

**[UK] Jenny Clegg****Contact Information**

Address:

Telephone:

Fax:

Mobile:

Email Address: [jclegg4@uclan.ac.uk](mailto:jclegg4@uclan.ac.uk)

Homepage:

Zip Code:

Dr. Jenny Clegg is a senior lecturer in International Studies at the University of Central Lancashire, and course leader for the B.A. Hons Asia Pacific Studies degree programme. Her specialist interest is in China's development and her new book *China's Global Strategy: Towards A Multipolar World* was published by Pluto Press in February 2009.

She teaches undergraduate level modules on change and development in the Asia Pacific region, Asia Pacific international relations as well as on China and Globalisation. In addition she runs a post-graduate level module on Globalisation.

She has a Ph.D from the University of Manchester. This was a study of agrarian relations and land reform in China before 1949, analysing the relationship between the peasant and the nationalist movements in Chinese revolution.

In past years, she has carried out research on management and ownership reforms in China's rural enterprises, and has published her results in the form of book chapters and journal articles. Her other main publications include *Fu Manchu and the 'Yellow Peril': the making of a racist myth* (Trentham Press).

Her further interests range from issues of Asian regionalism, global economic imbalances and their role in the current global financial/economic crisis and post-imperialism: the prospects for multipolar developmentalism.

She is active in the British peace movement.

## **Imperialism's Protracted Decline Since the End of WW2**

**[UK] Jenny Clegg**

**Abstract :** In recent years, it appears that imperialism has been in a phase of renewal with the massive expansion of Western global corporations and banks together with the huge advances in military power, especially technological power, of the US. However, this paper contrasts this with the gradual decline in Western political influence and its monopoly of world markets. It is divided into two parts. Part 1 reviews recent debates among Western Marxists on imperialism, noting that these have tended to focus on the question of inter-imperialist rivalries and tend to underestimate the potential of the world's progressive forces. Part 2 goes on to outline four phases in the protracted decline of imperialism in the post war period, focusing on the changing relationships between the imperialist and former oppressed nations. It concludes by raising some questions about the current period of world flux.

### **Introduction**

Interest in debates on imperialism has been re-ignited amongst Marxists in the West in recent years. With the huge expansion of global corporations, extending their global penetration to tap into new sources of labour for superexploitation, the unprecedented growth in the internationalisation of finance and the increasing trend of US aggression under the cloak of 'humanitarian intervention', imperialism has appeared to be in a phase of renewal, as vital a force as ever.

Focused on the roles and relationships between the imperialist powers, these debates have generally failed to really grasp the revolutionary progressive potential in the Third World, and the significance of the rise of the developing world, not least China, as a growing strategic force of influence in world politics. The post WW2 history of imperialism has generally been treated as a continuous line of chaos, wars and exploitation, reproducing 19th century patterns of domination and oppression.

For Lenin, it was the contradiction between the oppressor and oppressed nations that was the fundamental determinant of the world situation. Clearly this contradiction has changed since the break up of the old colonial order. The argument of this paper is that, whilst indeed imperialism has increased its economic, military and technological capacities, at the same time the post WW2 period has been one protracted decline in its ability to control the world politically.

The paper is divided into two parts. Part 1 outlines Western debates about imperialism in the post-Cold War period, drawing mainly on the works of British Marxists.

Part 2 traces the incremental decline of imperialism since WW2 through four phases, marked by distinct turning points.

## **Part 1 Western Marxist debates on imperialism in the post Cold War period**

On the question of the nature of imperialism in the post-Cold War order, opinions within the Western anti-imperialist perspective are divided and diverse. Was US expansionism following the fall of the Soviet Union extending the capitalist system as a whole or was it simply a pursuit of particular hegemonic interests to secure its own predominance within the system? In whose interests was the US-led war on Iraq and what was the nature of the ‘fracture across the Atlantic’?

On the one hand, Anderson has been dismissive of the idea that Europe might serve as a counterbalance to the US, in effect seeing their differences as those of tactics not principles, as a temporary blip in their partnership which would be restored as the EU eventually realigned again behind the renewed US imperialist drive.<sup>1</sup>

Conflicts between the US and its capitalist allies are often seen as essentially pacified by the overwhelming military power of the US. Anderson’s argument sees the US as a superimperialist power that, in opening up the far corners of the globe to exploitation by extra-economic pressure and force, performs a dual role - serving the interests of big capital in general whilst pursuing its own predominance.<sup>2</sup> Globalisation is seen to represent a new stage of imperialism, achieving greater levels of monopolisation such that European and Japanese interests coalesce increasingly with those of the US superpower to form a grand alliance in the G8 and the WTO. US hegemonism, as Anderson puts it represents ‘a general unification of the field of capital’, with the US taking on the role of coordinator for the monopoly capitalist system as a whole,<sup>3</sup> that is, in effect, substituting for Kautsky’s ultra-imperialist federation. The role of ideology is key for Anderson with the US leading its partnerships and alliances by consent to create an international community based on a mutual sharing of moral as well as economic values in a ‘free market and free elections’ agenda.

On the other hand, for Rees, Harman and Callinicos,<sup>4</sup> despite the formation of the WTO and the G8, the modern imperialist world order is inherently one of rivalry. For them, the notion of US superimperialism leads to an overestimation of US power, presenting a monolithic view of imperialism – a Kautskyite-type error. With the US in

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1 P. Anderson, ‘Force and Consent’, *New Left Review*, No. 17, 2002, p. 21.

2 See also for example Robert Griffiths, ‘Generally Speaking’, *Morning Star*, 17 November 2001.

3 P. Anderson, ‘Force and Consent’, pp. 16-17.

4 John Rees, ‘Imperialism: globalization, the state and war’, *International Socialism*, Issue 93, 2001; Chris Harman, ‘Analysing imperialism’, *International Socialism*, Issue 99, 2003; Alex Callinicos, ‘The grand strategy of the American empire’, *International Socialism*, Issue 97, 2002.

fact in decline, the rise of Europe and Japan followed by Russia and China<sup>1</sup> is leading to a new, increasingly unstable, imperialist order with rivalries between these imperialisms intensifying as the increasing internationalisation of capital comes into conflict with the national basis of corporate organisation. Whilst direct conflict between the advanced capitalist countries is held in check by the interpenetration of their economies, they seek to settle their differences in the less industrialised parts of the world.<sup>2</sup>

Differing from both the above, Gowan sees Europe as the main possible new challenger to the US hegemon. Where Anderson emphasises the role of ideology and political values in US hegemony and sees the dual aspects of the US power as compatible, serving its own as well as the interests of capitalism in general, Gowan regards the US pursuit of its own economic hegemonism as leading to conflicts with the economic interests of its partners. This gives rise to more complex relationships between the core capitalist states, ones which are conflictual as well as consensual, shaped by both partnership and rivalry.<sup>3</sup>

For Gowan, globalisation is a particular project of the US, rather than a general neoliberal agenda serving the interests of capitalism overall - a new form of US economic domination to uphold the international primacy of the dollar. This Dollar-Wall Street Regime (DWSR) focuses specifically on the international expansion of US finance through the liberalisation of international financial markets and the operations of the IMF and World Bank.<sup>4</sup>

Dollar primacy, as Gowan notes, allows the US to manipulate its exchange rate unilaterally and to run up huge current account deficits without facing the kind of constraints that other states have to do. Exposing the US bias within the neoliberal approach, he argues:

Multilateral steps eliminating trade barriers make no sense as a level playing field if a leading state can then manipulate exchange rates at will and free itself from the payments disciplines applying to other states. And when that leading state is also the producer of the world's main international currency, you have something like an imperial economic framework facing other capitalisms.<sup>5</sup>

So whilst all other states in the world face the rule that deficit countries must adjust internally, the US applies the reverse to itself: its deficits require that everybody else pay the costs of adjustment, via exchange rate swings.

For Gowan, the main threat to the DWSR comes from the euro, and therefore the US strike upon Iraq should be regarded as a strike on Europe, to restrain any further

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1 John Rees, 'Imperialism: globalization, the state and war', pp. 19-22.

2 Chris Harman, 'Analysing imperialism', p. 65.

3 Peter Gowan, 'U.S. Hegemony today', *Monthly Review*, July-August 2003, p. 30.

4 Peter Gowan, *The Global Gamble* (London: Verso, 1999), p. 23.

5 Peter Gowan, 'U.S. Hegemony today', p. 42.

development of the European regional project.<sup>1</sup> However, he argues West Europeans are essentially too weak and divided to push through the New Deal-Keynesian-Social Democratic-type solution necessary to address what he accepts as the main problem for capitalism, namely the North-South divide.

What is missing from these debates is consideration of the challenges posed by the world's progressive forces, especially the emergence of a more independent Third World, to the dominance of monopoly capital and the ability of imperialism to determine world affairs.

## **Part 2: Key phases in the postwar decline of imperialism**

(i) The first phase covers the period from the fascist aggression of WW2 to the establishment of the UN in 1945.

WW2 is often regarded as a war of inter-imperialist rivalry with the rise of Germany and Japan challenging the empires of the British, the French and the US. But to take this view of the war is to misunderstand it. Far more than a recurrence of the power rivalries that had culminated in WW1, WW2 was a war primarily to end the Axis aggression and, once it started, became a war against fascism.

The united action of the allies, Britain, the US, the USSR and China, was driven from below by the forces of anti-fascist popular resistance and people's war, and, as a war against imperialist aggression in fascist form, WW2 was fought to establish a peaceful world

The formation of the United Nations in 1945, based on the principles of non-aggression, non-intervention, and respect for sovereignty laid the basis for a rules based order for peace in which countries could live in equality, free from foreign intervention. This was the first turning point in the decline of imperialism. The victory over fascism was not mere 'imperialist truce': it was to unleash a new wave of national liberation struggles for independence which were to finally end the colonial order.

(2) The next period begins on the one hand with the reconsolidation of the imperialist forces under US leadership and the Cold War division of the world into two competing hegemonic blocs and at the same time the break up of the colonial order and the emergence of a more politically independent Third World. It ends with the defeat of US imperialism in the Vietnam War and the UN recognition of development demands for a New International Economic Order.

The common view in the West is that the post-WW2 period was shaped primarily by Cold War rivalry. In fact, the defining characteristic came rather from movements for national independence which, carrying forward the WW2 struggle for a more peaceful world free of intervention, began to challenge the imperialist division of world territory.

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1 Ibid.

The break up of the old colonial order, and the emergence of an independent Third World, the outcome of a series of national revolutions, not least in China, marked the second turning point in the decline of imperialism.

However, although the United Nations formally established an order of equal sovereign states, the financial power of the advanced capitalist countries was essentially able to maintain its strangulation of the majority of the world's people. The unequal international division of labour created through colonialism provided the structural foundation for imperialist revival as the leading capitalist countries now sought to preserve and extend this legacy of inequality and Western monopoly control of the world economy through a new US-led rules based economic order. Imperialist exploitation of other nations now took on the new form of neo-colonialism with the Bretton Woods system.

Framed by American liberal ideology, underpinned by the global reach of the US military and based on the US\$, this system and its international financial and economic institutions, provided the framework for a coordinated economic recovery of Western capitalism, permitting an orderly shift of hegemonic power to the US as the old British-led order gave way.

Neocolonialism was in many ways just a switch in the tactics of imperialism which, under the cover of giving independence, continued to devise 'innumerable ways to accomplish objectives formerly achieved by naked colonialism'.<sup>1</sup> Whilst maintaining leverage in the world economy through the processes of the terms of trade, aid, the repatriation of profits and technological dependency, the powerful states also used diplomatic pressure and military intervention to influence the internal affairs of the new states, undermine their independence and exercise of national sovereignty so as to continue to exploit the resources of their peoples.

However, neocolonialism was not exactly the 'same old imperialism'. It relied on superpowers to impose a worldwide ideological division cultivating 'soft power' to restrict nations' overignty, foster cooperative elites and legitimate intervention.

The Cold War effectively sidelined the UN. Its significance particularly lay in the way it was used by the US to define, wherever possible, North-South relations in terms of a battle against communism, in order to expand its influence especially in the newly emerging Third World.<sup>2</sup> In fact, both superpowers intervened repeatedly during the Cold War to support opposing sides in regional conflicts in order to extend their global influence and expand the networks of their military alliances, but it was the US that had the greater

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1 Nkrumah cited by Jerry Jones, 'Global Capitalism's imperial underbelly', Morning Star, 18 January 2006.

2 Marianne Marchand, 'The Political Economy of North-South Relations', in R.Stubbs and G. Underhill (eds), Political Economy and the Changing Global Order (Basingstoke: Macmillan, 1994), p.289

reach.<sup>1</sup>

The nature of the new cooperation among the major capitalist powers as represented by the Bretton Woods system, has been much debated among the Western Left. Did this represent a new Kautskyite-type of ultra-imperialist economic coordination transcending rivalry in order to maintain the preconditions of capital accumulation and secure international capital's monopoly control of the world market? Or was it more a case of 'suppressed rivalries' within the Western power bloc, an 'imperialist truce' necessitated by the challenge from the Soviet Union?

In fact, what drove the old imperialist powers to shift from rivalry to unite behind the US hegemonic project was rather the rising radical currents of national liberation. Unable to contain the national movements in their colonies, the European powers looked to the superordinate power of the US to organise and shape the new order from a position of dominance and through military interventions if necessary, to secure the neocolonial 'global empire' on their behalf.

Many developing countries continued to experience military interventions, destabilisation, coups and imposed dictatorships instigated especially by the US. However, the direct struggles of the oppressed peoples were no longer the main form of resistance against imperialism. As imperialism transformed from its old form of direct rule to a new form of indirect exploitation through an unjust rules-based international economic order, the coordination of this order became the new site of struggle between the advanced capitalist countries and the developing countries.

Whilst the newly gained independence of the Third World was compromised not only by the new neocolonial economic order but also by the politically polarising impact of the Cold War, Third World collectivism was not to be entirely restrained. The organisation of the Bandung Conference of 1954, the formation of the non-aligned movement (NAM) of UNCTAD in 1964 and of the G77 saw the gradual emergence of the Third World as a world political force in opposition to the new forms of imperialist pressure, seeking non-alignment to act collectively to demand reform of the unjust rules of international economic coordination.

By the early 1970s, the US was in serious trouble, facing defeat in the Vietnam War, with mounting opposition to the war at home. The huge costs of war broke the dollar-based Bretton Woods system of economic coordination. With the US unable to guarantee world economic stability any longer, Europe and Japan, which had only reluctantly supported the Vietnam War, began to lose confidence in their leading ally. As these old imperialist powers started to outpace US growth after their successful postwar reconstruction, they were becoming less willing to accept US leadership unconditionally and demanding a greater say in world affairs. The imperialist bloc headed by the US was starting to

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1 Colin Parkins 'North-South Relations and Globalization after the Cold War' in C. Bretherton and G. Poynton (eds.) *Global Politics: An Introduction* (Oxford: Blackwell, 1996), pp.56-7.

weaken.

The UN was also becoming more assertive as more and more developing countries joined. In 1974, in a move that has been described as the ‘revolt of the Third World’,<sup>1</sup> they were able to gain UN agreement for a New International Economic Order (NIEO), an agenda for international economic coordination for development.

This was to mark an historic watershed in the emergence of an independent Third World capable of impacting on the international order and its political and economic dynamics, eroding superpower dominance in its non-aligned unity. The NIEO challenged to the domination of international monopoly capital: the struggle against monopoly power was now conducted over the rules of international economic coordination order to put an end to the extra economic benefits and superprofits derived through imperialist power.

With the emergence of the Third World as an independent united force, the world situation had begun to transform from one shaped by an imperialist-socialist contradiction to a more complex interaction of imperialism and world progressive forces.

(3) The third period begins with a renewed US-led Western imperialist drive in the form of neo-liberal globalisation and with the unleashing of a nuclear arms race between the two superpowers. With opposition to hegemonic domination coming from the international peace movement and further divisions among the Western imperialist countries, the phase ends with the arms control talks in the mid 1980s which, as Deng Xiaoping pointed out, ended the inevitability of war.

A new Soviet expansionist drive gave the US the opportunity to regroup the Western imperialist powers under renewed Cold War rhetoric, shoring up the world division into to rival hegemonic blocs as once again other Western powers turned to the US for leadership. However this time, the rivalry between the two superpowers took the form of a mounting nuclear arms race creating a new danger of world war.

The renewed US hegemonic drive was underwritten by a new project for global economic and financial liberalisation. With the breakdown of the Bretton Woods system, the Western capitalist powers sought to readjust ruling-making in the global economic order to maintain their position of economic dominance using currency adjustments with the IMF playing a key role. With steep devaluations imposed on developing countries by the IMF reducing the price of raw materials, the developed countries agreed to a coordinated adjustment of currencies (the Plaza and Louvre accords) with the Japanese and primarily Germany currencies to revaluing against the US\$ to allow the US economy to recover its world competitive position.

These adjustments, together with the high interest rates in the US which ensured capital poured in from Europe, Japan and the developing world, helped to support the huge US arms spending. The primacy of the US\$ was maintained, however, the US was now

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<sup>1</sup> Philip McMichael *Development and Social Change* (California: Pine Forge Press, 2000, 2nd ed.), p.124

forced to accept the greater role of the European powers and Japan in coordinating the international capitalist economy through the G7.

Meanwhile, as the smaller developing nations bore a heavy burden in these global economic readjustments imposed by the US in order to balance its budget, the Third World advance went into reverse and the call for an NIEO was pushed to one side. With export oriented industrialisation driving competition between developing countries, and with divisions between the least developed and the rising new industrialising states in East Asia wideening, the developing world was becoming increasingly fragmented.

The main opposition to hegemonism in this phase was to come from the international peace movements as the superpower nuclear arms race produced further divisions among the Western capitalist powers.

For the US, Soviet rivalry to its hegemony was the strategic priority, and its primary aim was to hold the USSR in check through a rough balance of threat, a mutually assured destruction. But for the Western European powers this arms race meant that they faced the prospect of a 'limited nuclear war' on European soil.<sup>1</sup> Despite their dependence on the US military alliance, they began to expand their political and economic exchange with the USSR in order to shift relations from Cold War freeze towards dialogue and détente.

Lacking the military means to extend their interests globally, these old imperialist powers still looked to the US to maintain and promote the the West's dominant position in the world economy, to keep the military balance with the USSR, and to 'police the world' for capitalism. But whilst the division of the world into two hegemonic blocs constrained Third World collective action, it also limited their own ability to influence and shape the world order.

The pressure for détente, the groundswell of public opposition in the West to nuclear weapons, together with the heavy economic costs eventually brought Reagan to the negotiating table on arms control.<sup>2</sup> The success of the Gorbachev-Reagan nuclear arms control summits meant that 'war was no longer inevitable'.<sup>3</sup>

This marked the next major turning point in the downward trajectory of imperialism, limiting the ability of superpowers to dominate world events. At the same time the influence of the 'Vietnam syndrome in the US and the clear unwinnability of the Soviet war in Afghanistan opened the way for a wider retreat from militarism, easing Cold War tensions and weakening hegemonic control.

(4) The fourth period, following the collapse of the USSR, opens with a new phase in the revival of the US imperialism and an acceleration of neoliberal globalisation. It covers a period of imperialist over-reach with the US unilateral preventive strike on Iraq, bringing

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1 Kate Hudson, *CND - Now More Than Ever* (London: Vision Paperbacks, 2005), p.123.

2 *Ibid.* p.144 and 153. Hudson cites the work of Laurence S. Wittner *The Struggle Against the Bomb Vol. 3* (Stanford, California: Stanford University Press, 2003).

3 As recognised by Deng Xiaoping. See Gerald Chan, 'Chinese Perspectives on International Relations (Basingstoke and London: Macmillan Press, 1999), p. 121.

us to the present period with the rise of the G20 challenging the Western monopoly grip on the remainder of the developing world.

Whilst the neoliberal globalisation drive, allowed the US to pass on the heavy costs of the arms race and to recover its strength, the Soviet Union bankrupted itself and its collapse left the US as the sole world superpower.

This set the stage for a new US bid for global supremacy through the advance of a 'one-size fits all' model of free market economy and political liberal democracy to capture 'spheres of influence' across the former Soviet Union and Eastern Europe.

The 1990s was an unprecedented period not only of technological progress but in the acceleration of mergers and takeovers, a global business revolution enlarging the size and increasing the power of the MNCs. These developments expanded socialised production on a global basis only to intensify the contradiction between the production base and the concentration of capital largely under private ownership. The growth in monopoly and excess capital, together with the widening technological gap fed risk-taking, speculation and anarchic production. This drove regionalist trends to provide a larger base for big business organisation and, especially in developing regions, as a defence against the vagaries of international markets. The globalisation of capital and the emergence of a new international division of labour with the relocation of manufacturing to areas of the developing world, contributed to the creation of new centres of capital accumulation, even if little value was added at the bottom rungs of the globalised production process.

This new imperialist upsurge was also marked by the new features of US 'humanitarian interventionism', 'soft imperialism' in the form of a new consumer culture glorifying individual freedom of choice in the marketplace, and the extension of US military power into space. The development of missile defence aims to secure US military predominance beyond challenge.

The US unilateral war on Iraq was clearly a case of imperial overreach. Its allies-cum-rivals in Europe (France and Germany in particular) were to prove more inclined to support a rules-based UN order. Now US 'soft power' is being further undermined as the irresponsibility of its financial sector has been exposed in the current global financial crisis. The US ability to recoup its economic position through the negotiation of global currency adjustments has become more limited.

With divisions emerging among the Western powers, there has been unprecedented activity in South-South exchange over the last few years. The G7 has had to acknowledge the importance of the rise of the BRICs, turning to the G20 to help resolve the current global economic crisis. The G20 represents a promising forum through which to raise anew the call for an NIEO.

With Third World companies as well as states developing global strategies to enter the global order, the shift in the balance of power towards the East and South marks the latest turning point in the protracted decline of imperialism, further weakening the monopoly grip

of a few big powers and their global corporations.

### **Conclusion: Looking to the future**

The imperialist tendency to over-estimate its own power, is one that should not be reflected within the Marxist Left. True, hegemonism has remained dominant and imperialist forces have been able to recover from setbacks and seize initiatives. The US remains standing as the world's sole superpower. However, in the post-war period superpower monopoly over world affairs has never been complete. An emerging diversity of progressive forces, in particular, the rise of the Third World and the grass roots anti-war and peace movements of the developed world, now joined by the greens, have had a growing influence in shaping international agendas.

These progressive forces have generally been too weak and disorganised to take full advantage of political opportunities, but whilst they have been pushed back as the imperialist forces recovered their strength, their achievements are not to be dismissed. Whilst the demands for development and for peace and nuclear disarmament gained some formal recognition, the G77, the non-aligned movement and the international networks for peace have continued to operate. The interpretation of world agreements remain deeply contested, however some new agendas have been set, laying down important principles around which progressive movements can mobilise.

Clearly, neither Europe or Japan are in a position to challenge the US for global hegemony, and continue to rely on the global military control of the US. But is the strengthening of the EU setting the stage for a renewed round of inter-imperialist rivalry? In fact, whether or not an 'imperialist truce' is a preparation for a new round of war, is conditioned by the world situation. The purpose of imperialist wars was not merely to vanquish rivals but to increase the exploitation of the oppressed nations. Now with the emergence of an independent Third World, the options for imperialism are being restricted. Although Europe is still influenced by big power politics, it has often played a role in opening world dialogue on development and peace. Developed countries may now find that there is more to be gained in earning 'development dividends' by engagement in joint projects with developing countries.

Is the unipolar moment now over and US hegemony in terminal decline? Are we looking at the emergence of a post-imperialist UN-based order? Or will big power politics and military interventionism persist? Will President Obama succeed in regrouping the imperialist powers, re-engaging Europe in a new ideological Cold War with the 'international community of democracies' ranged against authoritarian Russia and China?

Will the G7 continue to essentially dominate the international economic order and its institutions? Will the current global financial and economic crisis bring on a new round of corporate mergers further concentrating ownership bbbbbbbbbbbbin the hands of even

fewer and bigger companies? Will regionalism strengthen and will this lead to intensified rivalries or a new kind of world order knitted together by transregional corporate and governmental partnerships for peace and economic cooperation? Will global capitalism become a subordinated system managed by a new rules based multipolar developmentalism in which finance serves the real needs of the economy and negotiated trade replaces market monopolisation?

Looking to the future, although there are reasons for optimism, this must be tempered with the reality, as demonstrated in this brief history, of slow progress and intense struggle over the central anti-imperialist agenda for peace, development and sustainability. Whilst the progressive movements in the developed and developing worlds are moving closer, linking the diverse struggles, the international progressive and working class movements hardly speaks with a single voice and the organised working classes of developed countries are still far from embracing wider world demands for development.