

Short Biography for HENRI HOUBEN

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Henri Houben was born in 1958 in Liège (Belgium). He obtained a bachelor's degree in sociology in 1980 and then studied economics. He obtained a Ph.D. in Economics from the Catholic University of Louvain-la-Neuve (UCL), near Brussels. The subject was "Evolution of production systems in the automobile industry: from Fordism to Toyotism". He worked as assistant lecturer at UCL, at the Department of Applied Economics.

Henri Houben has published papers in several reviews, mainly in Belgium, in particular in *Marxist Studies* and *Contradictions*. He regularly gives courses on economic subjects for the Institute of Marxist Studies. His main topics of research are the theory of Marxist economy, the development of transnationals, the power of the capitalist lobbies, the automobile industry, globalisation, the economic crisis, and the creation of European power, specially the Lisbon strategy. He is also a member of the antiglobalisation association Attac in Belgium (website in French: <http://bxl.attac.be/spip/>).

A Marxist Analysis of Present-day Globalisation

Henri Houben

In treating the question of present-day globalisation, it is important, in my opinion, to avoid two mistakes.

The first, and undoubtedly the most important, is not beginning with Lenin's crucially topical study of imperialism.

The second is not taking into account the changes and adaptations which have occurred since Lenin wrote. Present-day globalisation is first and foremost the situation of imperialism in our age.

1. The Current Relevance of Lenin's Analysis of Imperialism

Lenin wrote his book on imperialism in 1916, in the middle of the First World War. His point of view was that the war was the result of imperialist policies carried out by each of the belligerent European states and that those policies were in turn the consequence of the strategies of large firms in their pursuit of markets.

He emphasised that a qualitative change in capitalism had taken place in the passage from a situation dominated by free enterprise and small or middle-sized firms to the age of monopoly. Where the “free market” and competition – especially economic competition – had reigned, it was now competition between giants at every level. Where the state had served above all to ensure the framework of economic development, by investment, by controlling workers and by monetary unification, there was now an imperialist state ready for anything to defend its monopolies. Where contradictions had opposed workers and bosses and firms among themselves, the antagonisms now took on a world-wide character and opposed not only social classes but also states among themselves. Where capitalism had been able to bring technical and scientific development and to represent progress with regard to feudalism, there was now a rentier, parasitic and voracious capitalism, for which the ultimate criterion was a maximum rise in profits.

Today, the age of imperialism is far from over. On the contrary, it is more present

than ever. What has changed above all is the extent to which the characteristics of imperialism act.

1.1. A world dominated by monopolies

For instance, in 1916 monopolies operating directly on a world-wide scale were rather rare, existing above all in the field of raw materials, particularly oil with Royal Dutch/Shell soon followed by the Anglo-Iranian Petroleum Company (later to become BP) and Rockefeller's Standard Oil (today ExxonMobil and in part, ChevronTexaco).

At the present, it is roughly the opposite. The sectors not governed by world giants which have a production basis more or less all over the world are rare. There are only two commercial aircraft manufacturers left : Boeing and Airbus. There are only a dozen transnational car firms. In 2004 they covered 90% of world production as shown in Table 1. In 1990, to obtain a similar proportion, 25 firms were necessary. Most of them have merged among themselves or been bought up by more powerful constructors.

Table 1. World production of motor vehicles by manufacturers in 2004 (in units and percentage)

	Country	Units	%
<i>General Motors</i>	<i>USA</i>	<i>8.965.476</i>	<i>14,0</i>
<i>Suzuki</i>	<i>Japan</i>	<i>1.976.824</i>	<i>3,1</i>
<i>Isuzu</i>	<i>Japan</i>	<i>500.337</i>	<i>0,8</i>
1 Great GM	USA	11.442.637	17,8
<i>Ford</i>	<i>USA</i>	<i>6.644.024</i>	<i>10,4</i>
<i>Mazda</i>	<i>Japan</i>	<i>1.275.080</i>	<i>2,0</i>
2 Ford-Mazda	USA	7.919.104	12,3
3 Toyota	Japan	7.874.694	12,3
<i>Nissan</i>	<i>Japan</i>	<i>3.230.326</i>	<i>5,0</i>
<i>Renault</i>	<i>France</i>	<i>2.663.008</i>	<i>4,2</i>
4 Alliance Renault-Nissan	France	5.893.334	9,2
5 Volkswagen	Germany	5.095.480	7,9
6 DaimlerChrysler	Germany	4.627.883	7,2
7 Peugeot	France	3.405.245	5,3
8 Honda	Japan	3.237.434	5,0
9 Hyundai	Korea	2.766.321	4,3
10 Fiat	Italy	2.119.717	3,3
11 Mitsubishi	Japan	1.428.563	2,2
12 BMW	Germany	1.250.345	1,9
Others		7.104.498	11,1
Total		64.165.255	100,0

Source : OICA (Organisation internationale des constructeurs automobiles – International organisation of automobile manufacturers).

Even if the sector has changed a lot there are three big oil companies : Royal Dutch/Shell, BP and ExxonMobil. Three other firms are also very important but are half the size of the first three : Total, ChevronTexaco and PhillipsConoco.

Another sector affected by the wave of mergers is the pharmaceutical industry. Once scattered, because of its many products, it is today united under the aegis of a dozen firms which control 60% of world sales, as indicated in Table 2.

Table 2. World sales of pharmaceutical products by companies in 2004 (in millions of dollars and percentage)

		Country	Sales	%
1	Pfizer	USA	52.921	9,6
2	Johnson & Johnson	USA	47.348	8,6
3	Glaxosmithkline	UK	37.304	6,8
4	Novartis	Swiss	28.247	5,1
5	Roche	Swiss	25.166	4,6
6	Merck	USA	22.939	4,2
7	Bristol Myers	USA	21.886	4,0
8	AstraZeneca	UK	21.426	3,9
9	Abott Laboratories	USA	20.473	3,7
10	Sanofi-Aventis	France	18.710	3,4
11	Wyeth	USA	17.358	3,2
12	Eli Lilly	USA	13.858	2,5
	Others		222.364	40,4
	Total		550.000	100,0

Source : Fortune, Global 500, July 25 2005 for company sales, EFPIA (European Federation of Pharmaceutical Industries and Associations) for world sales.

We could go on citing the different industries.

The wave of mergers and acquisitions was very important in the nineties, quite unprecedented in fact, as Table 3 shows.

Table 3. Number and amount (in billions of dollars) of mergers and acquisitions in the world 1985-2002

	1985	1990	1995	2000	2002	1991-2000
Number	1.719	4.239	4.981	11.169	7.032	64.845
Amount	150	206	896	3.440	1.185	14.099

Source : US Census Bureau; Statistical Abstract of the United States, different years

It can be seen that mergers and acquisitions have gone from 1,719 in 1985 to 11,169 in 2000 and that at the level of the sums involved they have increased

twenty-fold in this period, from 150 billion dollars in 1985 to 3,400 billions in 2000. In ten years, from 1991 to 2000, the total amounts to 14,099 billion dollars for almost 65.000 transactions. Later, with the stock exchange crash of 2001, the statistics dropped. But operations, worthy of a gigantic game of Monopoly on a world scale, have picked up since 2004.

1.2. The development of financial markets

This game of capital has gone along with a development, also enormous, of financial markets. In Lenin's day, banks were used as centres of management for capital, which gave them considerable power. Today they are caught up with by all kinds of financial firms of all origins: pension funds, mutual funds, hedge funds, insurance companies...

It is possible to use many indicators for this phenomenon. We shall limit ourselves to market capitalisation, whose development is given in Table 4.

Table 4. Market capitalisation by country 1990-2004 (in billions of dollars)

	1990	1995	1999	2002	2004
USA	3.059	6.858	16.635	11.055	16.324
Japan	2.918	3.667	4.547	2.069	3.558
EU	2.170	3.779	9.117	5.580	9.321
Others	1.253	3.485	5.849	4.567	7.966
World	9.400	17.788	36.149	23.271	37.168

Source : World Federation of Exchanges : <http://www.fibv.com/>

Very important growth can be seen : 16% on average per year from 1990 to 1999 for the whole world and 20,7% for US market capitalisation. It is much faster than GDP (gross domestic product) which has an annual average growth of only 3,3%. Hence, market capitalisation represented about 40% of world GDP in 1990. It overtook GDP in 1999 and 2004. In the US, it is greater than national GDP by 39%.

1.3. Exports of capital to international production

Exports of capital have taken gigantic proportions, as shown in Table 5.

Table 5. Evolution of world FDI outward stock and world GDP 1980-2004 (in billions of dollars)

	1980	1990	2000	2004
FDI stock (1)	524	1.785	6.148	9.732
GDP (2)	11.808	22.519	31.647	40.671
Ratio (1)/(2) (%)	4,4	7,9	19,4	23,9

Source : UNCTAD, World Investment Report. Transnational Corporations and the Internationalisation of R&D, 2005, p.14 and 308.

In 1980, the stock of foreign investments (FDI outward stock) was the equivalent of 4,4% of world GDP. The percentage has been rising continuously since then, reaching 23,9% in 2004.

In 1914, the direction taken by these investments was primarily the raw materials sector : *“ About 55 per cent of the total capital stake was directed to the primary product sector, 20 per cent to railways, 15 per cent to manufacturing activities, 10 per cent to trade and distribution and the balance to public utilities, banking and the like. Manufacturing investments, which were largely oriented toward local markets, were mainly concentrated in Europe, the USA, the UK Dominions and Russia ; while, apart from iron ore, coal and bauxite, almost all mineral investments were located in the British Empire or in developing countries ”*.¹ At that time, Britain represented about 45,5% of FDI outward stock.

It was only after the Second World War that there was a notable change . Britain gave up its place to the United States, which ensured the greater part of investments : 44,9% in 1960, 44% in 1975 and 42% in 1980, according to UNCTAD. Manufacturing production increased its part continuously : *“ In 1960, about 35 per cent of the US and UK accumulated investment was in manufacturing, comparing with about 25 per cent in 1938 and 15 per cent in 1914 ”*.² The share of manufacturing in US investment even reached 45% in 1975.³

1 John H. Dunning (1988), *Explaining International Production*, Unwin Hyman, London, p.73.

2 John H. Dunning (1988), p.80.

3 Rolf Hackmann (1997), *US Trade, Foreign Direct Investments, and Global Competitiveness*, International Business Press (The Haworth Press), p.15.

A change occurred in this sector. Until then, investments by transnational firms aimed at supplying local markets. After 1960, firms invested in a foreign country, generally in the Third World and above all in South-East Asia, which developed free zones, in order to supply the home countries. The first “screw-driver” factories appeared at the beginning of the sixties in the electronics industry: “*The first offshore assembly plant in the semiconductor industry was set up by Fairchild in Hong Kong in 1962. In 1964 General Instruments transferred some of its micro-electronics assembly to Taiwan. In 1966 Fairchild opened a plant in South Korea. Around the same time, several US manufacturers set up semiconductor assembly plants in the Mexican Border Zone. In the later 1960s US firms moved into Singapore and subsequently into Malaysia*”.⁴

It was a departure point for expanding production abroad. “*For example, in 1966, United States TNCs employed a mere 1,750 manufacturing workers in Malaysia, 1,232 in Singapore and 4,804 in Taiwan. By 1987 Malaysia’s employment in US manufacturing firms had grown to 54,000, Singapore’s to 38,400 and Taiwan’s to 49,100. Each experienced rates of increase well in excess of 1,000 per cent – in the cases of Malaysia and Singapore the increase was around 3,000 per cent*”.⁵

The automobile industry developed identically. The departure point seems to have been the restructuring of Ford's European activities in 1980. Before that each European subsidiary aimed mainly at its own local market. In 1980, Ford decided to redirect them for a single integrated regional market, Europe. Production units were specialised: assembly operations by model and the factories producing motors or other parts were concentrated in a few places which supplied all the factories of the continent. Ford was followed by General Motors in 1985: the latter set up its decision centre for Europe in Switzerland. Soon the other European manufacturers did the same. In the United States firms set up in Mexico and included these manufacturing units in their productive structure for North America. In South-East

4 Peter Dicken (1992), *Global Shift. The Internationalization of Economic Activity*, The Guilford Press, New York, second edition, p.332.

5 Peter Dicken (1992), p.67.

Asia it was Toyota which was in the forefront, concentrating assembly units in Thailand, motor production in Thailand and Indonesia, transmission systems in the Philippines...

It is interesting to note that in 1980 Ford also developed the concept of the world car. The aim was to build a vehicle from parts coming from all over the world. However, the operation failed and both production and conception remain to all intents and purposes continental (until now).

Robert Reich, ex-US Labor Secretary, gives another example in his book on globalisation: that of Pontiac Le Mans. He explains that today production is globalised: “*When an American buys a Pontiac Le Mans from General Motors, for example, he or she engages unwittingly in an international transaction. Of the \$10,000 paid to GM, about \$3,000 goes to South Korea for routine labor and assembly operations, \$1,750 to Japan for advanced components (engines, transaxles, and electronics), \$750 to West Germany for styling and design engineering, \$400 to Taiwan, Singapore, and Japan for small components, \$250 to Britain for advertising and marketing services, and about \$50 to Ireland and Barbados for data processing. The rest –less than \$4,000 – goes to strategists in Detroit, lawyers and bankers in New York, lobbyists in Washington, insurance and health-care workers all over the country, and General Motors shareholders – most of whom live in the United States, but an increasing number of whom are foreign nationals*”.⁶ He wants to prove his point that the interests of transnational corporations, which act at world level, and states, which remain national, are different. Times have supposedly changed since Charles Wilson, chairman of General Motors, on becoming Secretary of Defense in 1953 declared to journalists who had asked him if there was no incompatibility between the two jobs: “*I cannot conceive of one because for years I thought what was good for our country was good for General Motors, and vice versa. The difference did not exist. Our company is too big. It goes with the welfare of the country*”.⁷

6 Robert Reich (1992), *The Work of Nations*, Vintage Books, New York, p.113.

7 Robert Reich (1992), p.48.

Unfortunately for Robert Reich, the demonstration comes up short. In fact the example given does not work. It is based on the co-operation agreement between General Motors and Daewoo, but the latter is not put into application and the Pontiac Le Mans is not selling. The automobile industry remains basically organised at continental and not world level.

We will talk later about the links between transnational corporations and their country of origin. However we can affirm that there is not (yet) a really globalised production, because the creation of value does not exist at world level. Each national system subsists with its specificities and its own development. An hour of work in one country is not (necessarily) worth an hour of work in another. Working conditions are contrasting among the regions of the world. In particular, work forces are paid very differently in function of different values but also of different relations of forces. What is called globalisation in this framework bears on the fact that the transnational corporations take advantage of these differences, with the help of their respective states and of international institutions like the IMF, the World Bank and the WTO, to extract the largest possible profits. In this way, even if no world value is created a transfer of surplus-value occurs from workers of the whole world – and in particular from the Third World – to these capitalist centres of power.⁸

Today, capital export affects all sectors, the services having caught up these last years, as can be seen in Table 6, which concerns only the United States, for which we dispose of detailed statistics.

Table 6. US FDI outward stock by sector 1970-2004 (in per cent)

	1970	1980	1990	2000	2004
Mining	27.8	22.1	13.3	7.1	4.9
Manufacturing	41.3	41.4	38.8	26.1	20.7
Services	31.0	36.6	47.9	66.8	74.3
Total	100.0	100.0	100.0	100.0	100.0

Source : Survey of Current Business, different years.

The service sector grew from 31% in 1970 to 74,3% in 2004. It replaced parts of

⁸ We could also take up this question from the example of Third-World debt, which is chargeable to local populations and which benefits, also by international transfer of surplus-value, imperialist financial centres.

the primary sector from 1970 and of the industrial sector especially since 1990. A new way of counting, including certain elements that were previously attributed to production in the service sector, partly but not entirely explains this drop.

1.4. Division of the world among imperialists

The monopolies acting at a world scale have divided the world among themselves. This division is endlessly contested. If the transnational corporations are giants, they nonetheless wage fierce competition against each other. The waves of mergers and acquisitions are proof of this. It is a question of who will gobble up the other first, who will win the most market shares, who will snatch the most profits (surplus-value).

In this struggle states are far from inactive. If the manner of intervening is doubtless not identical with what it was in 1953, it remains important. Thus the United States promotes free trade, intellectual property rights in order to support its firms implicated in the development of new technologies. In addition the Defense Department actively supports American firms, regularly placing orders with them.⁹ The creation of a large integrated market on the European continent benefits the firms situated in the region, and so primarily European businesses. To win the world competition, a firm must first be strong in its own domestic market. What can be said about Japan, whose powerful minister of Economy, Trade and Industry (METI) regularly establishes plans to favour Japanese firms in world competition.

Acquiring zones where their influence is preponderant remains a permanent aim of these imperialist states. The world is divided up. The United States have without contest the global leadership. However, in certain areas, in function of the past and of current interests, there are disputes or disagreements between the United States on the one hand and the European Union or Japan on the other, even if these antagonisms have not taken on until now a large-scale violent character. Thus West Africa brings together Europe, the traditional colonial power, and the United States, prospecting for oil resources for its economy. Latin America, long the exclusive preserve and

⁹ To be among the firms allowed to supply the Pentagon, a firm must be either American or from a favoured list of “friendly” nations (like Britain, Canada or Australia).

industrial backyard of the United States, is subject to European incursions. Asia is coveted above all by US and Japanese transnational corporations (with in some sectors the presence of European firms).

2. The contribution of Socialism

The most important change since Lenin's analysis of imperialism was the appearance of socialism in 1917. It was a revolution not only for Tsarist Russia but also for the whole world.

First of all, it showed practically that there was an alternative to capitalism and imperialism and indicated that capitalism was condemned in the end by history. After the First World War, revolutionary forces were unable to win over large parts of the European continent, betrayed by the leaders of the Social-Democrat parties (the German SPD among others). After the Second World War a whole series of revolutions broke out in Europe and Asia. A large part of mankind freed itself from the imperialist yoke with the victories of the Communist parties in East Europe, China, Korea and Vietnam.

The world war, initiated by the most nationalist, racist and criminal bourgeois trend (the fascists and the nazis), showed to what degree of barbarity capitalism was prepared to stoop. Socialism appeared to a majority of the population as a liberating system. And that was actually the case, allowing millions of people who had been subject to hunger, poverty and deprivation under capitalism to harvest the fruits of their labour. It was the United States which took over from the fascists to become the rampart of imperialism against the progress of socialism. It launched the Marshall plan to divide Europe. It actively took part in the re-conquest of Greece. It started the Korean War. It then replaced the colonialists in Vietnam to prevent the reunification of the country.

On several occasions it was defeated or suffered setbacks. In 1959, it was driven out of Cuba, the small Caribbean island which served as a paradise for the American leading class. In 1975, it was turned out of Vietnam and Indochina, after endless butcheries for which it was responsible.

The emergence of socialism also encouraged the development of liberation

movements in the Third World. The socialist victory in China undoubtedly served as an example for many Third-World peoples. It showed that liberation was possible, that economic development was possible and that people could take their lot in hand under the leadership of a Communist party.

Third-Worldism expanded rapidly. In 1955, the conference of Bandung took place, bringing together the great majority of Third-World countries, including China. In 1956, the Suez crisis showed that a country that had been colonised, Egypt, could successfully resist the provocations of the ex-colonisers. In the sixties, most African countries underwent decolonisation, often formal but recognising theoretical political independence. These developments led to the blossoming of national revolutions as in Algeria, in the Middle East, in Nicaragua... In some countries the American representatives were driven out as in Iran. In the seventies, the Third-World countries put forward the demand to be able to ensure 20% of trade.

Since then the imperialist powers have taken up the offensive under the aegis of the policies carried out by Margaret Thatcher in Britain and Ronald Reagan in the United States. In spite of this effort to impose new forms of colonialism, the big Third-World countries like China, India, Brazil and others have more and more weight in the current international context .

Finally, the appearance and the development of socialism led to the emergence of social rights in the imperialist countries, particularly in Europe. These rights are the outcome of long struggles by workers: social security, wage rises, reduction of working hours... After leading to pitiless wars, after basing itself on working-class poverty to develop, capitalism had to take a softer, more social road in Europe of which the Social-Democrat parties were the expression. This was in large part due to the victory of socialism in the USSR and East Europe. If the workers had not obtained certain advantages they would have chosen to struggle directly in favour of the socialism which was developing.

Socialism and its international consequences are major changes, which any analysis of globalisation today must take into account. A study of globalisation cannot be limited to the economic field, it has to be global. As Lenin himself noted in his day.

3. The Two Essential Changes in Present-day Imperialism

To analyse current globalisation, two essential changes have to be taken into account.

Firstly there was the structural economic crisis which broke out in 1973, with the price of a barrel of petrol increasing four-fold. Structurally it was based on the slowing-down of productivity gains, by the falling tendency of the rate of profit...It was to counter the diminishing income and wealth of holders of capital that a broad counter-offensive was launched by the bosses, often qualified as neo-liberal policy and identified with those who governed Britain and the United States at the time, Margaret Thatcher and Ronald Reagan. Their aim was at one and the same time to reduce the power conquered by the Third-World countries and by working people and to redistribute the wealth created in favour of capitalists.

These policies succeeded on this last point. Thus, the richest percent of the US population has seen its share of national wealth evolve favourably since 1980. This can be seen in Table 7.

Table 7. Proportion of wealth ownership of the 1% richest people of the United States (in per cent)

	1958	1962	1969	1972	1976	1983	1989	1992	1995	1998	2001
Part (%)	30,4	32,2	31,3	31,6	21,9	33,8	37,4	37,2	38,5	38,1	36,8

Source : Calculations based on Edward Wolff (1987), "Estimates of Household Wealth Inequality in the US 1962-1983", Review of Income and Wealth, nr 3, September, and Edward Wolff (2000), "Recent Trends in Wealth Ownership", Jerome Levy Economics Institute, Working Paper n°300, April.

In the sixties this share was relatively stable, around 30%. With the economic crisis of 1973, it dropped to 21,9%. Reagan's policies allowed the richest people rapidly to win back the wealth they had lost in the stock exchange crash of 1973-1974 and 1979-1981. And even more. In 1995, they reached a level never attained since World War II : 38,5%. The new crash of 2001 reduced their wealth once again. For the composition of the latter among the richest one percent is above all in equities.

The second element of change is precisely the blow struck by the victory of counter-revolution in the USSR and East Europe, which has resulted in the collapse of those countries and their partial break-up, as well as unprecedented regression. What

Joseph Stiglitz, Nobel prize-winner for economics, ex-chief economist of the Clinton administration then vice-president and chief economist at the World Bank, has qualified as “ *the greatest historical increase in poverty in so short a time (outside wars and famines)* ”.¹⁰

This situation in the country which inaugurated the socialist revolution and the construction of an alternative system to capitalism has had a phenomenal effect on the rest of the globe. The bosses' counter-offensive has been strengthened and accentuated. Workers' benefits have been rapidly reduced. The pressure on the Third World has increased. The room for manoeuvre has been diminished.

The world has been “united” in the framework of imperialism, under the leadership of the United States, the clearly dominant imperialist power since World War II. The WTO was created to establish this domination. Some neo-conservatives have entitled this phase of what they call the final victory of capitalism over socialism the “end of history”. There can of course be no question of success. However it indicates the arrogance of imperialism.

4. The United States : towards global hegemony

Since 1990, the United States has taken the offensive road with regard to its imperialist ex-allies. Previously leader of the “so-called free world”, with the disappearance of the USSR it has become the main imperialist power. Very soon it fixed its aim as preventing any other power from being capable of rivalling it. This can be observed in a document entitled Defense Planning Guidance and drawn up in 1992 by Paul Wolfowitz and Lewis Libby. The report was ordered by the Defense Secretary of the time, Dick Cheney.

However the main problem was the economy. The United States was being gradually caught up with by Europe and Japan as far as productivity was concerned. This is clearly visible in Table 8.

Table 8. Evolution of real per capita GDP (in PPP) compared with the United States 1950-1998 (USA=100)

	1950	1960	1970	1980	1990	1998
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¹⁰ Joseph Stiglitz (2002), *La grande désillusion*, éditions Fayard, Paris, p.239. English version : Joseph Stiglitz (2002), *Globalization and Its Discontents*, W.W.Norton.

USA	100,0	100,0	100,0	100,0	100,0	100,0
EU	47,2	60,4	67,8	70,6	68,3	65,1
Japan	20,1	35,2	64,6	72,3	80,9	74,7

Source: Based on Angus Maddison, *L'économie mondiale. Une perspective millénaire*, OCDE, 2001. The amounts are calculated in dollars PPP (purchasing-power-parity) Geary-Khamis of 1990.

In 1950, the European economy was at half the level of the United States. Japan was at a fifth of the American situation. The catching-up process was permanent. It reached a high point for Europe in 1980 and for Japan in 1990. At that time a book came out in the United States entitled “Made in America”. Published by the Massachusetts Institute of Technology it showed that in eight industrial sectors Japanese firms had higher performances than American ones and even predicted almost a manufacturing decline in the United States.

Once rid of the struggle against the USSR, the United States launched into an offensive to regain in fact its position as economic leader of the world. It set up the National Economic Council. It transformed its “cold war” diplomacy into commercial actions in favour of American transnational corporations. It directed the activities of the CIA and the NSA (National Strategy Agency) towards economic aims. And the results were there. For in Table 8 it can be seen that after 1990, not only the European Union but also Japan lost ground again.

Under the Clinton administration , a new economic policy was defined. It was founded on the Age of Information, the society of knowledge. A major innovation was launched on the basis of techniques used by the military of the Pentagon : Internet. However, the “ new American competitiveness ” has in fact many other foundations.

First of all, there was the relocation of basic manufacturing production that was creating value (and thus surplus-value), to the Third World, especially Mexico, Central America and East Asia. This concerned mostly mass consumption electronics and the textile and clothing industries.

The evolution of this phenomenon can be seen, if value added in manufacturing and imports to the United States of manufactured goods are added together. Some things could be counted twice if, for example, machines or parts are manufactured in the United States, exported abroad and used to make goods for import to the US. We

suppose that these amounts are small. In any case, they cannot change the picture given by Table 9.

Table 9. Growth of productive structure of the United States 1973-2004 (in billions of dollars)

	1973	1980	1990	1995	2000	2004
US manufacturing	321,9	587,5	1.040,6	1.289,1	1.566,6	1.545,4
<i>Imports from EU, Japan and Canada</i>	34,5	90,4	243,6	350,2	506,5	683,9
<i>Imports from third world countries</i>	8,0	33,8	132,0	257,7	462,7	841,3
Total imports	42,5	124,2	375,7	607,8	969,1	1.525,3
Total productive structure	364,4	711,7	1.416,3	1.896,9	2.535,7	3.070,7

Source : Survey of Current Business for value added in manufacturing, and WTO, annual report, different years for imports.

Growth of both value added in manufacturing and imports can be observed, but the latter is greater. Until about 1990 imports from developed capitalist countries were more important. Those from the Third World progress rapidly, overtaking the others in 2004.

This is even more obvious in Table 10, which uses the same data as the preceding table but expressed in percentages.

Table 10. Growth of productive structure of the United States 1973-2004 (in per cent)

	1973	1980	1990	1995	2000	2004
US manufacturing	88,3	82,5	73,5	68,0	61,8	50,3
<i>Imports from EU, Japan and Canada</i>	9,5	12,7	17,2	18,5	20,0	22,3
<i>Imports from third world countries</i>	2,2	4,7	9,3	13,6	18,2	27,4
Total imports	11,7	17,5	26,5	32,0	38,2	49,7
Total productive structure	100,0	100,0	100,0	100,0	100,0	100,0

Source : See table 9.

The share of American manufacturing is falling continuously. That of imports never stops rising. That indicates the increased importance of foreign manufacturing for American consumption. However, in 1990, the share of imports from capitalist countries was still double that of the Third World. In 2004, the share of the Third World is the most important. In 1973, imports were limited : everything or almost everything was manufactured in the United States itself. In 2004, manufacturing ensured only half of the production necessary for the United States, imports from the Third World accounting for more than a quarter and those from Europe, Japan and Canada for a little less than a quarter.

What does that mean? First of all it is an indication of the growing dependence of the American economy on goods manufactured in the Third World. Which must

thus be controlled, otherwise an interruption in supply could have nasty consequences for the first economy of the world. Then it effectively allows the United States to take advantage of international transfers of surplus-value, based on foreign production. These transfers can have several facets : low prices for imported goods, textiles, television sets, radios, etc. ; but also the making of profits abroad that are repatriated or the payment of royalties on patents or other services. Finally, it makes it possible to pay lower salaries in the United States itself, because the value of labor power can be reduced by the low price of these imported goods .

The second foundation of the “new American competitiveness” is the development of financial markets, which we have already seen in point 1.2. It is estimated that every 10% gain in capital on the stock market creates a growth in consumption by American households of between 0,5 and 1%.¹¹ If we take the upper limit of this estimation and if we observe that the fortune in shares of households increased by 200% from 1990 to 1999, we can evaluate the growth of American consumption at 770 billion dollars. As American GDP progressed during this period by 3.465 billion dollars, we can estimate the consumption of households due to the rise in stock assets at about 22%. It is hardly a negligible figure.

To this must be added the fact that capitalists bring their funds to the American economy, principally as far as securities are concerned. Table 11 presents certain aspects.

Table 11. Average annual GDP growth, annual Capital net accounts and annual portfolio foreign investments in USA by period 1991-2004 (in billions of dollars and per cent)

	91-94	95-99	00-04
GDP growth (1)	317,3	439,2	493,2
Capital net accounts (2)	63,4	178,7	493,7
Difference (3)=(1)-(2)	253,9	260,5	-0,5
Part of GDP (%) (4)=(2)/(1)	20,0	40,7	100,1
Portfolio foreign investments (5)	111,3	274,1	535,6
Part of GDP (%) (6)=(5)/(1)	35,1	62,4	108,6

Source : Based on Bureau of Economic Analysis, “U.S. International Transactions Accounts Data”,

11 Anton Brender and Florence Pisani (1999), *Le nouvel âge de l'économie américaine*, éditions Economica, Paris, p.132, note 7.

16 December 2005.

Note : Capital net accounts are the reverse of the current balance.

Thus average annual GDP growth increased from period to period in 1991-1994 and 1995-1999 and finally in the last phase in spite of the stock exchange crash. However the net capital brought in from abroad increased even faster. In the last periods the different economic crises in South East Asia, Russia, Brazil, Argentina and Turkey and the slow growth in Europe and Japan incited the bourgeoisie of the whole world to put their money in the economy judged to be the safest in the world, the United States (emphasised by line 5 of Table 11 : portfolio foreign investments). In fact, for the last period, American growth appears to have been completely stimulated by the average foreign capital brought in, since its amount corresponds to the average annual rise in GDP.

Once again the American dependence on these funds must be emphasised. If they did not come – and in 2005, the total amount is estimated at more than 6% of GDP, between 700 and 800 billion dollars¹² -, American foreign accounts would be completely unbalanced, with the risk of provoking a fall in the dollar, thus of the whole world monetary system and following that of the entire global economy.

Finally, fourth element of the “new American competitiveness”, the United States concentrates on services and high-tech that it can sell dear abroad or whose patents it can sell dear thanks to the rules on intellectual property. That is the case for Microsoft, Intel and other firms. While foreigners possess assets worth 2,500 billion dollars more than what Americans hold in the rest of the world, the income generated by these American investments is greater than what the others earn in the United States : *“Each dollar invested by an agent of the United States abroad brings in on average 8% (taking into account the depreciation of debts by inflation). By way of comparison, when a foreigner invests in the United States he receives on average 4%”*.¹³ It is a conclusion American experts draw themselves : *“Between 1995 and*

12 Council of Economic Advisers (2006), The Annual Report, in Economic Report of the President, Washington, February 2006, p.125.

13 Gérard Duménil and Dominique Lévy, “ Ivresse néolibérale, arrogance impériale ”, in Elisabeth Gauthier et Jacques Le Dauphin, *Quelle Europe pour quel monde ?*, éditions

2004, the United States earned over \$200 billion in net foreign income despite current account deficits that totalled more than \$3 trillion during this period”.¹⁴

The percentage of profits coming from abroad is increasing in the income of American firms. Table 12 presents this rise.

Table 12. Part of foreign profits in US corporate profits by period 1960-2004 (in per cent)

	60-69	70-79	80-89	90-99	00-04
Foreign profits	6.3	11.4	15.8	15.0	19.9

Source : Based on Council of Economic Advisers (2006), The Annual Report, in Economic Report of the President, Washington, February 2006, p.388.

In the sixties these foreign profits represented 6,3% of the total profits of American firms. They were 11,4% in the seventies, then 15% in the eighties. The stagnation of the nineties was mostly due to stronger growth in the United States itself. However, as soon as growth began to misfire, the share of foreign profits rose again, reaching nearly 20% in the last years.

The United States takes advantage of an international transfer of surplus-value which boosts both its economy and the incomes and wealth of the richest capitalists. If American growth since 1991 is judged exceptional it is because it is based on the expansion of financial markets, foreign support and the extortion of funds from the rest of the world. These sums could allow countries or regions in the Third World to develop. They are generally used for luxury purposes by rich Americans or to increase still further the wealth and financial power of this parasite class.

To support this economic strength, the United States is acquiring military capacities far in excess of what is being done elsewhere. After a short period of reduction of military budgets, it re-launched the arms race at the end of the decade. Today it finances not far from half of military expenditure in the world.

5. Globalisation and Ultra-imperialism

In 1916, Lenin defended the thesis of imperialism as opposed to Kautsky's conceptions. In particular he criticised the notion of ultra-imperialism developed by the latter. Capitalist competition would result in the creation of a single monopoly

Syllepse, Paris, 2003, p.119, note 7.

14 Council of Economic Advisers (2006), p.145.

which would dominate the world and to understanding among imperialist powers to ensure this supremacy.

Lenin's criticism was scathing. He wrote : “ *Kautsky's theoretical analysis of imperialism, as well as his economic and political critique of imperialism, are permeated through and through with a spirit, absolutely irreconcilable with Marxism, of obscuring and glossing over the fundamental contradictions of imperialism and with a striving to preserve at all costs the crumbling unity with opportunism in the European working-class movement.* ”¹⁵

Today similar ideas flourish among the theses on globalisation. The most famous are those of Toni Negri and Michael Hardt. According to them, imperialism has been replaced by empire. Which in turn is a global domination by the interests of a more or less unified leading class. The United States is not the leader but the armed force. All states including China take part in this domination. War between imperialist powers is a thing of the past. Only police operations survive to punish refractory states or rebel peoples. The national-democratic revolution sets up a “nationalist” state which inevitably enters the framework of imperial domination. It would no longer be revolutionary. The working-class would no longer be the vanguard class of socialist revolution. These ideas circulate, in particular in the antiglobalisation movement, though not always in these cut-and-dried forms.

Like Lenin, eye to eye with Kautsky, we must criticise these points of view for they blur and tone down the most basic contradictions of our society.

In fact, unity and pacification among capitalists is never more than a façade. Competition between firms, between giants, is ferocious. The waves of mergers and acquisitions are the proof of that. Each firm tries to eliminate its competitors. Alain Minc, French management guru, describes this capitalist universe : “*It is a war which is being waged, with its front, the battle for the big world positions, its breakthroughs, the big export contracts and its rear, the domestic market, as decisive as in all wars. This conflictual dimension of economic confrontation is not new, but it*

15 Lenin, Imperialism, the Highest Stage of Capitalism, in *Collected Works* vol. 22, p.298.

has become ever sharper from the moment the disappearance of growth reduced the size of the battlefield and increased at the same time the appetite of the actors, or rather their sense of survival. In this war which does not dare say its name, mobilisation is also of course decisive and takes the form of the state-industrial complex. The vocabulary, the customs, the habits of the business world scarcely represent more than the courtesy code of the wars of the past, thin film of sociability which hides the brutality of the facts and the blows.”¹⁶

The economic crisis and the development of financial markets sharpen rather than blur antagonisms. The need for returns and profitability is being imposed more strongly. The usual criterion for returns for these financial firms is 15% minimum. To achieve that jobs have to be destroyed, competitors eliminated or absorbed. It is thus an intense competition which is being played out and not a tendency to pacification.

The imperialist states are led to defend their transnational corporations and thus to enter into competition with one another, in spite of their apparent identity of views. This is clearly the case in the energy field, in defence and in the conquest of space.

For instance, American projects in the Middle East disturb European interests. The White House wants to establish its control over oil resources in order to have a lever which would prevent the emergence of a competing power. The United States is not very dependent on the Persian Gulf for its supplies. Only Saudi Arabia massively exports petrol to it. On the other hand, the European Union depends much more on the Middle East and would like to bypass American recommendations in order to increase this share, in particular with regard to countries considered to be untrustworthy by Washington, like Iran Syria, Libya... For the Americans, hegemony can be ensured by war and by declaring openly that they want to reform the region according to their views. For the Europeans, a more supple policy must be developed, based on some concessions to the Arab population. These two orientations are not compatible in the long run.

16 Alain Minc (1982), *L'après-crise est commencé*, éditions Gallimard, Paris, p.258.

It is the same with space policy. American strategy is founded on the monopoly or exclusivity of the United States for all aspects of aircraft construction. The European Union for instance is developing a space industry in competition with that of the United States. It has roughly 33% of market shares as opposed to 50% for the United States and it clearly wishes to overtake the latter. Once again, the projects are not compatible. The aircraft industry is also directly connected to the state, which gives orders to the firms in the industry. Civil and military aspects are closely linked : Boeing and Airbus, which dispute the first place in the construction of commercial aircraft, are also important manufacturers of military equipment.

The European plan to re-launch competitiveness in Europe is in conflict with that of the United States to remain the only hegemonic power and to prevent any rival from emerging. From this point of view the European Union, whether under liberal or Social-democrat guise, does not represent an alternative to the imperialist domination of the United States. There can be no question of replacing one unbridled capitalism, that of the United States, by another which might be more civilised, that of Europe. It is a question of replacing one dominating hegemonic class by another. In the past the European elite has already shown itself capable of the worst: colonialism, fascism and nazism, setting off two world wars...

Relations are not fixed. Today the United States are ahead on every level. But what about in ten years' time? Can current American economic growth continue? Will it not trigger off crises, crashes, which will overthrow present-day relations of forces?

In 1916, Lenin wrote : “ *Is it 'conceivable' that in ten or twenty years' time the relative strength of the imperialist powers will have remained unchanged? It is out of the question.* ”¹⁷ And in fact twenty years ago the collapse of the USSR was unimaginable. As was the American economic spurt with regard to Japan for instance...

6. The General Crisis of Capitalism

17 Lenin, op.cit., p.295.

The present-day world, imperialist globalisation are built on a gigantic bomb. American growth, which is the element underlying imperialist arrogance, is dangerous, risky, parasitic and disastrous on a human level.

On the economic level, the development of financial markets cannot exceed for long the real economy. An adjustment is necessary, which risks being brutal. In the same way what is brought in from abroad, today crucial, creates a virtuous circle of rising consumption by American households, pulling imports. However, that could rapidly turn into a vicious circle. If the stock market collapses that could bring household consumption grinding to a halt. Households are currently in debt to the tune of 80% of the American GDP. Twice as much as the rate of indebtedness observed on the eve of the 1929 crash.

This growth is based on American supremacy at economic, monetary, political and military levels. It is thanks to that that the United States attracts the foreign capital it needs so much. If this “confidence” in American supremacy is shaken, it could incite international capitalists not to invest in Uncle Sam any longer and precipitate an economic crisis.

Because of this the assertion of hegemony by Washington is necessary for American growth. And thus the control over strategic materials like raw materials, oil, microprocessors or the conquest of space. Thus the struggle against opponents or even independent countries. Thus the obligation for almost all states to participate in globalisation and its control by the WTO, the IMF and the World Bank. Thus the necessity of waging military operations of control or punishment against rebel regions. Thus the necessity also of unendingly enlarging markets for American transnational corporations. On the one hand, the contradictions in the American economic system push Washington to advance further in the assertion of hegemony, without which economic supremacy risks being put in question and with it that of the American bourgeoisie (and that would put in danger its income and its wealth). On the other hand, that is opposed to the entire development of the XXth century until 1990, with decolonisation and the assertion of independence by the different states of the Third World. That is also opposed to the will to resist of peoples and their organisation

capacities. A multipolar and pluralist world, resulting from centuries old aspirations of the populations of the world, is developing and that runs counter to the unilateral hegemonic ambition of the United States.

From that point of view, Washington sees in China the enemy number one of its ambitions. It is opposed in particular to the leadership of the Chinese Communist Party, which ensures the orientation of China in the socialist road. However it is also worried by the scale of Chinese development. On the basis of current growth differentials, China could overtake the United States in terms of GDP between 2030 and 2040. Chinese growth is therefore superior. That of its Asian neighbours, with which China is linked, also. Chinese development and the concomitant development of Asia could mean that there would be a zone – the most important in terms of population and economic growth – which would escape American control. For the White House this would be unbearable.

This capitalist economic growth of which the United States is the centre is unstable. The hegemonic will of the United States, linked to this growth, comes up against the will of peoples to develop in a free and independent way, allowing them to benefit (and not a handful of shareholders of American transnational corporations). The United States sees in China first a socialist power, then the competitor that it is trying by all means to prevent from emerging. All these elements, linked to imperialism and characterising present-day globalisation, make the world profoundly unstable and can result in ever more violent wars spreading over the whole planet.

7. Conclusions

Lenin explained that world war was the consequence of imperialist policies. This fact, he added, indicates more than anything else that the capitalist system is condemned by history, that the impossibility of escaping this tendency – except by the setting off of socialist revolutions preventing the warlike tendencies of capitalism coming to their term – indicated that this system was plunged in an inexorable crisis, a general crisis incorporating all aspects, economic, political and ideological. *“Imperialism is the eve of the social revolution of the proletariat”*, he wrote in the

preface to this essential work.¹⁸

Today, after the years of triumphant capitalism which followed the victory of the counter-revolution in the USSR, we should return to these fundamental Marxist analyses, which are more relevant than ever.

18 Lenin, *op.cit.* .