵³ For that reason, strong geopolitical considerations link the search of foreign oil with American anxiety over the emergence of China as a rival. Similar to the United States, China requires importing vast amounts of petroleum with the intention of satisfying its rapidly increasing demand at home. While China is one of the world’s top ten oil producers, it imports more than 40% of its oil supplies. China needs oil not just for transportation but also for making everything from plastics to fertilizer.²⁵⁴

The Energy Department of USA suggests that, by 2010, “China might have to import 4 million barrels of oil per day. By 2025, it might be importing 9.4 million barrels of oil.”²⁵⁵ China, like the United States, might also be dependent on major producers in the Middle East and Africa. An obvious Chinese existence has been realized, for example, in Iran, Sudan and the Central Asian republics. To oppose these developments, the United States has enlarged its own military ties with local powers. This in turn has assisted to the struggle for new oil resources in the Gulf and Caspian regions.

²⁵² *Ibid.*

²⁵³ Patrick E. Tyler, ‘US Strategy Plan Calls for Insuring No Rivals Develop’, *The New York Times*, March 8, 1992.

²⁵⁴ Tom Miller, *China’s Energy Supply – Making Oil from Coal – Not Quite Water into Wine*, <http://www.climatechangecorp.com/content.asp?ContentID=4778>, accessed on 22.07.2007.

²⁵⁵ Klare, *Imperial Reach*, *op. cit.*

CHAPTER 5

AMERICAN EMPIRE-BUILDING

The purpose of this chapter is to explain the New American Century Project and its implementation by the Bush Administration as an effort to preserve the hegemonic position of the United States against new global powers expressed in the previous chapter.

In the first section, the transition from hegemony towards empire in United States' global role at the centre of the contemporary international order after the September 11 attacks is explained. The second section tries to enlighten the project of New American Century and its grounds. The third section deals with United States' revised foreign policy according to American geopolitical interests against new threats. The fourth section presents the Bush Doctrine with its dilemmas and outcomes. The fifth section attempts to evaluate the agenda of American primacy and its execution in American foreign policy. The last section claims that United States is turning out to be a threat to global democracy because of its foreign policy after September 11.

This chapter, in general, answers the question, why should United States change its foreign policy by focusing again into its soft power and learn to respect world public opinion and the rules of international diplomacy.

5.1 From Hegemony towards Empire

5.1.1 American Global Hegemony

Global hegemony can be described as “a situation in which one nation-state plays a predominant role in organizing, regulating and stabilizing the world

political economy”.²⁵⁶ US hegemony started during the Second World War and reached its peak some thirty years later. “The United States still has unequalled power in international economics and politics, but still being as the only superpower it finds itself less able than it once was to influence and control the course of events in foreign affairs.”²⁵⁷ Its economic and political power is no longer matched its military superiority which is also of dubious value in maintaining the global economic order and the interests that US capital has in it.

According to the ‘world-system theory’ of Immanuel Wallerstein, ‘hegemony’ implies more than mere leadership but less than outright empire.²⁵⁸ A hegemonic power is “a state ... able to impose its set of rules on the interstate system, and thereby create temporarily a new political order”.²⁵⁹ To show the distinction in a Gramscian sense between hegemony and absolute domination:

For Gramsci, hegemony is the additional power that provides a dominant group by virtue of its capacity to lead society in a direction that not only serves the dominant group’s interests but is also perceived by subordinate groups as serving a more general interest. Gramsci’s notion of hegemony may be said to contain of the ‘power inflation’ that proceeds from the capacity of dominant groups to present their rule as convincingly serving not just their interests but those of subordinate groups as well. When such credibility is missing or wanes, hegemony turns into absolute domination.²⁶⁰

By this usage of Gramsci’s notion of hegemony to international relations, Harvey reminds that after the Second World War, US has regularly depended on

²⁵⁶ Du Boff, *op. cit.*

²⁵⁷ *Ibid.*

²⁵⁸ Immanuel Wallerstein, ‘Three Hegemonies’, in Patrick Karl O’Brien and Armand Clesse, eds., *Two Hegemonies: Britain 1846-1914 and the United States 1941-2001*, Aldershot, U.K.: Ashgate, 2002, pp.357-361.

²⁵⁹ Niall Ferguson, ‘Hegemony or Empire’, *Foreign Affairs*, September/October 2005. <http://www.foreignaffairs.org/20030901fareviewessay82512/niall-ferguson/hegemony-or-empire.html>, accessed on 20.05.2006.

²⁶⁰ Arrighi, ‘Hegemony Unravelling-1’, *op. cit.*, p.32.

coercive means to suppress or settle aggressive groups at home and mainly in a foreign country. However, coercion was just a limited and occasionally counterproductive basis for US power. A similarly crucial “basis was the US capacity to mobilize consent and cooperation internationally, by acting in such a way as to make at least reasonable to others the claim that US was acting in the general interest, even when it was really putting American interests first”.²⁶¹ As a result, as Harvey argued: The Cold War provided the US “with a glorious opportunity. The United States, itself dedicated to the endless accumulation of capital, was prepared to accumulate the political and military power to defend and promote that process across the globe against the communist threat.”²⁶² After the Cold War years, the US hegemony became harder to sustain and open to be criticized.

Hegemony is a word which means that the imperial power defines ‘the rules of the game’ by which others regularly play. Others may come to acknowledge the rules as well, so that hegemony becomes also partly legitimate. But the foundation of hegemony is more of a matter-of-fact approval of things ‘as the way they are’. Then people’s own daily actions help reproduce the dominance without much thought. For instance, the US dollar is the world’s reserve currency. It is stable and secure, so foreigners consistently invest in the US economy. They are subsidizing American consumers and indirectly paying for the US military, without even being much conscious of this. Foreigners see this act generally as the way the global economy works. In practical terms they consent, though they may sometimes complain.²⁶³

While in the recent past, American power was hegemonic –routinely recognized and often considered legitimate abroad–, now it is being imposed by military force. It seems that this became the way to weaken the hegemony and to

²⁶¹ *Ibid*, p.33.

²⁶² Harvey, *The New Imperialism*, *op. cit.*, pp.39-40.

²⁶³ Mann, *op. cit.*, p.12.

become an empire.²⁶⁴ Incoherence between its military, economic, political and ideological powers might force it to retreat to its strongest resource, offensive military destruction. This is not probably used in conflict with great powers –China, Russia, Europe– but with small, poor states of the South.²⁶⁵

5.1.2 American Empire

Hardt and Negri’s work ‘Empire’ repackaged and offered a fundamental twist to the central theories of globalization. They suggest that under the current circumstances of global economic and informational integration “no nation-state, not even the US, can structure the centre of an imperialist project. Undeniably, Hardt and Negri presented Empire as a logic and structure of world rule that was in key respects opposing to the imperialism that Marxists had theorized”²⁶⁶ in the last century. They argue that transformative discursive and material processes have produced ‘empire’: a “decentered and deterritorializing apparatus of rule that progressively incorporates the entire global realm within its open, expanding, frontiers”²⁶⁷.

In recent times, the theme of empire has been reintroduced into political and academic discussions. On the political left in the form of Michael Hardt and Antonio Negri, “sovereignty has morphed into a more inchoate but nevertheless powerful series of social and political arrangements that increasingly tie us into a common fate as part of a global Empire with a capital Empire”²⁶⁸. On the political

²⁶⁴ See Ergin Yıldızođlu, *Hegemonyadan İmparatorluđa*, İstanbul: Everest Publishing, 2003; Ergin Yıldızođlu, *Küreselleşmeden Sonra, Geçiş Yolunda Gezintiler*, Ankara: Ütopya Publishing, 2006; Çınar Özen, Hakan Taşdemir (eds.), *Yenimuhafazakar Amerikan Dış Politikası ve Türkiye*, Ankara: Odak Publishing, 2006; Zeynep Atikkan, *Amerikan Cinneti, 11 Eylül Amerika’yı Nasıl Deđiřtirdi?*, İstanbul: Yapı Kredi Publishing, 2006.

²⁶⁵ Mann, *op. cit.*, pp.252-253.

²⁶⁶ Arrighi, ‘Hegemony Unravelling-1’, *op. cit.*, p.23.

²⁶⁷ Hardt, Negri, *op. cit.*, p.xi–xiii.

²⁶⁸ *Ibid.*, p.421.

right, after the events of September 11, 2001, and the start of the war on terror by the second Bush government, the concept of empire came back in academic and political deliberations from those who write something on the role of US military power in international politics.

Simon Dalby, one of them, defines 'empire' as the usage of resources to fuel the centers and the control of marginal populations into the political economy in different ways:

It is also about cultural hegemony and the expression of a mode of life that is described usually as some variation of civilization. Empire is about modes of administration and pacification in addition to communications and political obligations. It's about enrichment of those at the center too. War and commerce are frequently directly connected as most critical deliberations of the events in Iraq make very clear. Territorial strategies are also components of the practice of imperial rule; but simple conquest and direct administration is not what much of empire is about...The military aspects of US power and its global reach propose parallels with earlier imperial arrangements. Especially the activities of American forces in the last few years suggests all sorts of parallels with the nineteenth century and makes one doubt in what sense this is a 'post' colonial world. The global reach of the US military particularly implies an imperial power ensuring that the global flows of commodities and resources persist to fuel metropolitan consumption. Most of all, thinking critically about empire involves an acknowledgment that it is always about more than simple territorial control.²⁶⁹

As Michael Ignatieff asks what word other than 'empire' better defines this widespread system of the American international order, "with its host of dependent allies, its huge intelligence networks, its five global military commands, its more than one million men and women at arms on five continents and its 30 percent control of the world's economic product?"²⁷⁰ Whereas the use of the term 'empire' had been the monopoly of a radical left in the 1960s dedicated to attack American power in the world (some left writers uses this term

²⁶⁹ Dalby, *op. cit.*, esp. pp.435-436.

²⁷⁰ Michael Ignatieff, 'Empire Lite', *Prospect*, No:83, February 2003, pp. 36-43.

still²⁷¹), it is quickly becoming used by the neo-conservative right thinkers in the post-September 11 era.²⁷²

According to Cox, after a decade of hegemony restoration that brought US in a dominant place in a unipolar world, Bush continued to exercise American power in a way that among foreigners caused deep anxiety. However, all empires have had their boundaries. Even the Roman was based on the acknowledgment that there were certain things it could not do. The United States might have an enormous military capacity. However, it seems that it is far less powerful in the simply material realm than it was 20 years ago before Europe and China developed into more serious economic actors.²⁷³

5.2 New American Century

After the end of the Cold War, the United States followed a better-defined foreign policy strategy. Whether the terms used were primacy, preeminence, hegemony or superpower, it seems that the purpose was an integrated international order based on capitalism, with the United States as the enforcer of its rules.²⁷⁴ Starting with the ‘unipolar moment’²⁷⁵ that came with the collapse of the Soviet bloc, the United States has a very favorable position in financial assets, production capacity, hi-tech information, military might, diplomatic influence and

²⁷¹ See Alex Callinicos, ‘The Grand Strategy of the American Empire’, *International Socialism* 97, Winter 2002, pp. 3–38.

²⁷² See Niall Ferguson, ‘The Next War of the World’, *Foreign Affairs*, September/October 2006, Volume 85, No. 5, pp.61-74; Robert Kaplan, *Warrior Politics: Why Leadership Demands a pagan Ethos*, New York: Random House, 2002; Bernard Porter, *Empire and Superempire: Britain, America and the World*, New Haven, London: Yale University Press, 2006; Robert J. Jackson, Philip Towle, *Temptations of Power: The United States in Global Politics after 9/11*, New York: Palgrave Macmillan, 2006.

²⁷³ Michael Cox, *op. cit.*, pp.24-27.

²⁷⁴ See Andrew J. Bacevich, *American Empire: The Realities and Consequences of US Diplomacy*, Cambridge: Harvard University Press, 2002.

²⁷⁵ Charles Krauthammer, ‘The Unipolar Moment’, *Foreign Affairs*, 70/1, 1990-1991, pp. 22-33.

cultural manipulation. With the world's biggest national economy, having the position of "the most influential actor in the international financial and trading systems and owning a greater concentration of scientific and technological expertise than any other state, it is the world's single superpower".²⁷⁶ At the moment, the United States continues enormously powerful in almost all conventional measures. It is the only state with the ability to project that power globally.

Soros argues that "United States is unquestionably the dominant power in the post-Cold War world; it is therefore in a position to impose its views, interests, and values on the world".²⁷⁷ Its influence is also immense in 'soft power'²⁷⁸, or popular culture. Although still far from exercising hegemony in all sides of international affairs, it is the only most influential nation-state militarily, economically, politically, technologically and culturally. Among these aspects, military power became as never before as the favored instrument of statecraft. Taking advantage of this prevailing military superiority, the United States follows a policy of world-wide expansion. Except for combative dominance, it sells half of all the weapons in the international arms market.²⁷⁹ Even those who think that there is an economically multipolar balance of power, accept that "the United States is currently the closest to a hegemonic power, both in offensive weaponry and monetary capacity that the modern system has ever experienced".²⁸⁰

With the headquarters of the key institutions of the post-war international system, for example the UN, the World Bank and the IMF, in New York or in

²⁷⁶ Ataöv, *op. cit.*, pp.61-62.

²⁷⁷ George Soros, *The Bubble of American Supremacy, Correcting the Misuse of American Power*, New York: Public Affairs, 2004, p.3.

²⁷⁸ Joseph Nye, 'Soft Power', *Foreign Policy*, Washington, D.C., 80, Fall 1990, pp. 153-171.

²⁷⁹ International Institute for Strategic Studies, *The Military Balance: 2000-2001*, London, 2000, pp. 288-289; Thom Shanker, 'Global Arms Sales Rise Again and the US Leads the Peak', *The New York Times*, August 20, 2001.

²⁸⁰ Thanh Duong, *Hegemonic Globalisation: US Centrality and Global Strategy in the Emerging World Order*, Aldershot, U.K.: Ashgate, 2002, p.23.

Washington, the United States was better than its rivals in building an ‘American Century’. Henry R. Luce (1898-1967), one of the most influential figures of US journalism who wanted to stimulate his fellow citizens into action through imagination, energy and commitment to liberal ideals, had popularized the perception of an ‘American Century’ in a 1941 *Life* editorial.²⁸¹ Whether or not contemporary globalization is a synonym for the ‘American Century’, many thinkers²⁸² argued that no other state has been more powerful in world affairs since Luce’s notable article. There is only a semantic connection among Henry Luce’s significant 1941 cover editorial in *Life* magazine, ‘The American Century’, and the new project. In both occasions, United States is being characterized with a supremacy that is worldwide, not territorially specific. For this reason, the preference is for the word ‘century’ rather than ‘empire’. As Smith indicates the mystery of the word ‘century’ by saying: “Whereas the geographical language of empires suggests a malleable politics—empires rise and fall and are open to challenge—the ‘American Century’ suggests an inevitable destiny.”²⁸³

The actual split from the 1990s happened simply in 2001, when the Bush government reacted to the September 11 by applying a foreign policy project that is the Project for a New American Century.²⁸⁴ The Bush Administration’s implementation of the New American Century project does really represent an effort to preserve the hegemonic position of the United States. Some writers are inclined to avoid terms like ‘militarism’ and ‘imperialism’, but they do like the quality of the noun ‘Empire’ and its adjective ‘imperial’. These terms seem full of

²⁸¹ Henry Luce, ‘The American Century’, *Life*, 17 February 1941. Reprint: Cambridge: Diplomatic History, MA., 23, Spring 1999, pp. 159-171.

²⁸² For instance: Donald White, *The American Century: The Rise and Decline of the United States as a World Power*, New Haven: Yale University Press, 1996; David Slater and Peter J. Taylor (eds.), *The American Century: Consensus and Coercion in the Projection of American Power*, Oxford: Blackwell Publishers, 1999; Olivier Zunz, *Why the American Century?*, Chicago: University of Chicago Press, 1999.

²⁸³ Neil Smith, *American Empire: Roosevelt’s Geographer and the Prelude to Globalization*, Berkeley: CA: University of California Press, 2003, p.20.

²⁸⁴ <http://www.newamericancentury.org/>, accessed on 20.03.2006.

righteous, civilizing, even humanitarian sentiments. For instance, Charles Krauthammer writes, “The truth is that no country has been as dominant culturally, economically, technologically and militarily in the history of the world since the Roman Empire”. The collapse of the Soviet Union, he argued, left a ‘unipolar moment’ for the unchallengeable America to rule the world.²⁸⁵ Robert Kaplan said “Rome’s victory in the Second Punic War, like America’s in World War II, made it a universal power”. He suggested that America pursue the Roman example and develop ‘warrior politics’, with eyes wide open.²⁸⁶

All these authors emphasized that the US could bring peace to a world which continued inflexibly Hobbesian. Robert Kagan said that “the ‘benevolent hegemony’ exercised by the United States is good for a vast portion of the world’s population. It is humanitarian.”²⁸⁷ Marxist, liberal and conservative thinkers have the same opinion: this is the Age of American Empire. These notions outline a neo-imperial vision in which “the United States arrogates to itself the global role of setting standards, determining threats, using force and meting out justice”.²⁸⁸

The Pentagon now employs many of its executives from the defense industry. The progress has been more military spending and less democracy. Joseph Nye argues, “not since Rome has one nation loomed so large above the others”.²⁸⁹ Nevertheless, he adds that since other states consent to American domination because it embodies benign values, the US must not abandon these values. He concludes that the US must resist the growing imperial temptations in its foreign policy.

²⁸⁵ Krauthammer, *op. cit.*, pp. 22-33.

²⁸⁶ Kaplan, *op. cit.*, pp.144-153.

²⁸⁷ Robert Kagan, ‘The Benevolent Empire’, *Foreign Policy*, Summer 1998, pp.24-35.

²⁸⁸ G. John Ikenberry, ‘America’s Imperial Ambition’, *Foreign Affairs*, 61/5, September-October 2002, pp. 44-60.

²⁸⁹ Joseph Nye, *The Paradox of American Power*, New York: Oxford University Press, 2002, p.1.

A report entitled 'Rebuilding America's Defenses: Strategy, Forces and Resources For a New Century',²⁹⁰ and prepared by a group (Richard Perle being the driving force) in September 2000 promises global hegemony on the beginning of a new grand strategy. It proposes a 'worldwide command-and-control system' to transform or control regimes in China, Iran, Iraq, Libya, North Korea, Syria and elsewhere. It supports smaller (tactical) nuclear weapons and new methods of electronic and biological attacks that can target people of certain races and ethnicity. Foreign interventions, even 'peace-keeping' missions, should be under American, not UN, leadership. Such US supremacy might not accept the direction of an international organization or the opposition of another great power. American forces should have to be enhanced in the Middle East and Southeast Asia. They should fight decisive wars against strategic threats. US Space Forces should be generated and the 'star wars program' should be given priority.²⁹¹

According to Harvey, September 11 "provided the impetus to break with the dissolute ways of the 1990s. In this respect, the war on Iraq was no simple diversion from domestic difficulties: it was a grand opportunity to impose a new sense of social order at home and bring the commonwealth to heel".²⁹² The September 11 attacks laid at America's feet the unique occasion to reassert, more unhidden than ever, its dominance and the obligation of the free market ideology almost everywhere. Harvey ascribes many roles to the War on Terror and the occupation of Iraq: to guarantee US supervision over the supply of oil to financial and strategic rivals and to put off the construction of a Eurasian power bloc. "The dispossession of Iraqi oil' could mark the beginning of a continuation by military means of accumulation by dispossession."²⁹³ According to Harvey, "What the US evidently seeks to impose by main force on Iraq is a full-fledged neo-liberal state

²⁹⁰<http://www.newamericancentury.org/RebuildingAmericasDefenses.pdf>, accessed on 20.03.2006.

²⁹¹ Ataöv, *op. cit.*, pp.67-68.

²⁹² Harvey, *op. cit.*, p.17.

²⁹³ Harvey, *op. cit.*, pp.201-202.

apparatus whose fundamental mission is to facilitate conditions for profitable capital accumulation.”²⁹⁴

New American Century Project might be a unilateralist and militarist idea of how to maintain American empire in this century. The project is suggestive of the ‘ghastly metaphor’ with which Mann made his perceptive judgment that the “American Empire will turn out to be a military giant, a back-seat economic driver, a political schizophrenic and an ideological phantom. The result is a disturbed, misshapen monster stumbling clumsily across the world.”²⁹⁵

5.3 United States’ New Strategy against New Threats

5.3.1 The Revised Calculations of America's Geopolitical Interests

Hegemony in the world of global capitalism implies controlling rival economies and states without going to war with them. This is particularly true when other economies are rising in relation to the hegemonic power. It has definitely not escaped the notice of the only super power that, while its own economy is in decline, some other regions of the world, remarkably China, are living unprecedented growth. The emergence of the European Union as an economic superpower has also emphasized the importance of military supremacy as the only reliable instrument of US hegemony.²⁹⁶

It seems that preserving a hold on political power and increasing US control of the world’s primary energy resources are main steps toward the goal that has been stated with considerable clarity: to launch an imperial grand strategy of permanent world domination.²⁹⁷ Not only should no other state equal the power of the United States, but no challenger should even be allowed a larger regional

²⁹⁴ David Harvey, ‘Neo-Liberalism and The Restoration of Class Power’, <http://www.princeton.edu/~sf/workshops/neoliberalism/classrestore.pdf>, accessed on 01.07.2007.

²⁹⁵ Mann, *op. cit.*, p.13.

²⁹⁶ Wood, *op. cit.*, p.157.

²⁹⁷ Chomsky, *op. cit.*, p.125.

role. Even the whole continent of Europe should be subordinate to US national interests. As a result, no 'European only' security arrangement should materialize and North Atlantic Treaty Organization (NATO) should continue as a useful instrument for Washington's influence. The greatest strength of the United States seems to be no longer the dollar, but its military force.²⁹⁸

A close notice at Pentagon statements and policy reports proposes that three other dynamics are at work: "a new calculus of America's geopolitical interests; a shift in US strategic orientation from defensive to offensive operations and concerns about the future reliability of long-term allies, especially those in Old Europe".²⁹⁹ The revised calculations of America's geopolitical interests are terrorism, the pursuit of foreign oil and the rise of China which have come to engage American strategists now.

China is seen as a primary prospective opponent by US strategists and much military preparation is made to that possibility. Latest attempts to reinforce India-US strategic relations are to a certain extent encouraged by the same anxieties, together with US anxieties about its control over the world's main energy reserves in the Middle East and Caspian Sea. The War on Terror has assisted the United States to 'be ready for China' through the expansion of military bases in Central Asia which is unthinkable before September 11. As Financial Times has highlighted, the other preparations are "the strengthening of military ties with the Philippines, an expanded defense budget and revival of Reagan's Strategic Defense Initiative: 'If China is the enemy of the future, then the US has got a lot of what it wanted, without saying China is the enemy'".³⁰⁰

²⁹⁸ Ataöv, *op. cit.*, p. 69.

²⁹⁹ Klare, *Imperial Reach*, *op. cit.*

³⁰⁰ *Financial Times*, October 17, 2003.

5.3.2 New Problems for United States

Zbigniew Brzezinski, National Security Adviser to President Jimmy Carter (1977-1981), is skeptical about China's capability to develop into a serious challenger to US hegemony.³⁰¹ He argues that the duty facing the United States' ruling class since the end of the Cold War has been to preserve its leadership of the Western capitalist states and to expand it to incorporate the other Great Powers. The real intentions behind this strategy were obviously uncovered by Brzezinski, who was also one of the major architects of NATO expansion into southeastern Europe. Explicitly using the language of imperial power, Brzezinski defended US coalition-building in order to integrate and subordinate potential rivals such as European Union, Russia, China and Japan.

Since all of these economic rivals of the United States are seriously dependent on West Asian oil, Harvey asks a very important question: "what better way for the United States to defend against that competition and protect its own hegemonic position than to control the price, conditions and distribution of the key energy resource upon which those competitors rely, other than military might?"³⁰² According to him, the attempted execution of the plan through the unilateral decision to invade Iraq produced "a resistance between France, Germany and Russia, even backed by China. This rapid geopolitical realignment made it possible to form a Eurasian power bloc that Halford Mackinder long ago expected could easily dominate the world geopolitically."³⁰³ Harvey continues to explain current international developments in such a way:

³⁰¹ Zbigniew Brzezinski, *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives*, New York: Basic Books, 1997, Brzezinski's "geostrategy" for Eurasian domination is greatly influenced by Halford Mackinder, the academic geographer and Unionist MP who developed at the beginning of the 20th century a conception of Eurasia as the "World-Island" central to the struggle among the Great Powers. See H. J. Mackinder, *Democratic Ideals and Reality*, London: Constable and Co. Ltd., 1919.

³⁰² Harvey, *The New Imperialism*, *op. cit.*, p.25 and pp.84-85.

³⁰³ *Ibid.*

In view of Washington's old fears that such a bloc might really materialize, the occupation of Iraq takes on an even broader implication. It composes an effort to control the global oil spigot –and thus the global economy– through domination over the Middle East. It also includes a powerful US military bridgehead on the Eurasian land mass which, when taken together with its alliances from Poland down through the Balkans, yields it a very important geostrategic position with the potential to interrupt any consolidation of a Eurasian power. It could be perhaps the next step in the 'endless accumulation of political power' that must always go with the equally endless accumulation of capital.³⁰⁴

In order to achieve this strategy, it is suggested that United States has to solve first its economic problems. It has been losing manufacturing and white-collar jobs, particularly in information technology and even biotechnology, to East Asia and Europe. On the other hand, China is becoming a source of power in industrial growth. It is also progressively gaining military strength and it is accomplishing a foreign policy intended to produce strong ties in East and Southeast Asia. Because of Bush's economic policy, which has led to a massive and ever-growing deficit and imbalance of trade, the United States finds itself more dependent on China. It necessitates continued Chinese purchase of US Treasury bonds. So the US is unable to take a tough line with China in bilateral relations.³⁰⁵ Furthermore, US recognizes that enforcing tariffs on Chinese imports, as a way to push for revaluation of the yuan, is a move that would backfire, since it would only replace Chinese imports with more expensive foreign suppliers.

5.4 Foreign Policy of George W. Bush

The world was placed on notice that Washington will use force when it needs; "the debating society can 'catch up' and join the enterprise or suffer the consequences that befall those who are not 'with us' and are therefore 'with the

³⁰⁴ Harvey, *op. cit.*, p.85.

³⁰⁵ Wallerstein, *Alternatives: The United States Confronts the World*, *op. cit.*, pp.14-15.

terrorists’, as George W. Bush laid out the options”.³⁰⁶ The president’s actions are not healthy within a coherent ethic of respecting human life. Its foreign policy rapidly ran into a series of disagreements with the European Union over the Kyoto protocol, trade (especially the US imposition of steel tariffs) and US resistance to the International Criminal Court.

After September 11, 2001, there was an unmatched quantity of international solidarity with the United States. For the first time in its history, NATO had invoked of the Washington Treaty within twenty four hours of the attacks. Article 5 maintains that an armed attack against one or more NATO member countries will be regarded as an attack against all. The UN Security Council unanimously approved a comprehensive antiterrorism resolution calling for international cooperation in suppressing terrorism and cutting off financial support for terrorists, and set up a committee to supervise its implementation. Instead of using this atmosphere of international cooperation as a means of accomplishing security, the Bush Administration has inflamed anti-American sentiment.³⁰⁷

Since international law does not recognize the appeal of ‘regime change’ as a reason for going to war, there would still be larger questions to think, especially, questions about the possible results of the war on weakening the restrictions of international law. Even if the war in Iraq would have good results for people in Iraq, it is an obvious disobedience of international law. Therefore, it weakens the authority of the UN to resolve disputes peacefully. This act is likely to raise the risk that other nations, less careful in their choice of circumstances, might also go to war outside the framework of the United Nations. When that supplementary aspect is taken into account, the resort to war was not only illegal, but also unethical.³⁰⁸

³⁰⁶ Chomsky, *op. cit.*, p.32

³⁰⁷ Peter Singer, *The President of Good&Evil: The Ethics of George Bush*, USA: Dutton Books, 2004, pp.199-200.

³⁰⁸ *Ibid.*, pp.174-178.

The National Security Strategy of the USA in September 2002³⁰⁹, issued from the White House, restated that, “the United States will, if necessary, act preemptively” to prevent antagonistic acts by adversaries. According to the international law, the preemptive strike is legitimate only against an attack that is obviously imminent. Article 2, Section 3 of the United Nations Charter³¹⁰, to which the United States is also a signatory, states that “all members shall settle their international disputes by peaceful means”. Section 4 of the same article argues: “All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state.” However, the military attack on Iraq was in clear violation of the UN Charter. United States’ “National Security Strategy: Consistent with its hegemonist worldview, the administration put American ‘unparalleled military strength’ at the center of its strategy”.³¹¹

Marshall thinks that “the Bush doctrine, with its principles of preemptive war, regime change, and permanent American military primacy, promised a new global order”.³¹² The United States withdrew from a series of international treaties. It has been rejecting to renew or sign up to the Kyoto Protocol on global warming, the Anti-Ballistic Missile Treaty, the Biological Weapons Convention and the Rome Treaty founding International Criminal Court. It weakened also a UN agreement to limit the small-arms trade. It has not signed the treaty banning land mines. According to Hendrickson, “preventive war is the first use of force to avert a more remote though still ostensibly formidable danger”.³¹³ Wood believes

³⁰⁹ <http://www.whitehouse.gov/nsc/nss.pdf>, accessed on 20.05.2005.

³¹⁰ <http://www.un.org/aboutun/charter/>, accessed on 26.11.2006.

³¹¹ Ivo H. Daalder, James M. Lindsay, *America Unbound: The Bush Revolution in Foreign Policy*, Washington, D.C.: Brookings Institution Press, 2003, p.123.

³¹² Joshua Micah Marshall, ‘Did the Bush Administration Create a New American Empire—or Weaken the Old One’, *The New Yorker*, Issue of 02.02.2004.

³¹³ David C. Hendrickson, ‘Toward Universal Empire: The Dangerous Quest for Absolute Security’, *World Policy Journal*, Volume XIX, No 3, Fall 2002, pp.14-24, <http://www.worldpolicy.org/journal/articles/wpj02-3/hendrickson.pdf>, accessed on 29.04.2005.

that “there is a growing gulf between the global economic reach of capital and the local powers it needs to sustain it and the military doctrine of the Bush regime is an attempt to fill the gap”.³¹⁴

5.5 The Agenda of American Primacy

It seems that President George W. Bush used the war on terrorism to perform a plan of American primacy. This might be the answer of the question how September 11 transformed the way of history. It is interesting for George Soros that the administration of the most successful open society in the earth should have fallen into the hands of people who pay no attention to the standards of open society. According to Soros’ theory, “the ideologues at the Project had a longstanding war plan to impose American supremacy on the world”.³¹⁵

According to Samir Amin, all major parts of the US administration are explaining clearly the aims of their strategy: “to monopolize access to the planet’s natural resources in order to continue their wasteful mode of life...; to prevent any large or mid-sized power from becoming a competitor capable of resisting US orders and to achieve these aims by military control of the planet”.³¹⁶ Richard K. Betts explains the role of military force in American foreign policy:

The role of military force in American foreign policy has been as great since the Cold War as during it, by some calculations, although the country faces no threat somewhat comparable in power to that of the old Soviet Union. The United States has fought four wars in the past 16 years (against Iraq twice, Serbia and Afghanistan), twice as many as throughout more than 40 years of Cold War (Korea and Vietnam). In spite of having defeated a superpower whose capabilities embraced more than 175

³¹⁴ Wood, *op. cit.*, p.168.

³¹⁵ George Soros, ‘The Bubble of American Supremacy’, *The Atlantic Monthly*, December 2003, <http://www.theatlantic.com/doc/prem/200312/soros>, accessed on 25.03.2005.

³¹⁶ Samir Amin, ‘Empire and Multitude’, *Monthly Review*, Volume 57, Number 6, November 2005, <http://www.monthlyreview.org/1105amin.htm>, accessed on 14.01.2007.

divisions and around 40,000 nuclear weapons, the US defense budget is now nearly as large as the military expenditures of all of the rest of the world put together and more than five times as great as the combined military spending of all possible US enemies.³¹⁷

The new military doctrine has been based on the supposition that military power is an essential tool in maintaining the critical balance, even if its use in controlling major competitors must be indirect. The Quadrennial Defense Review³¹⁸, issued two weeks after September 11, made no declaration of US peacekeeping, humanitarian or sanctions-enforcing missions. Spending would be enhanced on almost all programs, from Star Wars to counter-terrorism. The Review stated that all wars would be prosecuted by ‘decisive defeat of adversaries’, ‘regime change’ and ‘occupying foreign territory until US strategic objectives are met’. According to Mann, there was no aspiration for permanent rule abroad. But he thinks that “a ‘temporary territorial Empire’ was being contemplated, a radical departure from the ‘informal empire’ which the US had run since 1945”.³¹⁹

This new attitude is summarized in *The National Defense Strategy of the United States of America*, a report made public by the Defense Department. The document says: "Our role in the world depends on effectively projecting and sustaining our forces in distant environments where adversaries may seek to deny US access."³²⁰ Klare believes that “the military doctrine forged by the US also envisions pre-emptive military action or, more accurately, preventive strikes intended to cripple an enemy's combat capability before it can be developed to the

³¹⁷ Richard K. Betts, ‘The Political Support System for American Primacy’, *International Affairs*, Vol. 81, No. 1, Blackwell Publishing, January 2005, pp.1-14, esp. p.2.

³¹⁸ <http://www.defenselink.mil/pubs/qdr2001.pdf>, accessed on 20.03.2006.

³¹⁹ Mann, *op. cit.*, p.6.

³²⁰ <http://www.dami.army.pentagon.mil/offices/dami-zxg/National%20Defense%20Strategy%20Mar%2005-U.pdf>, accessed on 24.12.2006.

point of actually posing a threat to American interests”.³²¹ He continues to explain this new military doctrine:

A major rearrangement of American power is under way that involves a shift in the center of gravity of American military capabilities from the western and eastern borders of Eurasia to its central and southern reaches, and to neighboring areas of Africa and the Middle East. This is definite to entail the United States more intensely in the tangled internal politics of these regions, and to provoke resistance from local forces that are against to existing US policies and might dislike an evident American military existence in their midst. Away from leading to a decrease in terrorism, these actions seem to aggravate more of it.³²²

According to Marshall, a quarter of a million American military personnel (along with a quarter of a million dependents and civilians) are positioned abroad, generally on the old Cold War frontiers of Germany, Japan and South Korea. Even though, in the previous decade, “the US has decreased its military ‘footprint’ in Europe and the Pacific Rim, more bases have sprung up in the new areas of conflict extending from the Balkans to the Caspian and into Central Asia. Special treaties were signed to protect the troops from local law”.³²³

The American power move from outer Eurasia to its troubled interior is certain to produce antipathy in Russia, China, India and other established or rising powers in the region. Already, Russian leaders have articulated their anxieties for the American bases in Uzbekistan and Kyrgyzstan which were some time ago territory of the Soviet Union. Simultaneously, Chinese government officials have started to complain about what they see as the ‘encirclement’ of their state. Even though unwilling to take on the Americans opposition directly, Russia and China have negotiated a ‘strategic partnership’ among their two states and have worked

³²¹ Klare, *op. cit.*

³²² *Ibid.*

³²³ Marshall, *op. cit.*

together in the founding of a new regional security organ, the Shanghai Cooperation Organization.³²⁴

5.6 Empire as a Threat to Global Democracy

5.6.1 Imperial Overextension

In his influential book, named *The Rise and Fall of the Great Powers*, Paul Kennedy says that excessive military spending and imperial ‘overreach’ plays a role in the US global economic decline.³²⁵ Petras and Morley warned US administration and suggested that the US military and ideological hegemony is not matched by economic capacity; that “while global economic actors are expanding and securing markets, they do so with the support of an imperial state presiding over a decaying urban economy, a disaffected public, and an increasingly disreputable political system”.³²⁶ The hegemon state might be inclined to take on more duties and responsibilities, which over the long term may weaken it. This argument repeats the thesis that “the United States would eventually go the way of all powers-down. Dominant states tend to make mistakes in the exercise of their power, a problem that emerges directly from its concentration”.³²⁷ In Harvey’s view:

There was ‘more than a little utopianism’ in the neo-conservative project, for several reasons. First, instead of creating political solidarity on the home front, the project was highly divisive from the start. Second, the neo-conservative project amounted to a rejection of hegemony through consent and moral leadership in favor of domination through coercion. Third, since the new imperial project was a continuation by old and new means of

³²⁴ Klare, *op. cit.*

³²⁵ See Paul Kennedy, *The Rise and Fall of Great Powers: Economic Change and Military Conflict from 1500 to 2000*, New York: Random House, 1987.

³²⁶ James Petras, Morris Morley, *Empire or Republic? American Global Power and Domestic Decay*, New York-London: Routledge, 1995, p.24.

³²⁷ Ikenberry (ed.), *America Unrivaled: The Future of the Balance of Power*, *op. cit.*, p.12.

accumulation by dispossession, it could be expected to increase rather than decrease the ferment that has fuelled resistance against dispossession, especially in the global South and also to make a revival of the paranoid style of US politics along racist lines.³²⁸

Conservative ideologues in justifying an international system in which America would have a state-like monopoly on coercive force, they should remember what makes for a successful state. Democratic governments rule not by direct coercion but by establishing a shared sense of adherence. “In the Gramscian sense, ‘domination’ gives way to ‘hegemony’ and brute force gives way to the deeper power of consent. This is why the classic definition of the state emphasizes of *legitimate* force in a constitutional order to intensify its authority.”³²⁹

Ikenberry argues that hegemony is “not just material power capabilities and hegemonic order cannot be assured simply by a preponderance of such capabilities. A leader needs followers and the acquiescence of these followers is only achieved if the leader is seen as legitimate-and useful.”³³⁰ He indicated that “the big oak tree of American hegemony has grown steadily over the decades, but it still depends on a subterranean water supply that seems to be drying up. The world needs to begin preparing for life after the American century.”³³¹ According to Wallerstein, “we are living in a truly chaotic world and US pretensions to an impossible ‘imperium’ amount to increasing the speed of an automobile going downhill with brakes that are no longer functioning properly”.³³²

The results of the sustained diversion of state wealth to empire building over the past decade and a half for the US national economy have been disastrous: worsening social programs, deterioration of public health and educational sectors, increasing homelessness, rising unemployment and spreading poverty. Saying

³²⁸ Harvey, *op. cit.*, pp.199-209.

³²⁹ Marshall, *op. cit.*

³³⁰ Ikenberry (ed.), *America Unrivaled: The Future of the Balance of Power*, *op. cit.*, p.18.

³³¹ Ikenberry (ed.), *America Unrivaled: The Future of the Balance of Power*, *op. cit.*, p.13.

³³² Wallerstein, *op. cit.*, p.91.

differently, “the efforts by the country’s overseas investor class to sustain high global profits and market share is based on greater wealth concentration and economic inequalities in the domestic sphere”.³³³ The US national economy and society is weakening: industry and manufacturing is declining; budgets and trade deficits are growing; the foreign debt is rising; new, serious problems overwhelmed the health and education systems; social budgets are being cut to the bone; the large central cities are collapsing. Its labor force is also more and more composed of low-paid, insecure workers with no social protection or visible on-the-job representatives to defend them from employer abuses.

The inconsistencies of empire-building become more and more observable. The increasing demand of multinational corporations (MNCs) for ‘equality’ with global competitors is leading to greater ‘inequalities’ in the domestic economy. State subsidies to enable the MNCs to compete in the world market have gone hand in hand with a deregulated local economy that has implying declining wages, vanishing benefits and declining services. Enlarged diversion of funds for policing functions is an added cost for wage and salaried groups. In practice, all of them imply the transfer of income from the national labor force to outward-looking capital. A related inconsistency is between the need to exploit the domestic state to expand internationally and the declining resources of the state to finance multinational capital expansion. A third inconsistency is between multinational capital’s need for only a narrow educated labor force to guarantee its growth and the demands of the majority of the electorate, that is, the imperatives of democratic legitimacy. Another is the widening gap between US political, ideological and military power to create client regimes and the capacity to maintain these regimes in order to make available the basis for future exploitation.³³⁴

³³³ Petras, Morley, *op. cit.*, p.64.

³³⁴ *Ibid.*, pp.134-135.

The fact is that empire is an expensive enterprise. But “if they go for Empire and fail, they lose hegemony too”.³³⁵ A classic error of empire managers is to come to suppose that there is nowhere within their domain in which their presence is not crucial. Ultimately, “it becomes psychologically impossible not to insist on involvement everywhere, which is, of course, a definition of imperial overextension”.³³⁶ According to Fukuyama, “the problem with neoconservatism’s agenda lies not in its ends, which are as American as apple pie, but rather in the overmilitarized means by which it has sought to accomplish them”.³³⁷

Although the contemporary US power position might be at an advantage if it is individually contrasted with its major challengers like China, Russia, Germany, France or Japan, America’s global hegemony is declining in the international political economy. While the use of armed force has been usually a part of hegemony, military power depends, in the final analysis, upon the economic resources. The United States is demonstrating towards less ability to control economic and political events abroad. The Bush Administration reinforces, on the other hand, the arsenal in tactical weapons and wants to militarize the space so as to control the entire globe.³³⁸

Whatever the result of the Iraqi war, it seems that the United States is going to continue the world’s dominant military power for some time to come. But Arrighi believes that, “while its difficulties in Vietnam precipitated the ‘signal crisis’ of US hegemony, in retrospect US difficulties in Iraq will be seen as having precipitated its ‘terminal crisis’”.³³⁹ Niall Ferguson tried to make a brief comparison between British and American imperial rule and according to him; these two empires have many apparent similarities. “Unlike Britain, however, the

³³⁵ Mann, *op. cit.*, p.265.

³³⁶ Chalmers Johnson, *Blowback*, New York: Metropolitan Books, Henry Holt and Company, 2000, p.221.

³³⁷ Francis Fukuyama, ‘After Neoconservatism’, *op. cit.*

³³⁸ Ataöv, *op. cit.*, p.101.

³³⁹ Arrighi, ‘Hegemony Unravelling-1’, *op. cit.*, p.57.

US has no territorial empire from which to extract the resources needed to retain its politico-military pre-eminence in an increasingly competitive world.”³⁴⁰

Wallerstein argues that “with the Iraq War, the world is marking the end of the beginning of the new world disorder that has replaced the world order dominated by the United States from 1945 to 2001”.³⁴¹ In the end, the military interventions might exhaust American imperial resources, particularly the will of the American voters to sustain it. According to Arrighi, the Iraqi War for United States will “far from being the opening act of a new American Century, it will probably be the closing act of the first and only one, the ‘long’ twentieth century”.³⁴² Michael Mann adds that, “the US is going against the tide of history. At the beginning of the twenty-first century, sovereign nation states cannot be successfully ruled or dominated by foreign militarism. The new militarism brings more resistance, more violence, more devastation.”³⁴³

5.6.2 Global Resistance against the United States

According to Wallerstein, the system which is known for 500 years could no longer provide long-term prospects of capital accumulation. The international system has entered “a period of world chaos. Wild swings in the economic, political, and military situations are leading to a systemic bifurcation—that is, to a world collective choice about the kind of new system the world will construct over the next fifty years.”³⁴⁴ In order to comprehend these events of the next fifty years, one must realize environmental scarcity, cultural and racial clash, geographic destiny and the transformation of war.³⁴⁵ Wood suggests that

³⁴⁰ *Ibid.*, p.64.

³⁴¹ Wallerstein, *op. cit.*, p.106

³⁴² Arrighi, ‘Hegemony Unravelling-1’, *op. cit.*, p.61.

³⁴³ Mann, *op. cit.*, p.260.

³⁴⁴ Wallerstein, *op. cit.*, p.108.

“globalization, the economic imperialism of capital taken to its logical conclusion, has, paradoxically, required a new doctrine of extra-economic, and especially military, coercion”.³⁴⁶

Like ‘world-systems theorists’, the French demographer and essayist Emmanuel Todd suggests that American decline has already set in and will not be overturned by the new imperialists. He says all its powers are deteriorating. Its military has a soft underbelly—reluctant to take casualties; its economic ‘tribute-taking’ is increasingly fragile; its own democracy is weakening while global democracy is strengthening global resistance against the United States; and the US is reconciling from American values which have had a universal appeal. While the US is weakening in all four ways, its potential rivals Europe and Russia—and later China—are beginning resurgence.³⁴⁷ This difference symbolizes the oldest story in the history of hegemonic powers. “The dominant power focuses (to its detriment) on the military; the candidate for successor focuses on the economy. The latter has always paid off, handsomely. It did for the US. Why should it not pay off Japan too, perhaps in alliance with China?”³⁴⁸

Hegemony needs multilateral commitment to the rules of the game. Such commitment in the past brought major advantages to the United States. The dollar and the UN have been essential to American hegemony in the world by making it a legitimate leadership. In the medium term does the world, mainly its richer parts, have a real weapon to use against the United States. The dollar is still the world reserve's currency by consent. Like the United Nations (UN), there is American leadership, but underneath there is also a multilateralism. Certainly, capital flight is chosen more by markets than governments. But if European and East Asian financiers lose confidence in the strength and stability of a permanent

³⁴⁵Robert Kaplan, ‘The Coming Anarchy’, *The Atlantic Monthly*, February 1994, <http://www.theatlantic.com/doc/prem/199402/anarchy>, accessed on 22.02.2007.

³⁴⁶ Wood, *op. cit.*, p.164.

³⁴⁷ See Todd, *op. cit.*

³⁴⁸ Wallerstein, *op. cit.*, p.26.

American war economy, they might hedge their investments. Then if the euro or the yen were made probably more attractive by world public, the capital flight from USA would rise and it can decrease American economic power. Once that occurred, the US would be reduced back to its own resources and Americans would hesitate at paying for the entire military machine themselves. Even without major capital flight, the euro might become stronger as Britain, the Norwegian oil economy and Eastern Europe join it. As a result, American economic hegemony might have to submit to a dual reserve currency.³⁴⁹

Under the current conditions, the celebrated philosophical essay of Karl Popper³⁵⁰ (1902-94) on 'open society' might need another volume on the United States as a threat to it. Politics dislikes vacuum. If no one promotes hope, someone will encourage fear. A plain change of government could not solve US deep problems. Its alternative has to say how to succeed. An only substitution of the government may not be sufficient to undo the damage. The United States should realize to respect world public opinion, make use of diplomacy and employ peaceful means to solve disputes, not resort to war for problem-solving. The present war on terrorism is not a 'just war'. Therefore, it seems to be more likely to bring about a permanent state of war. The solution is not to go to the mainstream, but to bring the mainstream to what is fair and true.³⁵¹

³⁴⁹ Mann, *op. cit.*, p.264.

³⁵⁰ See Karl Popper, *The Open Society and Its Enemies*, 2 vols., Princeton, N. J.: Princeton University Press, 1963.

³⁵¹ Ataöv, *op. cit.*, p.108.

CONCLUSION

Economic Globalization, often acknowledged as the Washington Consensus, or from time to time plainly as 'free trade', has been the central ideological element in the American foreign policy especially after the Cold War. It is propagated indirectly through multilateral organizations, for example the World Bank, the International Monetary Fund and the World Trade Organization. Its main principles are privatization, deregulation, 'openness' to foreign investment and to international trade, unlimited movement of capital and lower taxes. It is recommended forcefully to developing states as a guideline for economic administration. However, it is much more than a simple theory. It has worked for the American interests in order to restore its declining hegemony since 1970s.

The World Bank, the International Monetary Fund and the World Trade Organization exercise remarkable control and force on the world economy. They exclude the voices of developing states which are most negatively influenced by economic and foreign trade policies. The policies of the World Bank, the IMF and the WTO are often the product of pressure from trade policies of the US to promote its national interests in world economy.

The World Bank is a multilateral organization founded in Washington. Its main function is to lend credits to states and state agencies for development programs. For many decades, the World Bank has enforced inflexible provisions, recognized as 'Structural Adjustment Programs', on beneficiary states, compelling them to accept social and economic reforms for instance privatization of national companies, deregulation of capital markets and cutting back of public projects for social welfare. Privatization of public pensions, water supplies and energy resources, fees for public schools and hospitals are among the most debated Bank reforms. While the Bank persists that 'fighting poverty' is its main concern, a lot of thinkers believe that its policies are accountable for increasing poverty in many countries. Numerous critics also assess its disturbing connection with Wall Street and the United States Treasury Department. The resignation of Joseph Stiglitz

from the occupation of World Bank Vice Presidency and being Chief Economist in 1999 and his following arguments indicate that the Bank is not good-working enough as it is supposed to be.

The International Monetary Fund, founded in Washington like World Bank, is a multilateral organization, which provides credits to states to calm down national currencies after the financial crises and preserve stability in the global monetary markets. For more than twenty years, the Fund has forced strict credit provisions that frequently cause to deterioration of economic situation for people in the states after economic crises. The Fund is notorious for its strict rules for developing countries even more than the World Bank. Its terrible decisions in the Asian Crisis and in Argentina had caused to a huge accusation that its solutions were worse than the actual problem of these countries.

The World Trade Organization was established in 1995 in order to take place of the General Agreement on Tariffs and Trade (GATT). This multilateral institution intends to decrease tariffs and non-tariff barriers to enhance global trade. The member governments convene in ministerial sessions at least once every two years. Underdeveloped states are anxious that more liberalization of trade would be useful merely for developed states. They think that WTO decisions are supporting the benefits of international creditors and disregarding agricultural protectionism and trade subsidies by developed states. Many thinkers frequently criticize that the WTO is working undemocratically, because it has not transparent bargaining processes that damage the interests of the small countries. In the year of 2006, five years of Doha Round negotiations finished without any accord, causing many scholars to question economic globalization further.

Many American political intellectuals, as well as numerous writers on American foreign policy, have been supporting an ideology of empire for a long time. Many of them are working in universities; some of them are important media analysts. When the September 11 events were realized, the time had long been ready for systematically putting into practice an ideology of empire. However, George W. Bush did not want to use this program in his election campaign in 2000. He promoted a more limited use of American power.

Therefore, September 11 brought a deep change into American foreign policy. The already offered ideology of empire assisted to eliminate any inhibitions which the president might have had during his foreign policy after September 11, 2001.

Instead of economic globalization, United States wants to use now its military power in foreign relations with other countries. Especially after the September 11, 2001, the Bush government announced a global 'war on terror'. It entails open and hidden armed operations, new security legislation and attempts to obstruct the funding of terrorism. United States requested on other governments to join in the war against terrorism declaring that "either you are with us, or you are with the terrorists". Many states joined this campaign, often adopting severe new laws, lifting old rules and intensifying national security and intelligence work.

The Bush doctrine of preemptive war challenges the UN Charter, because it accepts the right for the US to exercise illegal force against other states. Assigning the United States to a much extended understanding of security, it suggests that the United States must preserve the right to act preemptively and unilaterally against potentially threatening states or organizations. It appears to the supporters of the ideology of American empire that United States is entitled to dictate the world. Some of these supporters have worked long and hard to make this ideology of empire prevailing in American foreign policy.

The Bush government has followed on a foreign policy of assertive unilateralism, ignoring the United Nations and international law. Moreover, Washington is disregarding, blocking, violating or even unsigning international treaties. The government has not accepted to sign the Kyoto protocol and the comprehensive test ban treaty on nuclear disarmament. It abolished the Anti Ballistic Missile treaty and obstructed attempts to make stronger the biological weapons convention. The administration persists to violate the Geneva Conventions by rejecting the rights of the prisoners held at Guantanamo Bay in Cuba. In May 2002, Washington declared that it would unsign the Rome Treaty founding the International Criminal Court, declaring that the Court might subject US citizens to a politically motivated international justice.

Today, it seems that the United States is the most dominant nation in the global politics according to many observers. It is often acting unilaterally and it looks like an empire. Although many persist that 'empire' implies only direct rule over large-scale conquered territory, the United States seems at present imperial. This concept has penetrated into general usage, both between opponents and between supporters of strong US military policy and universal supremacy. Prominent US neo-conservatives are making use of this term without restraint, claiming that the US is the most benign state in the world and that it ought to employ its imperial power forcefully to enlarge 'freedom' globally. However, by using its financial, political and military power internationally; it is restricting the power of international law, decreasing the authority of international organizations and lessening the probability of multilateral interference into international problems. This practice of foreign policy also gives rise to the legitimacy crisis of United States global hegemony.

The Bush government's military expansion has links to its economic expansion. After the Second World War, US military organization has been supporting transnational capital and neo-liberal regulations whose reason is to safeguard an open trade and investment system all over the earth. Through the IMF, the World Bank and the WTO; United States is implementing economic authority over developing states and it has outlined the global trade according to its national interests. The US decision-makers might intend not only a 'regime change' in Kabul and Baghdad, but also a radical conversion of the region. US-based large-scale oil companies, seeking increased profits, had an important role in the invasion and occupation of Iraq.

The huge energy companies situated in the America and in the England have been eager to return into Iraq oil market, from which they were prohibited after the nationalization of oil in 1972. In the final years of the Saddam regime, they are envious of corporations from Russia, France, China and others, who had acquired major contracts. But UN sanctions made these contracts inoperable after the occupation of Iraq. Since the invasion in March 2003, nothing is same in Iraq. In this new framework prepared by United States, these companies are looking

forward to get most of the profitable oil agreements that might be worth hundreds of billions of dollars in the coming years. The Iraqi constitution of 2005, seriously manipulated by US consultants, included articles that guarantee a great role for foreign corporations. Negotiators are expecting to sign Production Sharing Agreements that might provide these corporations supervision over oil resources. The political prospect of Iraq is very problematic, but oil continues to be the fundamental element of this geography.

Despite these gains from the Iraqi operation, United States economic situation is worsening mostly because of its increasing trade deficit. The US is more reliant on other countries for capital investments than at any time in the past 50 years. In global finance, the US is not only less powerful, but also it is now vulnerable. Its most fragile aspect is the dollar, which has been losing its value since the 1970s as the main currency in the world. In addition to global economic decline, it seems that the United States has to face up to a global rival: China.

China has accomplished and sustained remarkable development, even in the current international economic recession. China, even though progressively more integrated into the global economy and in recent times accepted to the WTO, is pursuing a growth path peculiar to itself. It has severe controls of international capital movements. It is prohibiting foreigners from possessing many types of stock. It is acting slowly in the privatization of state companies. The state has been preserving supervision of the banking system. However, everyone would like to do business with China due to the size and cheapness of its labor force and the size of its consumer market, which is growing rapidly together with its urban middle class.

The present international system is built around US hegemony. It includes both coercion and consent of hegemonic power. In the end, it might change in either the way of an extended informal empire or a more egalitarian, nonviolent international system. However, the war of George W. Bush with terrorism might drive US foreign policy in the way of empire-building. After its unilateral choice to occupy Iraq against the determinations of the United Nations, US has consumed the wishful thinking of global public for United States which it has

collected during the Cold War. The Bush doctrine that the US has the unilateral right to send its armed forces anywhere around the world to pre-empt apparent threats weakened a half century of evolution of international law and institutions.

In the last decade, in which the US has been the hegemonic power, contained more wars, civil wars and terrorism than previously. Rising military expenditures and other associated spendings might insert additional weight on the destabilized US economy because of government deficits, decreased social safety nets, increasing unemployment and falling domestic demand for goods and services except the military sector. Against the new threats such as emergence of China as a global power, the changing character of Europe with European Union or the accelerating competition for energy resources might force United States to follow a much more aggressive foreign policy in the future. However, US might not be able to continue its empire project because of its imperial overextension and global resistance of world public. It should change its foreign policy by focusing again into its soft power and learn to respect world public opinion and rules of international diplomacy.

APPENDICES

APPENDIX A

List of Countries by Gross Domestic Product (GDP)

(The GDP dollar estimates are derived from Purchasing Power Parity (PPP) calculations.)

1. List by the International Monetary Fund.

Rank	Country	GDP (PPP) \$m
—	<u>World</u>	61,027,505
—	<u>European Union</u>	12,427,413
1	<u>United States</u>	12,277,583
2	<u>People's Republic of China</u>	9,412,361 ¹
3	<u>Japan</u>	3,910,728
4	<u>India</u>	3,633,441
5	<u>Germany</u>	2,521,699
6	<u>United Kingdom</u>	1,832,792
7	<u>France</u>	1,830,110
8	<u>Italy</u>	1,668,151
9	<u>Brazil</u>	1,576,728
10	<u>Russia</u>	1,575,561

Note 1: China: this does not include the two special administrative regions, namely Hong Kong and Macau. This also does not include the territories under the administration of the Government of the Republic of China on Taiwan, such as the islands of Taiwan, Pescadores, Quemoy and Matsu.

Sources: International Monetary Fund, World Economic Outlook Database, September 2006; World and EU: September 2006. Data for the year 2005.

2. List by the World Bank.

Rank	Country	GDP (PPP) \$m
—	<u>World</u>	61,006,604
—	<u>European Union</u>	12,626,921
1	<u>United States</u>	12,409,465
2	<u>People's Republic of China</u>	8,572,666 ¹
3	<u>Japan</u>	3,943,754
4	<u>India</u>	3,815,553 ²
5	<u>Germany</u>	2,417,537
6	<u>United Kingdom</u>	1,926,809
7	<u>France</u>	1,829,559
8	<u>Italy</u>	1,667,753
9	<u>Brazil</u>	1,627,262
10	<u>Russia</u>	1,559,934

Note 1: Estimate is based on a bilateral comparison between the People's Republic of China and the United States.

Note 2: Estimate is based on regression; other PPP figures are extrapolated from the latest International Comparison Programme benchmark estimates.

Source: World Bank - July 1, 2006 Data as of 2005.

3. List by the CIA World Factbook

Rank	Country	GDP (PPP) \$m
—	<u>World</u>	60,630,000
1	<u>United States</u>	12,310,000
—	<u>European Union</u>	12,180,000
2	<u>People's Republic of China</u>	8,883,000
3	<u>Japan</u>	4,025,000
4	<u>India</u>	3,666,000
5	<u>Germany</u>	2,480,000
6	<u>United Kingdom</u>	1,818,000
7	<u>France</u>	1,794,000
8	<u>Italy</u>	1,667,000
9	<u>Russia</u>	1,584,000
10	<u>Brazil</u>	1,536,000

Source: The World Factbook, United States Central Intelligence Agency (CIA), 14 November 2006. (All information are estimates and refers to various years from 1993 till 2005).

APPENDIX B

The Table of Economic Indicators, 2004 and 2005.

Country	GDP		Inflation Consumer Price Index		Current Account Percent of GDP		Unemployment	
	2004	2005	2004	2005	2004	2005	2004	2005
Europe								
Euro Area	2.2	2.2	2.1	1.9	0.8	0.9	9.0	8.7
France	2.6	2.3	2.4	2.1	-0.6	-0.6	9.4	9.0
Germany	2.0	1.8	1.8	1.3	4.4	4.8	9.7	9.5
Italy	1.4	1.9	2.1	2.0	-1.1	-0.8	8.3	8.2
United Kingdom	3.4	2.5	1.6	1.9	-2.0	-1.9	4.8	4.8
Asia								
China	9.0	7.5	4.3	3.0	2.4	2.8	9.8*	-
India	6.4	6.7	4.7	5.0	0.5	-	-	-
Japan	4.4	2.3	-0.2	-0.1	3.4	3.2	4.7	4.5
South Korea	4.6	4.0	3.8	3.8	3.1	3.3	3.5	3.6
Taiwan	5.6	4.1	1.1	1.5	6.9	6.0	4.7	4.5
North America								
Canada	2.9	3.1	1.9	2.2	2.9	2.4	7.2	6.8
Mexico	4.0	3.2	4.4	4.0	-1.2	-1.5	3.6**	-
United States	4.4	3.0	2.3	3.0	-5.4	-5.1	5.5	5.4
Additional Countries								
Brazil	4.0	3.5	4.0	3.5	1.2	0.4	-	-
Russia	7.3	6.6	10.3	8.9	9.9	7.8	-	-

*Average second quarter **Second quarter
Sources: Center for Econometric Model Research, Indiana University; International Monetary Fund World Economic Outlook, Fall 2004; The Economist Intelligence Unit Country Reports

Source:

http://www.ibrc.indiana.edu/ibr/2004/outlook05/images/international_tab1_large.gif, accessed on 07.01.2007

APPENDIX C

World Energy Consumption with Future Forecasts

1. Fuel Shares of World Marketed Energy Use, 2003, 2015, and 2030.

Fuel Shares of World Marketed Energy Use, 2003, 2015, and 2030
Percent of Total

	Oil	Coal	Natural Gas	Renewables	Nuclear
2003	38,53	23,85	23,55	7,77	6,3
2015	35,34	25,63	24,82	8,72	5,5
2030	33,13	27,1	26,31	8,65	4,81

Sources: US Energy Information Administration (EIA), *International Energy Annual 2003* (May-July 2005), web site: www.eia.doe.gov/iea/, 2015 and 2030: EIA, *System for the Analysis of Global Energy Markets* (2006), accessed on 23.12.2006.

2. World Energy Consumption, 2001-2025.

World Energy Consumption, 2001-2025							
Fuel&Region	(Quadrillion Btu)			(Million Tons of Oil Equivalent)			Average Annual Percent Change
	2001	2010	2025	2001	2010	2025	2001-2025
By Fuel							
Oil	156.5	185.4	245.3	3,943	4,671	6,182	1.9
Natural Gas	93.1	108.5	156.5	2,346	2,735	3,943	2.2
Coal	95.9	108.0	140.2	2,418	2,722	3,534	1.6
Nuclear	26.4	29.8	30.4	667	751	767	0.6
Other	32.2	39.0	50.4	810	984	1,270	1.9
Total	403.9	470.8	622.9	10,184	11,863	15,697	1.8
By Region							
North America	115.6	134.5	166.6	2,918	3,389	4,197	1.5
Western Europe	68.2	71.2	79.7	1,711	1,794	2,008	0.7
Industrial Asia	27.7	30.6	35.1	699	771	885	1.0
EE/FSU	53.3	59.0	75.6	1,349	1,487	1,906	1.5
Developing Asia	85.0	110.6	173.4	2,142	2,786	4,369	3.0
Middle East	20.8	25.0	34.1	523	629	860	2.1
Central & South America	12.4	14.6	21.5	314	367	542	2.3
<small>EE/FSU= Eastern Europe/Former Soviet Union. Note: Totals may not equal sums because of independent rounding. Sources: 2001: Energy Information Administration (EIA), <i>International Energy Annual 2001</i>, DOE/EIA-0219(2001) (Washington, DC, February 2003). Projections: <i>International Energy Outlook 2004</i>, DOE/EIA-0484(2004) (Washington, DC, April 2004).</small>							

Source: <http://www.eia.doe.gov/oiaf/ieo/highlights.html>, accessed on 23.12.2006.

APPENDIX D

World Primary Energy Consumption by Region, 1995-2004.

World Primary Energy Consumption by Region, 1995-2004 (Quadrillion Btu)										
Region and Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 [*]
North, Central, and South America	*126.46	*130.84	*132.59	*133.64	*136.09	*139.26	*136.83	*138.58	*140.00	143.16
Argentina	2.31	2.39	2.46	2.57	2.60	2.66	2.61	2.47	*2.66	2.79
Brazil	7.05	7.48	7.88	8.14	8.29	8.58	8.50	8.60	*8.71	9.08
Canada	*12.22	12.55	12.64	*12.33	*12.92	*13.05	*12.82	*13.08	*13.52	13.60
Mexico	5.43	*5.53	5.68	5.96	6.04	6.32	*6.26	*6.33	*6.51	6.61
United States	*91.20	*94.23	*94.80	*95.20	96.84	*98.98	*96.50	*97.97	*98.27	100.41
Venezuela	2.47	2.57	2.66	2.85	2.73	2.77	3.03	*2.93	*2.72	2.88
Other	5.79	6.09	*6.46	6.59	6.68	*6.90	7.11	*7.20	*7.60	7.79
Europe¹	76.58	*79.31	*79.55	*80.18	*80.17	*81.28	*82.46	*82.20	*84.01	85.65
France	10.09	*10.43	10.38	10.60	10.73	10.87	11.09	*11.01	*11.12	11.25
Germany	14.31	14.40	14.31	14.33	14.11	14.26	14.62	*14.34	*14.59	14.69
Italy	7.08	7.11	7.22	7.42	7.56	7.63	7.68	7.70	*7.98	8.27
Spain	4.31	4.42	4.69	4.93	5.16	5.53	5.79	*5.87	*6.18	6.40
Turkey	2.49	2.75	2.93	*3.00	2.91	3.16	2.89	*3.15	*3.31	3.53
United Kingdom	9.45	10.05	*9.74	*9.74	9.76	9.68	9.82	*9.69	*9.88	10.04
Other	17.00	17.54	17.64	17.64	17.38	17.82	18.17	18.20	18.47	18.60
Eurasia²	42.43	*41.19	*38.97	*38.75	*39.82	*40.60	*41.04	*41.71	*43.42	45.18
Russia	27.94	27.36	25.77	25.96	27.01	27.46	27.70	*27.93	*28.76	30.06
Ukraine	7.23	*6.34	*6.07	*5.86	*5.76	*5.75	*5.65	*5.83	6.26	6.49
Other	5.40	5.60	5.26	5.10	5.18	5.45	5.66	5.86	6.28	6.40
Middle East	*13.87	*14.62	*15.67	*16.36	*16.76	*17.32	*18.06	19.08	*19.86	21.14
Iran	3.82	3.95	4.43	*4.58	*4.83	*5.01	5.38	5.88	*6.17	6.45
Saudi Arabia	3.82	4.10	4.36	4.54	4.59	4.84	5.13	5.37	*5.75	6.10
Other	*6.23	*6.57	*6.88	*7.25	*7.34	*7.47	*7.55	*7.82	*7.94	8.59
Africa	10.64	*10.92	*11.39	*11.27	*11.53	*11.98	*12.59	*12.68	*13.32	13.71
Egypt	1.58	*1.72	1.79	1.85	1.89	*2.01	2.25	*2.27	*2.45	2.52
South Africa	4.11	4.16	4.55	4.35	*4.42	*4.55	*4.64	*4.52	*4.89	5.12
Other	*4.94	*5.03	5.05	*5.08	5.22	5.42	*5.70	*5.89	*5.98	6.06
Asia and Oceania³	*95.60	*98.18	*102.65	*101.69	*104.72	*109.13	*112.55	*115.47	*125.05	137.61
Australia	4.05	4.22	4.56	4.60	4.82	*4.83	*4.99	*5.10	*5.09	5.27
China	35.15	*35.92	*37.56	*37.00	*36.91	*38.80	*40.83	*42.38	*49.73	59.57
India	11.49	11.14	11.76	*12.22	*12.80	*13.55	*13.97	*13.96	*14.44	15.42
Indonesia	3.26	3.52	3.65	3.56	3.92	4.10	*4.46	*4.63	*4.70	4.69
Japan	*20.71	*21.26	*21.94	21.52	*22.02	*22.45	*22.18	*21.99	*22.20	22.62
Malaysia	1.47	1.64	1.67	1.69	1.74	1.87	2.11	*2.24	*2.46	2.52
South Korea	6.52	*6.87	*7.47	*6.90	*7.55	*7.92	8.02	*8.42	*8.69	8.99
Taiwan	2.86	3.06	3.20	3.39	3.54	3.77	3.85	4.01	*4.20	4.40
Thailand	2.24	2.44	2.59	2.43	2.50	2.58	2.70	*2.94	*3.23	3.42
Other	7.84	*8.11	*8.25	*8.38	*8.93	*9.27	*9.44	*9.79	*10.31	10.72
World	*365.58	*375.06	*380.82	*381.90	*389.09	*399.57	*403.53	*409.73	*425.66	446.44

Note: R=Revised./P=Preliminary.

Sources: US Energy Information Administration, *International Energy Annual 2004*, May-July 2006.

<http://www.eia.doe.gov/emeu/aer/txt/ptb1103.html>, accessed on 23.12.2006.

APPENDIX E

World Oil Production

1. Top World Oil Producers, Exporters, Consumers, and Importers, 2004

(millions of barrels per day)

Producers ¹	Total oil production	Exporters ²	Net oil exports	Consumers ³	Total oil consumption	Importers ⁴	Net oil imports
1. <i>Saudi Arabia</i>	10.37	1. <i>Saudi Arabia</i>	8.73	1. United States	20.5	1. United States	11.8
2. Russia	9.27	2. Russia	6.67	2. China	6.5	2. Japan	5.3
3. United States	8.69	3. Norway	2.91	3. Japan	5.4	3. China	2.9
4. <i>Iran</i>	4.09	4. <i>Iran</i>	2.55	4. Germany	2.6	4. Germany	2.5
5. Mexico	3.83	5. <i>Venezuela</i>	2.36	5. Russia	2.6	5. South Korea	2.1
6. China	3.62	6. <i>United Arab Emirates</i>	2.33	6. India	2.3	6. France	2.0
7. Norway	3.18	7. <i>Kuwait</i>	2.20	7. Canada	2.3	7. Italy	1.7
8. Canada	3.14	8. <i>Nigeria</i>	2.19	8. Brazil	2.2	8. Spain	1.6
9. <i>Venezuela</i>	2.86	9. Mexico	1.80	9. South Korea	2.1	9. India	1.5
10. <i>United Arab Emirates</i>	2.76	10. <i>Algeria</i>	1.68	10. France	2.0	10. Taiwan	1.0
11. <i>Kuwait</i>	2.51	11. <i>Iraq</i>	1.48	11. Mexico	2.0		
12. <i>Nigeria</i>	2.51	12. <i>Libya</i>	1.34				
13. United Kingdom	2.08	13. Kazakhstan	1.06				
14. <i>Iraq</i>	2.03	14. Qatar	1.02				

NOTE: OPEC members in italics.

1. Table includes all countries with total oil production exceeding 2 million barrels per day in 2004. Includes crude oil, natural gas liquids, condensate, refinery gain, and other liquids.

2. Includes all countries with net exports exceeding 1 million barrels per day in 2004.

3. Includes all countries that consumed more than 2 million barrels per day in 2004.

4. Includes all countries that imported more than 1 million barrels per day in 2004.

Source: US Energy Information Administration (EIA).
www.eia.doe.gov/emeu/cabs/, accessed on 23.12.2006.

2. Greatest Oil Reserves by Country in 2006.

Rank	Country	Proved reserves (billion barrels)
1.	Saudi Arabia	264.3
2.	Canada	178.8
3.	Iran	132.5
4.	Iraq	115.0
5.	Kuwait	101.5
6.	United Arab Emirates	97.8
7.	Venezuela	79.7
8.	Russia	60.0
9.	Libya	39.1
10.	Nigeria	35.9
11.	United States	21.4
12.	China	18.3
13.	Qatar	15.2
14.	Mexico	12.9
15.	Algeria	11.4
16.	Brazil	11.2
17.	Kazakhstan	9.0
18.	Norway	7.7
19.	Azerbaijan	7.0
20.	India	5.8
	Top 20 countries	90.2
	Rest of world	68.1
	World total	1,292.5

NOTES: Proved reserves are estimated with reasonable certainty to be recoverable with present technology and prices.

Source: Oil & Gas Journal, Vol. 103, No. 47, 19 December 2005, From: US Energy Information Administration.
<http://www.eia.doe.gov/emeu/international/petroleu.html>, accessed on 23.12.2006.

LIST OF REFERENCES

BOOKS AND ARTICLES

- Abraham, Filip; Hove, Jan Van, 'The Rise of China: Prospects of Regional Trade Policy', *Review Of World Economics*, Vol. 141, No. 3, 2005, pp.488-489.
- Ahrari, M.E., Beal, James, *The New Great Game in Muslim Central Asia*, Washington, D.C.: McNail Paper 47, National Defense University, Institute for National Strategic Studies, 1996.
- Amin, Samir, 'Empire and Multitude', *Monthly Review*, Volume 57, Number 6, November 2005, <http://www.monthlyreview.org/1105amin.htm>, accessed on 14.01.2007.
- Arrighi, Giovanni; Silver, Beverly J., *Chaos and Governance in the Modern World System*, Minneapolis: University of Minnesota Press, 1999.
- Arrighi, Giovanni, 'Global Market', *Journal of World System Research*, Vol V, Number 2, 1999, pp.217-251.
- Arrighi, Giovanni, 'Globalization, State Sovereignty and the "Endless" Accumulation of Capital', 1997, <http://www.binghamton.edu/fbc/gairvn97.htm>, accessed on 11.03.2007.
- Arrighi, Giovanni, 'Hegemony Unravelling-1', *New Left Review* 32, March-April 2005, pp.23-80.
- Arrighi, Giovanni, 'Spatial and Other "Fixes" of Historical Capitalism', *Journal of World-Systems Research*, Volume 10, Number 2, Summer 2004, pp.527-539, esp. p.528.
- Ataöv, Türkkaya, *9/11 Discrimination in Response*, Geneva: EAFORD, 2004.
- Atikkan, Zeynep, *Amerikan Cinneti, 11 Eylül Amerika'yı Nasıl Değiştirdi?*, İstanbul: Yapı Kredi Publishing, 2006.
- Bacevich, Andrew J., *American Empire: The Realities and Consequences of US Diplomacy*, Cambridge: Harvard University Press, 2002.

- Bello, Walden, 'Crises of the Globalist Project', *Focus on Global South*, 2003, <http://www.revolutionintheair.com/strategy/Bello.pdf>, accessed on 24.10.2005.
- Barnett, Thomas P. M., *U. S. Naval War College, The Pentagon's New Map* (Maps by William McNulty), Esquire, March 2003 issue.
- Bell, Dabiel, *The Coming of Post-Industrial Society*, New York: Basic Books, 1976.
- Bennis, Phyllis, *Before&After U.S. Foreign Policy and The War on Terrorism*, New York, Northampton: Olive Branch Press, 2003.
- Betts, Richard K., 'The Political Support System for American Primacy', *International Affairs*, Vol. 81, No. 1, Blackwell Publishing, January 2005, pp.1-14.
- Bichler, Shimshon; Nitzan, Jonathan, *The End of Neoliberalism?*, Jerusalem and Montreal, December 2003, <http://www.net4dem.org/mayglobal/Papers/JonathanNitzan.pdf>, accessed on 18.07.2006.
- Bleha, Thomas, 'Down to the Wire', *Foreign Affairs*, May/June 2005, <http://www.foreignaffairs.org/20050501faessay84311/thomas-bleha/down-to-the-wire.html>, accessed on 20.11.2005.
- Block, Fred, *Origins of International Economic Disorder: A Study of United States International Monetary Policy from World War II to the Present*, Berkeley: University of California Press, 1977.
- Braudel, Fernand, *The Perspective of the World: Civilization and Capitalism 15Th-18th Century*, New York: University of California Press, 1992.
- Brenner, Robert, 'The Economics of Global Turbulence', *New Left Review*, No:229, May/June 1998, pp.1-264.
- Brenner, Robert, *The Boom and The Bubble*, London: Verso, 2002.
- Brown, Thomas Ford, 'Ideological Hegemony and Global Governance', *Journal of World-Systems Research*, Spring 1997, Volume 3, Number 2, pp.250-258.
- Brzezinski, Zbigniew, *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives*, New York: Basic Books, 1997.

- Callinicos, Alex, 'The Grand Strategy of the American Empire', *International Socialism* 97, Winter 2002.
- Castells, Manuel, *The Rise of the Network Society*, New York: Blackwell Publishers, 2000.
- Castells, Manuel; Carnoy Martin, 'Globalization, The Knowledge Society and The Network State: Poulantzas at the Millennium', *Global Networks*, Vol.1, Issue 1, 2001, pp.1-18.
- Chang, Ha-Joon, *Kicking Away the Ladder: Development Strategy in Historical Perspective*, London: Anthem Press, 2002.
- Chomsky, Noam, *Hegemony or Survival: America's Quest for Global Dominance*, New York: Metropolitan Books, 2003.
- Clarke, Simon, 'The Global Accumulation of Capital and the Periodisation of the Capitalist State Form' in W. Bonefeld, R. Gunn and K.Psychopedis (eds.) *Open Marxism, Vol.1, Dialectics and History*, London: Pluto Press, 1992, pp.133-150.
- Clarke, Simon, 'Class Struggle and the Global Overaccumulation of Capital', in Albritton R., Itoh M., Westra R., Zuege A. (eds.), *Phases of Capitalist Development*, Palgrave, London, 2001, pp. 76-92.
- Cox, Michael, 'Empire by denial: The strange case of the United States', *International Affairs*, Volume 81, Number 1, Blackwell Publishing, January 2005, pp.15-30.
- Cox, Robert, *Production, Power and World Order*, New York: Columbia University Press, 1987.
- Cuthbertson, Ian, 'The New 'Great Game'', *World Policy Journal*, New York, XI/4, Winter 1994-95, pp. 31-43.
- Daalder, Ivo H.; Lindsay, James M., *America Unbound: The Bush Revolution in Foreign Policy*, Washington, D.C.: Brookings Institution Press, 2003.
- Dalby, Simon, 'Political Space: Autonomy, Liberalism and Empire', *Alternatives: Global, Local, Political*, Vol. 30, No. 4, Lynne Rienner Publishers, October-December 2005, pp. 415-441.

- De Rivero, Oswaldo, *The Myth of Development: The Non-Viable Economies of the 21st Century*, London: Zed Books, 2001.
- Dowd, Doug, 'Refuting the Big Lie', *Monthly Review*, March 2000, <http://www.monthlyreview.org/301dowd.htm>, accessed on 11.03.2005.
- Du Boff, Richard B., 'US Hegemony, Continuing Decline, Enduring Danger', *Monthly Review*, 55/7, December 2003, <http://www.monthlyreview.org/1203duboff.htm>, accessed on 28.04.2005.
- Dumas, Charles; Choyleva, Diana; Stein, Gabriel, 'The Hegemon Stumbles', *Euromoney*, January 2007, pp.110-111.
- Duménil, Gérard; Lévy, Dominique, *Capital Resurgent: Roots of the Neoliberal Revolution*, Cambridge, MA: Harvard University Press, 2004.
- Duménil, Gérard; Lévy Dominique, 'The New Configuration of US Imperialism in Perspective', *EconomiX*, PSE: Paris, 2004, www.jourdan.ens.fr/levy/biblioa.htm, accessed on 10.05.2006.
- Duménil, Gérard; Lévy, Dominique, 'Neoliberal Dynamics - Imperial Dynamics', *EconomiX*, PSE: Paris, September 2003, www.jourdan.ens.fr/levy/biblioa.htm, accessed on 10.05.2006.
- Duménil, Gérard; Lévy, Dominique, 'The Economics of US Imperialism at the Turn of the 21st Century', *Review of International Political Economy*, Vol. 11, No. 4, October 2004, pp. 657-676.
- Duong, Thanh, *Hegemonic Globalisation: US Centrality and Global Strategy in the Emerging World Order*, Aldershot, U.K.: Ashgate, 2002.
- Ellwood, Wayne, *The No-Nonsense Guide to Globalization*, London: Verso, 2001.
- Eralp, Atila, 'Hegemonya', in Eralp, Atila (ed.), *Devlet ve Ötesi*, Istanbul: İletisim Publishing, 2005, pp. 155-181.
- Ferguson, Niall, 'Hegemony or Empire', *Foreign Affairs*, September/October 2005. <http://www.foreignaffairs.org/20030901fareviewessay82512/niall-ferguson/hegemony-or-empire.html>, accessed on 20.05.2006.

- Ferguson, Niall, 'Sinking Globalization', *Foreign Affairs*, March/April 2005, <http://www.foreignaffairs.org/20050301faessay84207/niall-ferguson/sinking-globalization.html>, accessed on 20.05.2006.
- Ferguson, Niall, 'The Next War of the World', *Foreign Affairs*, September/October 2006, Volume 85, No. 5, pp.61-74.
- Frank, Andre Gunder, '*Paper Tiger in Washington: Fiery Dragon in the Pacific*', Luxembourg Institute for European and International Studies, Luxembourg, 15 October 2004. <http://www.historia-actual.com/hao/Volumes/Volume1/Issue5/esp/v1i5c9.pdf>, accessed on 19.11.2006.
- Friedman, Thomas L., *The Lexus and the Olive Tree*, New York: Farrar, Straus & Giroux, 1999.
- Fukuyama, Francis, *The End of History and the Last Man*, London: H. Hamilton, 1992.
- Galbraith, James K., 'The Crisis of Globalization', *Dissent*, Vol.46, No:3, Summer 1999, <http://www.igc.org/dissent/current/summer99/galbraith.html>, accessed on 29.04.2005.
- George, Susan, 'How to Win the War of Ideas: Lessons from the Gramscian Right', *Dissent*, 44:3, 1997, <http://www.global-labour.org/Dissent%20Summer%201997%20-%20George.pdf>, accessed on 22.04.2005.
- Giddens, Anthony, *Runaway World*, London: Profile Books, 1999.
- Gilpin, Robert, *War and Change in World Politics*, Cambridge; New York: Cambridge University Press, 1981.
- Gramsci, Antonio, 'Selections from the Prison Notebooks', ed. Hoare, Q. and Nowell-Smith G., Chicago: International Publishing Corporation, 1971.
- Gray, John, *False Dawn: The Delusions of Global Capitalism*, New York: The New Press, 1998.
- Greider, William, 'The End of Empire', *Nation*, September 23, 2002, <http://www.thenation.com/doc/20020923/greider>, accessed on 20.11.2005.
- Halliday, Fred, *The World at 2000*, New York: Palgrave Macmillan, 2001.

- Hardt, Michael; Negri, Antonio, *Empire*, Cambridge: Harvard University Press, 2000.
- Harvey, David, 'Neo-Liberalism and The Restoration of Class Power', <http://www.princeton.edu/~sf/workshops/neoliberalism/classrestore.pdf>, accessed on 01.07.2007.
- Harvey, David, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change*, Cambridge, Mass.: Blackwell, 1990.
- Harvey, David, *The New Imperialism*, New York: Oxford University Press, 2003.
- Harvey, David, *Spaces of Capital: Towards a Critical Geography*, New York: Routledge, 2001.
- Held, David; McGrew, Anthony, *Globalization/Anti-Globalization*, Cambridge: Polity Press, 2002.
- Helleiner, Eric, *States and The Reemergence of Global Finance: From Bretton Woods to the 1990s*, Ithaca: Cornell University Press, 1994.
- Hendrickson, David C., 'Toward Universal Empire: The Dangerous Quest for Absolute Security', *World Policy Journal*, Volume XIX, No 3, Fall 2002, <http://www.worldpolicy.org/journal/articles/wpj02-3/hendrickson.pdf>, accessed on 29.04.2005.
- Heywood, Andrew, *Political Ideas and Concepts*, London: The Macmillan Press, 1994.
- Hirst, Paul; Thompson, Grahame, *Globalization in Question*, London: Polity Press, 1996.
- Hirst, Paul; Zeitlin, Jonathan, 'Flexible Specialization versus Post-Fordism: Theory, Evidence, and Policy Implications', in Storper Michael; Scott, Allen John (eds.), *Pathways to Industrialization and Regional Development*, London, New York: Routledge, 1992, pp.70-116.
- Hoffman, Stanley, 'Clash of Globalizations', *Foreign Affairs*, July-August 2002, <http://www.cfr.org/publication.html?id=4763>, accessed on 04.05.2005.
- Huntington, Samuel P., *The Clash of Civilizations and the Remaking of World Order*, New York: Simon & Schuster, 1996.

- Ikenberry, G. John, *After Victory: Institutions, Strategic Restraints and the Rebuilding of Order after Major Wars*, Princeton, NJ: Princeton University Press, 2001.
- Ikenberry, G. John (ed.), *America Unrivaled: The Future of the Balance of Power*, Ithaca and London: Cornell University Press, 2002.
- Ikenberry, G. John, 'America's Imperial Ambition', *Foreign Affairs*, 61/5, September-October 2002, pp. 44-60.
- Ikenberry, G. John, *Strategic Reactions to American Preeminence: Great Power Politics in the Age of Unipolarity (CIA)*, 28 July 2003 www.dni.gov/nic/PDF_GIF_2020_Support/2003_11_24_papers/ikenberry_StrategicReactions.doc, accessed on 22.10.2006.
- Ignatieff, Michael, 'Empire Lite', *Prospect*, No:83, February 2003, pp. 36-43.
- Jackson, Robert J.; Towle, Philip, *Temptations of Power: The United States in Global Politics after 9/11*, New York: Palgrave Macmillan, 2006.
- Jervis, Robert, *American Foreign Policy in a New Era*, New York: Routledge, 2005.
- Jessop, Bob, 'Fordism and Post-Fordism: a critical reformulation', in Storper, Michael, Scott, Allen John (eds.), *Pathways to Industrialization and Regional Development*, London, New York: Routledge, 1992, pp.46-70.
- Jessop, Bob, 'Recent Theories of the Capitalist State', *Cambridge Journal of Economics*, Vol.I, 1977, pp.353-373.
- Johnson, Chalmers, *Blowback*, New York: Metropolitan Books, Henry Holt and Company, 2000.
- Johnson, Chalmers, *Sorrows of Empire: Militarism, Secrecy, and the End of the Republic*, New York: Metropolitan Books, Henry Holt and Company, 2004.
- Kagan, Robert, 'The Benevolent Empire', *Foreign Policy*, Summer 1998, pp.24-35.

- Kaplan, Robert, 'The Coming Anarchy', *The Atlantic Monthly*, February 1994, <http://www.theatlantic.com/doc/prem/199402/anarchy>, accessed on 22.02.2007.
- Kaplan, Robert, *Warrior Politics: Why Leadership Demands a pagan Ethos*, New York: Random House, 2002.
- Kennedy, Paul, *The Rise and Fall of Great Powers: Economic Change and Military Conflict from 1500 to 2000*, New York: Random House, 1987.
- Keohane, Robert O., *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton, N.J.: Princeton University Press, 1984.
- Kindleberger, Charles Poor, *The World in Depression, 1929-1939*, London: Allen Lane, 1973.
- Klare, Michael T., *Imperial Reach*, <http://www.thenation.com/doc/20050425/klare>, accessed on 03.05.2005.
- Klare, Michael T., *Resource Wars: The New Landscape of Global Conflict*, New York: Metropolitan Books, Henry Holt and Company, 2001.
- Korten, David C., *When Corporations Rule the World*, San Francisco: Kumarian Press, West Hartford CT and Berrett-Koehler Publishers, 1996.
- Krauthammer, Charles, 'The Unipolar Moment', *Foreign Affairs*, 70/1, 1990-1991, pp. 22-33.
- Kupchan, Charles A., 'The Rise of Europe: America's Changing Internationalism, and The End of US Primacy', *Political Science Quarterly* 118: 2, 2003.
- Legrain, Philippe, 'Europe's Mighty Economy', *The New Republic*, Issue date: 16.06.2003, <http://www.philippelegrain.com/Articles/europe%60smightyec.html>, accessed on 11.04.2005.
- Lenin, Vladimir Illyich, *The State and Revolution*, Beijing: Foreign Languages Press, 1973.
- Lentner, Howard H., *Power and Politics in Globalization: The Indispensable State*, New York, London: Routledge, 2004.

- Leonard, Mark, 'Ascent of Europe', *Prospect*, March 2005, <http://www.opensubscriber.com/message/osint@yahogroups.com/764844.html>, accessed on 26.03.2005.
- Luce, Henry, 'The American Century', *Life*, 17 February 1941. Reprint: Cambridge: Diplomatic History, MA., 23, Spring 1999.
- Mackinder, H. J., *Democratic Ideals and Reality*, London: Constable and Co. Ltd., 1919.
- Madeley, John, *Hungry for Trade: How the Poor Pay for Free Trade*, London: Zed Books, 2000.
- Mahine, Amir, 'A New Look at Trade', *The McKinsey Quarterly*, Winter, 1990, pp.34-48.
- Mann, Michael, *Incoherent Empire*, London: Verso, 2003.
- Marx, Karl; Engels, Friedrich, *The Communist Manifesto*, Harmondsworth: Penguin, 1976.
- McChesney, Robert W., 'Global Media, Imperialism and Neoliberalism', *Monthly Review*, March 2000, <http://www.monthlyreview.org/301rwm.htm>, accessed on 11.03.2005.
- Mearsheimer, J. J., *The Tragedy of Great Power Politics*, New York: W. W. Norton, 2001.
- Milanovic, Branko, 'The Two Faces of Globalization: Against Globalization as We Know it', *World Bank Research Paper*, May 2002, <http://www.servicesforall.org/html/Governance/Milanovic%20-%20Two%20Faces.pdf>, accessed on 07.09.2005.
- Milbank, John, 'Economy, Religion and Empire after 9/11', *Geopolitical Theology*, http://www.theologyphilosophycentre.co.uk/papers/Milbank_Geopolitical_Theology.doc, accessed on 12.08.2006.
- Muhammed, Mahathir Bin, Quoted in *The Speech in the South Summit*, Havana, 12.04.2000.
- Newhouse, John, *Imperial America, The Bush Assault on the World Order*, New York: Vintage Books, 2004.

- Nye, Joseph S., Jr., *Bound to Lead: The Changing Nature of American Power*, New York: Basic Books, 1990.
- Nye, Joseph S., Jr., 'Soft Power', *Foreign Policy*, Washington, D.C., 80, Fall 1990, pp. 153-171.
- Nye, Joseph S., Jr., *The Paradox of American Power*, New York: Oxford University Press, 2002.
- Orwell, George, *Animal Farm: a Fairy Story*, New York: Penguin Books, 1965.
- Özen, Çınar; Taşdemir, Hakan (eds.), *Yenimuhafazakar Amerikan Dış Politikası ve Türkiye*, Ankara: Odak Publishing, 2006.
- Petras, James; Morley, Morris, *Empire or Republic? American Global Power and Domestic Decay*, New York-London: Routledge, 1995.
- Polanyi, Karl, *The Great Transformation, The Political and Economic Origins of Our Time*, Boston: Beacon Press, 1944.
- Popper, Karl, *The Open Society and Its Enemies*, 2 vols., Princeton, N. J.: Princeton University Press, 1963.
- Porter, Bernard, *Empire and Superempire: Britain, America and the World*, New Haven, London: Yale University Press, 2006.
- Poulantzas, Nicos, *Political Power and Social Class*, London: Verso, 1978.
- Ramo, Joshua Cooper, 'China has discovered its own economic consensus', The Foreign Policy Centre, *Financial Times Op-Ed* 08.05.2004, <http://fpc.org.uk/fsblob/240.pdf>, accessed on 22.04.2005.
- Roach, Stephen, 'Global: Politicization of the Trade Cycle', *Morgan Stanley*, May 9, 2005, www.morganstanley.com/GEFdata/digests/20050509-mon.html, accessed on 25.05.2005.
- Rodman, Peter W., *Uneasy Giant, The Challenges to American Predominance*, The Nixon Center 2000 Executive Summary.
- Rodrik, Dani, 'Trading in Illusions', *Foreign Policy*, March/April 2001, pp.54-62.

- Rosenberg, Justin, *The Follies of Globalization Theory*, London: Verso, 2001.
- Rothkopf, David, 'In Praise of Cultural Imperialism', *Foreign Policy*, Number 107, Summer 1997, pp. 38-53.
- Schirato, Tony; Webb, Jen, *Understanding Globalization*, London: Sage Publications, 2003.
- Scott, Bruce R., 'The Great Divide in the Global Village', *Foreign Affairs* 80:1, January/February 2001, <http://www.foreignaffairs.org/20010101faessay4251/bruce-r-scott/the-great-divide-in-the-global-village.html>, accessed on 27.06.2005.
- Sicherman, Harvey, 'The Revival of Geopolitics', *The Intercollegiate Review*, Spring 2002, pp. 16-23, <http://www.fpri.org/pubs/200204.intercollegiatereview.sicherman.revivalgeopolitics.pdf>, accessed on 18.04.2005.
- Singer, Peter, *The President of Good&Evil: The Ethics of George Bush*, USA: Dutton Books, 2004.
- Sklair, Leslie, 'Competing Concepts of Globalization', *Journal of World Systems Research*, Spring 1999, Vol. 2, pp.143-163.
- Slater, David; Taylor, Peter J. (eds.), *The American Century: Consensus and Coercion in the Projection of American Power*, Oxford: Blackwell Publishers, 1999.
- Smith, Dianne L., *Central Asia: a New Great Game?*, Carlisle Barracks, PA., Strategic Studies Institute, 1996.
- Smith, Neil, *American Empire: Roosevelt's Geographer and the Prelude to Globalization*, Berkeley: CA: University of California Press, 2003.
- Smith, Neil, *The Endgame of Globalization*, New York-London: Routledge, 2005.
- Soros, George, 'The Bubble of American Supremacy', *The Atlantic Monthly*, December 2003, <http://www.theatlantic.com/doc/prem/200312/soros>, accessed on 25.03.2005.
- Soros, George, *The Bubble of American Supremacy, Correcting the Misuse of American Power*, New York: Public Affairs, 2004.

- Soros, George, 'The Capitalist Threat', *The Atlantic Monthly*, February 1997, <http://www.theatlantic.com/issues/97feb/capital/capital.htm>, accessed on 12.05.2005.
- Steel, Ronald, *Temptations of a Superpower*, USA: Harvard University Press, 1995.
- Stiglitz, Joseph E., 'The Roaring Nineties', *The Atlantic Monthly*, October 2002, <http://www.theatlantic.com/doc/prem/200210/stiglitz>, accessed on 13.03.2005.
- Stiglitz, Joseph E., 'Globalism's Discontents', *The American Prospect*, Vol. 13, No. 1, http://www.prospect.org/cs/articles?article=globalisms_discontents, accessed on 24.09.2006.
- Stiglitz, Joseph E., *A Fair Deal for the World*, New York Review of Books, May 23, 2002, http://www.nybooks.com/articles/article-preview?article_id=15403, accessed on 03.04.2006.
- Stiglitz, Joseph E., 'The Insider', *The New Republic*, April 17, 2000, http://findarticles.com/p/articles/mi_m2465/is_6_30/ai_65653647, accessed on 14.07.2005.
- Stretton Hugh, *Economics: A New Introduction*, Sydney: UNSW Press, 1999.
- Talbot, Karen, 'The Real Reasons for War in Yugoslavia: Backing Up Globalization With Military Might', *Social Justice* 27:4, Winter 2000, p.100, <http://www.socialjusticejournal.org/fliers/27-4flier.html>, accessed on 09.04.2005.
- Tayfur, M. Fatih, 'Systemic-Structural Approaches, World-System Analysis and the Study of Foreign Policy', *METU Studies in Development*, Vol.27, No.3-4, 2000, pp. 265-299.
- Tayfur, M. Fatih, *Semiperipheral Development and Foreign Policy, The Cases of Greece and Spain*, Aldershot: Ashgate, 2003.
- Terry, Edith, *How Asia Got Rich*, Armonk N.Y.: M. E. Sharpe, 2002.
- Tilly, Charles, *Big Structures, Large Processes, Huge Comparisons*, New York: Russell Sage Foundation, 1984.

- Todd, Emmanuel, *After the Empire: The Breakdown of the American Order*, New York: Columbia University Press, 2003.
- Wallerstein, Immanuel, *Alternatives: The United States Confronts the World*, Fernand Braudel Center Series, London: Paradigm Publishers, 2004.
- Wallerstein, Immanuel, *The Decline of American Power*, New York: The New Press, 2003.
- Wallerstein, Immanuel, *The Essential Wallerstein*, New York: New Press, 2000.
- Wallerstein, Immanuel, 'The rise and future demise of the world Capitalist system: concepts for comparative analysis', 1974, in Richard Little and Michael Smith, *Perspectives on World Politics*, 2nd. ed., London and New York: Routledge, 1991, pp.305-318.
- Wallerstein, Immanuel, 'Three Hegemonies', in O'Brien, Patrick Karl; Clesse, Armand (eds.), *Two Hegemonies: Britain 1846-1914 and the United States 1941-2001*, Aldershot, U.K.: Asghate, 2002, pp.357-361.
- Weisbrot, Mark, 'The Mirage of Progress', *The American Prospect*, Vol. 13, No. 1, January 1, 2002, http://www.prospect.org/cs/articles?article=the_mirage_of_progress, accessed on 3.4.2005.
- White, Donald, *The American Century: The Rise and Decline of the United States as a World Power*, New Haven: Yale University Press, 1996.
- Wood, Ellen Meiksins, *Empire of Capital*, London and New York; Verso, 2003.
- Yıldızoğlu, Ergin, *Hegemonyadan İmparatorluğa*, İstanbul: Everest Publishing, 2003.
- Yıldızoğlu, Ergin, *Küreselleşmeden Sonra, Geçiş Yolunda Gezintiler*, Ankara: Ütopya Publishing, 2006.
- Žižek, Slavoj, 'Multiculturalism, Or, The Cultural Logic of Multinational Capitalism', *New Left Review* 225, pp.28-51, 1997.
- Zunz, Olivier, *Why the American Century?*, Chicago: University of Chicago Press, 1999.

NEWS SOURCES

- Bourdieu, Pierre, 'The Essence of Neoliberalism: Utopia of Endless Exploitation', *Le Monde Diplomatique*, December 1998.
- *Financial Times*, October 17, 2003.
- Fukuyama, Francis, 'After Neoconservatism', *The New York Times*, February 19, 2006, <http://www.nytimes.com/2006/02/19/magazine/neo.html?ex=1298005200&en=4126fa38fed80de&ei=5090>, accessed on 17.09.2006.
- Goto, Shihoko, 'Argentina's Menem Says Woes Not His Fault', *Washington Times*, June 12, 2002.
- Greenspan, Anna, *International Herald Tribune*, September 14, 2004.
- Gross Domestic Product 2002: *World Development Indicators Database*, World Bank, Washington DC, April 2004.
- Institute for International Economics, *US-China Trade Disputes*, www.iie.com/publications/chapters_preview/3942/01iie3942.pdf, accessed on 18.11.2006.
- International Institute for Strategic Studies, *The Military Balance: 2000-2001*, London, 2000.
- International Monetary Fund, World Economic Outlook Database, September 2006; World and EU: September 2006. Data for the year 2005.
- Kellner, Douglas, *Globalization and Post-modern Turn*, <http://www.gseis.ucla.edu/courses/ed253a/dk/GLOBPM.htm>, accessed on 29.03.2005.
- Marshall, Joshua Micah, 'Did the Bush Administration Create a New American Empire—or Weaken the Old One', *The New Yorker*, Issue of 02.02.2004.
- Miller, Tom, 'China's Energy Supply – Making Oil From Coal – Not Quite Water into wine', <http://www.climatechangecorp.com/content.asp?ContentID=4778>, accessed on 22.07.2007.

- *New York Times*, December 7, 2003.
- Nixon, Simon, 'What's that in Euros?', *The Spectator*, October 18, 2003, http://findarticles.com/p/articles/mi_qa3724/is_200310/ai_n9331263, accessed on 12.04.2005.
- Oil & Gas Journal, Vol. 103, No. 47, 19 December 2005, From: U.S. Energy Information Administration. <http://www.eia.doe.gov/emeu/international/petroleu.html>, accessed on 23.12.2006.
- Perlez, Jane, *New York Times*, October 18, 2003.
- Pesek, William, *International Herald Tribune*, December 7, 2004.
- Sachs, Jeffrey, Digital Divide, *The Economist*, June 22, 2000.
- Samuelson, Robert, *Washington Post*, November 17, 2004.
- Schwab K.; Smadja C., 'Start Taking the Backlash Against Globalization Seriously', *International Herald Tribune*, February 2, 1996. <http://www.iht.com/articles/1996/02/01/edklaus.t.php>, accessed on 12.06.2006.
- Shanker, Thom, 'Global Arms Sales Rise Again and the US Leads the Peak', *The New York Times*, August 20, 2001.
- The World Factbook, United States Central Intelligence Agency (CIA), 14 November 2006.
- Tyler, Patrick E., 'US Strategy Plan Calls for Insuring No Rivals Develop', *The New York Times*, March 8, 1992.
- U.S. Energy Information Administration (EIA), *International Energy Annual 2003* (May-July 2005), web site: www.eia.doe.gov/iea/, 2015 and 2030: EIA, *System for the Analysis of Global Energy Markets* (2006), accessed on 23.12.2006.
- U.S. Energy Information Administration (EIA), www.eia.doe.gov/emeu/cabs/, accessed on 23.12.2006.
- U.S. Energy Information Administration, *International Energy Annual 2004*, May-July 2006.
- Vidyasagar, N., *Times of India*, February 9, 2005.

- Wade, Robert, 'Winners and Losers', *The Economist*, April 26, 2001.
- Wolf, Martin, *Financial Times*, September 22, 2003.
- World Bank - July 1, 2006 Data as of 2005.
- World Trade Organization, *Annual Report 1998: International Trade Statistics*, Geneva: WTO, 1998, Quoted in Bello, Walden, *Future in the Balance*, Oakland, Calif.: Food First Books, 2001.
- <http://en.wikipedia.org/wiki/Post-fordism>, accessed on 12.11.2005.
- <http://www.dami.army.pentagon.mil/offices/dami-zxg/National%20Defense%20Strategy%20Mar%2005-U.pdf>, accessed on 24.12.2006.
- <http://www.defenselink.mil/pubs/qdr2001.pdf>, accessed on 20.03.2006.
- <http://www.eia.doe.gov/emeu/aer/txt/ptb1103.html>, accessed on 23.12.2006.
- <http://www.eia.doe.gov/oiaf/ieo/highlights.html>, accessed on 23.12.2006.
- <http://www.foreignaffairs.org/20060301faessay85210/kent-e-calder/china-and-japan-s-simmering-rivalry.html>, accessed on 05.11.2006.
- http://www.ibrc.indiana.edu/ibr/2004/outlook05/images/international_tab1_large.gif, accessed on 07.01.2007
- <http://www.j-bradford-delong.net/TotW/meltzer.html>, accessed on 15.05.2006.
- <http://www.newamericancentury.org/>, accessed on 20.03.2006.
- <http://www.newamericancentury.org/RebuildingAmericasDefenses.pdf>, accessed on 20.03.2006.
- <http://www.un.org/aboutun/charter/>, accessed on 26.11.2006.
- <http://www.whitehouse.gov/nsc/nss.pdf>, accessed on 20.05.2005.

