



# The Crisis of the Globalist Project and the Contradictions of American Power

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**ABSTRACT.** Most analysis of contemporary international politics proposes that the US “empire” is both unilateralist and omnipotent. This paper offers a different reading of the realities and contradictions of US power in the current world order. It argues that US hegemony is in fact unraveling in the face of multiple crises of the globalist project that has been in train since the mid 1990s—the consequences of the Asian financial crisis, the challenges to the US agenda at the WTO, and the collapse of the US “bubble” economy. These moments of crisis have been compounded by specific weaknesses of the Bush administration’s foreign policy especially since the September 11 attacks and the onset of the war in Iraq. This suggests that the US is actually an empire in decline and that Washington has both underestimated the problems it faces and mismanaged its role in international affairs. This situation offers some political space for anti-hegemonic challenges to the empire.

**KEYWORDS.** United States • foreign policy • globalization • Iraq • World Trade Organization • overextension

## INTRODUCTION

When George W. Bush landed on the aircraft carrier USS *Abraham Lincoln* off the California coast on May 1, 2003 to mark the end of the war in Iraq, the United States (US) seemed to be at the zenith of its power, with many commentators calling it, with a mixture of awe and disgust, the “New Rome.” The carrier landing, as Anthony J. Hall points out, was a celebration of power—a spectacle that was masterfully choreographed along the lines of the American sci-fi thriller *Independence Day* and Leni Riefenstahl’s *Triumph of the Will*.

In the opening scene of *Triumph*, Adolf Hitler is pictured approaching from the air the Nazi Party rally at Nuremberg in 1934. President Bush began his big spectacle on board the *Abraham Lincoln* by touching down

on the vessel's deck in a S-3B Viking jet. Emblazoned on the windshield of the aircraft were the words "Commander in Chief". The US president then emerged in full fighter garb, invoking the imagery of the dramatic concluding scenes in *Independence Day*. In those scenes, an American president leads a global coalition from the cockpit of a small jet fighter. The aim of this US-led operation is to defend the planet from the attack of outer-space aliens. (Hall 2004)

But fortune is fickle, particularly in wartime. Less than six months later, in September 2003, the US, along with the European Union (EU), lost the "Battle of Cancún," as the fifth Ministerial Meeting of the World Trade Organization (WTO) collapsed. A key architect of the successful effort to thwart Washington and Brussels's plan to impose their agenda on the developing world was the newly formed Group of 20 (G-20), led by Brazil, India, South Africa, and China. That the G-20 dared to challenge Washington was not unrelated to the fact that, by that time, the legitimacy of the invasion of Iraq was in tatters internationally: weapons of mass destruction (WMD) rationale for waging the war collapsed; Bush's loyal ally, Tony Blair, was coming under increasing political strain; and US forces in Iraq were being subjected to something akin to a "death by a thousand cuts."

Power is partly a function of perception, and the inflation of US power right after the Iraq invasion was followed by an even more rapid deflation in the next few months. With its image transformed into that of a flailing Gulliver lashing out ineffectively at unseen Lilliputians in Baghdad and other cities in central Iraq, other candidates for "regime change" such as Pyongyang, Damascus, and Teheran saw Washington's missives as increasingly hollow. Washington was not unaware of the rapid erosion of its capacity to coerce in the eyes of the world. By late October, in fact, Bush was talking—in tones reminiscent of Bill Clinton—about giving a "security pledge" to North Korea, the aggressive isolation of which had been one of the hallmarks of his first year in office. Unable to call for a higher troop commitment without triggering the perception of being trapped in a war without a foreseeable ending, the US administration was desperate. By the time of the Cancun ministerial, the message coming out of Washington was: "We want to get out of Iraq, but not with our tail between our legs. We need United Nations (UN) cover, some semblance of a multinational security force to leave behind, and some semblance of a functioning government." US authorities hailed the passing on October 17, 2003 of a watered-down UN Security Council resolution authorizing a

multinational force under US leadership. However, most observers saw few non-US occupation troops and little non-US funding for reconstruction resulting from its vague provisions. To many governments, it was all too reminiscent of “peace with honor,” Richard Nixon’s exit strategy from Vietnam, and few were willing to become ensnared in a lost cause. When Washington announced an accelerated withdrawal plan a few weeks later in response to increasingly effective guerrilla attacks, the impression stuck that, indeed, the Bush administration was after a Vietnam-style exit.

The Iraq quagmire and the collapse of the Cancun ministerial of the WTO were just two manifestations of that fatal disease of empires: overextension. There were other critical indicators. Among them were the failure to consolidate a dependent regime in Afghanistan where the writ of the Karzai government only extends to the outskirts of Kabul; the utter failure to stabilize the Palestine situation, with Washington increasingly held hostage by the Sharon government’s lack of any interest in serious negotiations to bring about a viable Palestinian state; the paradoxical boost given to Islamic extremism not only in its Middle Eastern birthplace but in South Asia and Southeast Asia by the logic of the “war on terrorism”; the unraveling of the Atlantic Alliance that won the Cold War; the emergence in Washington’s own backyard of anti-US, anti-free-market regimes exemplified by those led by Luis Ignacio da Silva in Brazil and Hugo Chavez in Venezuela while the US was focused on the Middle East; and the rise of a massive transborder civil society movement that has led the increasingly successful drive to delegitimize and challenge the egregious nature of American power.

Taken together, what these developments amount to is a serious challenge to US hegemony at a time when much conventional analysis suggests that it had become an unfettered superpower. What the US administration faces today are in fact the constraints and predicaments of any over-weaning imperial system that is finding it increasingly problematic to resolve its inherent contradictions. As we have seen, many of these dilemmas have come to the forefront in the period since the September 11, 2001 terrorist attacks on the financial and political-military center of world power and, especially, since the onset of the war in Iraq in 2003. But these contradictions actually have their roots in the deepening of the inter-locking crises of the contemporary globalist project—which has been pursued by successive US administrations for the past two decades—which help to account for its present economic and political strategies. In other words, the

US has been vulnerable for most of the last decade and this condition has actually intensified under the Bush administration. The article sets out this analysis by first considering the evidence for multiple crises of the globalist project through an account of four key conjunctures. It then examines the economics and politics of US overextension during the period of the Bush administration which, it is argued, are important indicators of strategic weakness. The next section reflects on the period since the formal ending of the war in Iraq which highlights not only the major strategic miscalculations made by Washington but what these might portend for the erosion of American hegemony precisely at the moment when many had predicated its apogee.

### **THE CRISIS OF THE GLOBALIST PROJECT**

It is a truism that globalization has many facets. At one fundamental level, globalization can be understood as the accelerated integration of capital, production, and markets globally, a process driven by the logic of corporate profitability. Seen in this way, globalization has had two phases: the first lasting from the early nineteenth century until the outbreak of the World War I in 1914; the second, from the early 1980s until today. The intervening period was marked by the dominance of national capitalist economies characterized by a significant degree of state intervention and an international economy with strong constraints on trade and capital flows. These domestic and international constraints on the market, which were produced by the dynamics of class conflict internally and inter-capitalist competition internationally, were portrayed by the neoclassical economists as having caused distortions that collectively accounted for the stagnation of the capitalist economies and the global economy in the late 1970s and early 1980s. As in the first phase of globalization, the second phase was marked by the coming to hegemony of the ideology of neoliberalism, which focused on “liberating the market” via accelerated privatization, deregulation, and trade liberalization. There were, broadly, two versions of neoliberal ideology—a “hard” Thatcher-Reagan version and a “soft” Blair-Soros version (globalization with “safety nets”). But unleashing market forces and removing or eroding constraints imposed on transnational firms by labor, the state, and society underlies both approaches. Up to the mid-1990s one or other of the two versions seemed to rule everywhere. Its ideological claim was that there was no alternative.

Neoliberal globalization also authored new institutional forms, perhaps none so clear as the regime established to “manage” international trade. The offspring of eight years of negotiations, the WTO was hailed by its supporters as the gem of global economic governance in the era of globalization. The nearly 20 trade agreements that underpinned the WTO were presented as comprising a set of multilateral rules that would eliminate power and coercion from trade relations by subjecting both the powerful and the weak to a common set of rules backed by an effective enforcement apparatus. The WTO was a landmark, declared George Soros, because it was the only supranational body to which the world’s most powerful economy, the US, would submit itself. In the WTO, it was claimed, the powerful US and lowly Rwanda had exactly the same number of votes: one. Triumphalism was the note sounded during the First Ministerial Meeting of the WTO in Singapore in November 1996. The WTO, International Monetary Fund (IMF), and the World Bank issued their famous declaration that the task of the future now lay in making their policies of global trade, finance, and development “coherent” so as to lay the basis for global prosperity.

Today the triumphalism is all but gone. As the fifth Ministerial Meeting of the WTO in 2003 came and went, the organization is in gridlock. A new agreement on agriculture is nowhere in sight as the US and the EU stoutly defend their multibillion dollar subsidies. Brussels threatened to impose sanctions on Washington for maintaining tax breaks for exporters that have been found to be in violation of WTO rules, while Washington has threatened to file a case with the WTO against the EU’s *de facto* moratorium against genetically modified foods. Developing countries, some once hopeful that the WTO would in fact bring more equity to global trade, unanimously agree that most of what they have reaped from WTO membership are costs, not benefits. They are dead set against opening their markets any further, except under coercion and intimidation. Instead of heralding a new round of global trade liberalization, the Cancún ministerial amounted to no more than an impasse. The context for understanding this stalemate at the WTO—as one crucial manifestation of the weakening of American strategic power—is the crisis of the globalist project and the emergence of unilateralism as the main feature of US foreign policy.

In this context, there have been three moments in the deepening crisis of the globalist project. The first was the Asian financial crisis of 1997. This event, which laid low the proud “tigers” of East Asia, revealed that one of the key tenets of the globalization—the liberalization

of the capital account to promote freer flows of capital, especially finance or speculative capital—could be profoundly destabilizing. The Asian financial crisis was, in fact, shown to be merely the latest of at least eight major financial crises since the liberalization of global financial flows began in the late 1970s. How profoundly destabilizing capital market liberalization could be was shown in just a few weeks during the crisis when one million people in Thailand and 21 million in Indonesia were pushed below the poverty line.

The Asian financial crisis was the Stalingrad of the IMF, the prime global agent of liberalized capital flows. Its record in the ambitious enterprise of subjecting some 100 developing and transitional economies to “structural adjustment” was revisited, and facts that had been pointed out by such agencies as the United Nations Development Program (UNDP) and United Nations Conference on Trade and Development (UNCTAD) as early as the late 1980s now assumed the status of realities. Structural adjustment programs designed to accelerate deregulation, trade liberalization, and privatization had almost everywhere institutionalized stagnation, worsened poverty, and increased inequality. A paradigm is really in crisis when its best practitioners desert it, as Thomas Kuhn (1962) pointed out in *The Structure of Scientific Revolutions*. Something akin to what happened during the crisis of the Copernican paradigm in physics occurred in neoclassical economics shortly after the Asian financial crisis, with key intellectuals leaving the fold—among them Jeffrey Sachs, noted earlier for his advocacy of “free market” shock treatment in Eastern Europe in the early 1990s; Joseph Stiglitz, former chief economist of the World Bank; Jagdish Bhagwati, who called for global controls on capital flows; and financier George Soros, who condemned the lack of controls in the global financial system that had enriched him.

The second moment of the crisis of the globalist project was the collapse of the third Ministerial Meeting of the WTO in Seattle in December 1999. Seattle was the fatal intersection of three streams of discontent and conflict that had been building for some time. First, developing countries resented the inequities of the Uruguay Round agreements that they felt compelled to sign in 1995. Second, massive popular opposition to the WTO emerged globally from myriad sectors of global civil society, including farmers, fisherfolk, labor unionists, and environmentalists. By posing a threat to the well-being of each sector in many of its agreements, the WTO managed to unite global civil society against it. And third, there were unresolved trade conflicts

between the EU and the US, especially in agriculture, which had simply been papered over by the Uruguay Round agreement. These three volatile elements combined to create the explosion in Seattle, with the developing countries rebelling against Northern diktat at the Seattle Convention Center. Fifty thousand people massed militantly in the streets, and differences prevented the EU and US from acting in concert to salvage the ministerial meeting. In a moment of lucidity right after the Seattle debacle, British Secretary of State Stephen Byers captured the essence of the crisis: "The WTO will not be able to continue in its present form. There has to be fundamental and radical change in order for it to meet the needs and aspirations of all 134 of its members" (Timms 2001).

The third moment of the crisis was the collapse of the stock market and the end of the Clinton boom. This was not just the bursting of the bubble but a rude reassertion of the classical capitalist crisis of overproduction, the main manifestation of which was massive overcapacity. Prior to the crash, corporate profits in the US had not grown since 1997. This was related to overcapacity in the industrial sector, the most glaring example being seen in the troubled telecommunications sector, where only 2.5 per cent of installed capacity globally was being utilized. The stagnation of the real economy led to capital being shifted to the financial sector, resulting in the dizzying rise in share values. But since profitability in the financial sector cannot deviate too far from the profitability of the real economy, a collapse of stock values was inevitable, and this occurred in March 2001, leading to the prolonged stagnation and the onset of deflation.

There is probably a broader structural reason for the length of the current stagnation or deflation and its constant teetering at the edge of recession. This may be, as a number of economists have stated, the tail end of the Kondratieff Cycle which suggests that the progress of global capitalism is marked not only by short-term business cycles but also by long-term "supercycles" (Kondratieff 1984). Kondratieff cycles are roughly fifty- to sixty-year long waves. The upward curve of the Kondratieff cycle is marked by the intensive exploitation of new technologies, followed by a crest as technological exploitation matures, then a downward curve as the old technologies produce diminishing returns while new technologies are still in an experimental stage in terms of profitable exploitation, and finally a trough or prolonged deflationary period. The trough of the last wave was in the 1930s and 1940s, a period marked by the Great Depression and the World War

II. The ascent of the current wave began in the 1950s and the crest was reached in the 1980s and 1990s. The profitable exploitation of the postwar advances in the key energy, automobile, petrochemical, and manufacturing industries ended while that of information technology was still at a relatively early stage. From this perspective, the “New Economy” of the late 1990s was not a transcendence of the business cycle, as many economists believed it to be, but the last glorious phase of the current supercycle before the descent into prolonged deflation. In other words, the uniqueness of the current conjuncture lies in the fact that the downward curve of the current short-term cycle coincides with the move into descent of the Kondratieff supercycle. To use the words of Joseph Schumpeter (1942), the global economy appears to be headed for a prolonged period of “creative destruction.”

### **THE NEW ECONOMICS OF THE BUSH ADMINISTRATION**

The interlocking crises of globalization, neoliberalism, capitalist legitimacy, and overproduction provide the context for understanding the economic policies of the Bush administration, notably its unilateralist thrust. The globalist corporate project expressed the common interest of the global capitalist elites in expanding the world economy and their fundamental dependence on one another. However, globalization did not eliminate competition among the national elites. In fact, the ruling elites of the US and Europe had factions that were more nationalist in character as well as more tied to the state for their survival and prosperity, such as the military-industrial complex in the US. Indeed, since the 1980s there has been a sharp struggle between the more globalist and the more nationalist, hegemonist faction of the global capitalist class. The former stresses the common interest of their class, the latter wants to ensure the supremacy of the US corporate interest.

As Robert Brenner (2003) has pointed out, the policies of Bill Clinton and his Treasury Secretary Robert Rubin put prime emphasis on the expansion of the world economy as the basis of the prosperity of the global capitalist class. For instance, in the mid-1990s, they pushed a strong dollar policy meant to stimulate the recovery of the Japanese and German economies, so they could serve as markets for US goods and services. On the other hand, the earlier, more nationalist Reagan administration, had employed a weak dollar policy to regain competitiveness for the US economy at the expense of the Japanese and



German economies. With the George W. Bush administration, the economic policies, including a weak dollar policy, are meant to revive the US economy at the expense of the other center economies and push primarily the interests of the US corporate elite instead that of global capitalist class under conditions of a global downturn.

Two features of this approach are worth stressing. On the one hand, Bush's political economy is very wary of a process of globalization that is not managed by a US state that ensures that the process does not diffuse the economic power of the US. Allowing the market solely to drive globalization could result in key US corporations becoming the victims of globalization and thus compromising US economic interests. Thus, despite the free market rhetoric, there is a group that is very protectionist when it comes to trade, investment, and the management of government contracts. It seems that the motto of core Bush ideologues is protectionism for the US and free trade for the rest. On the other hand, the Bush approach includes a strong skepticism about multilateralism as a way of global economic governance since while multilateralism may promote the interests of the global capitalist class in general, it may, in many instances, contradict particular US corporate interests. The Bush coterie's growing ambivalence towards the WTO stems from the fact that the US has lost a number of rulings there, rulings that may hurt US capital but serve the interests of global capitalism as a whole. For the Bush administration, strategic power is the ultimate modality of power. Economic power is a means to achieve strategic power. This is related to the fact that under Bush, the dominant faction of the ruling elite is the military-industrial establishment that won the Cold War.

If these are seen as the premises for action, then the following six prominent elements of recent US economic policy make sense. First, there is the imperative of achieving control over Middle East oil. While it did not exhaust the war aims of the administration in invading Iraq, it was certainly high on the list. With competition with Europe becoming the prime aspect of the trans-Atlantic relationship, this was clearly aimed partly at Europe. But perhaps the more strategic goal was to preempt the region's resources in order to control access to them by energy poor China, which is seen as the US's strategic enemy.

Second, aggressive protectionism in trade and investment matters. The US has piled up one protectionist act after another. One of the most brazen being to stall any movement at the WTO negotiations by defying the Doha Declaration's upholding of public health issues over

intellectual property claims by limiting the loosening of patent rights to just three diseases in response to its powerful pharmaceutical lobby. While it seems perfectly willing to see the WTO negotiations unravel, Washington has put most of its efforts in signing up countries into bilateral or multilateral trade deals such as the Free Trade Area of the Americas (FTAA) before the EU gets them into similar deals. Indeed the term “free trade agreements” is a misnomer since these are actually preferential trade deals.

Third, there is the logic of incorporating strategic considerations into trade agreements. In a recent speech, US Trade Representative Robert Zoellick stated explicitly that “countries that seek free-trade agreements with the United States must pass muster on more than trade and economic criteria in order to be eligible. At a minimum, these countries must cooperate with the United States on its foreign policy and national security goals, as part of 13 criteria that will guide the US selection of potential FTA partners” (Rogers and Borges 2003). New Zealand, perhaps one of the governments most doctrinally committed to free trade, has nevertheless not been offered a free trade deal because it has a policy that prevents nuclear ship visits, which the US feels is directed at it.

Fourth, there is the consistent manipulation of the dollar’s value to stick the costs of economic crisis on rivals among the center economies and regain competitiveness for the US economy. A slow depreciation of the dollar vis-à-vis the euro can be interpreted as market-based adjustments, but the 25 percent fall in value cannot but be seen as, at the least, a policy of benign neglect. While the Bush administration has issued denials that this is a beggar-thy-neighbor policy, the US business press has seen it for what it is: an effort to revive the US economy at the expense of the EU and other center economies.

Fifth, there has been a concerted and aggressive manipulation of multilateral agencies to push the interests of US capital. While this might not be too easy to achieve in the WTO owing to the weight of the EU, it can be more readily done at the World Bank and the IMF, where US dominance is more effectively institutionalized. For instance, despite support for the proposal from many European governments, the US Treasury recently torpedoed the IMF management’s proposal for a Sovereign Debt Restructuring Mechanism (SDRM) to enable developing countries to restructure their debt while giving them a measure of protection from creditors. Already a very weak mechanism, the SDRM was vetoed by US Treasury in the interest of US banks.

Finally, there is the policy making the other center economies as well as developing countries bear the burden of adjusting to the environmental crisis. While some of the Bush people do not believe there is an environmental crisis, others know that the current rate of global greenhouse emissions is unsustainable. However, they want others to bear the brunt of adjustment since that would mean not only exempting environmentally inefficient US industry from the costs of adjustment, but hobbling other economies with even greater costs than if the US participated in an equitable adjustment process, thus giving the US economy a strong edge in global competition. Raw economic realpolitik, not fundamentalist blindness, lies at the root of the Washington's decision not to sign the Kyoto Protocol on Climate Change.

### THE ECONOMICS AND POLITICS OF OVEREXTENSION

Being harnessed very closely to strategic ends, any discussion of the likely outcomes of the Bush administration's economic policies must take into account both the state of the US economy and the global economy and the broader strategic picture. A key base for successful imperial management are expanding national and global economies—something precluded by the extended period of deflation and stagnation ahead, which is more likely to spur intercapitalist rivalries. Moreover, resources include not only economic and political resources but political and ideological ones as well. For without legitimacy—without what Gramsci (1971) called “the consensus” of the dominated that a system of rule is just—imperial management cannot be stable.

Here history offers some powerful parallels. Faced with a similar problem of securing the long-term stability of its rule, the ancient Romans came up with the solution that created what was till then the most far-reaching case of collective mass loyalty ever achieved and prolonged the empire for 700 years. The Roman solution was not just or even principally military in character. The Romans realized that an important component of successful imperial domination was consensus among the dominated of the “rightness” of the Roman order. As Michael Mann notes in his classic *Sources of Social Power*, the “decisive edge” was not so much military as political. “The Romans,” he writes, “gradually stumbled on the invention of extensive territorial citizenship.” The extension of Roman citizenship to ruling groups and non-slave

peoples throughout the empire was the political breakthrough that produced what “was probably the widest extent of collective commitment yet mobilized” (Mann 1986, 254). Political citizenship combined with the vision of the empire providing peace and prosperity for all to create that intangible but essential moral element called legitimacy.

Needless to say, extension of citizenship plays no role in the US imperial order. In fact, US citizenship is jealously reserved for a very tiny minority of the world’s population, entry into whose territory is tightly controlled. Subordinate populations are not to be integrated but kept in check either by force or the threat of the use of force or by a system of global or regional rules and institutions—the WTO, the Bretton Woods system, NATO—that are increasingly blatantly manipulated to serve the interests of the imperial center. Though extension of universal citizenship was never a tool in the American imperial arsenal, during its struggle with communism in the post-World War II period Washington did come up with a political formula to legitimize its global reach. The two elements of this formula were multilateralism as a system of global governance and liberal democracy.

In the immediate aftermath of the Cold War, there were, in fact, widespread expectations of a modern-day version of *Pax Romana*. There was hope in liberal circles that the US would use its sole superpower status to buttress a multilateral order that would institutionalize its hegemony but assure an Augustan peace globally. That was the path of economic globalization and multilateral governance. That was the path eliminated by George W. Bush’s unilateralism. As Frances Fitzgerald (2002) observed in *Fire in the Lake*, the promise of extending liberal democracy was a very powerful ideal that accompanied American arms during the Cold War. Today, however, Washington or Westminster-type liberal democracy is in trouble throughout the developing world, where it has been reduced to providing a façade for oligarchic rule, as in the Philippines, pre-Musharraf Pakistan, and throughout Latin America. In fact, liberal democracy in America has become both less democratic and less liberal. Certainly, few in the developing world see a system fueled and corrupted by corporate money as a model.

Recovery of the moral vision needed to create consensus for US hegemony will be extremely difficult. Indeed, the thinking in Washington these days is that the most effective consensus builder is the threat of the use of force. Moreover, despite their talk about imposing democracy in the Arab world, for example, the main aim of influential

neoconservative writers like Robert Kagan and Charles Krauthammer is transparent: the manipulation of liberal democratic mechanisms to create pluralistic competition that would destroy Arab unity. Bringing democracy to the Arabs is not so much an afterthought as a slogan that is uttered tongue in cheek. Set in this light, it is clear that the Bush people are not interested in creating a new *Pax Romana*. What they want is a *Pax Americana* where most of the subordinate populations like the Arabs are kept in check by a healthy respect for lethal American power, while the loyalty of other groups such as the Philippine government is purchased with the promise of cash. With no moral vision to bind the global majority to the imperial center, this mode of imperial management can only inspire one thing: resistance.

The great problem for unilateralism is overextension, or a mismatch between the goals of the US and the resources needed to accomplish these goals. Overextension is relative. That is, it is to a great degree a function of resistance. An overextended power may, in fact, be in a worse condition even with a significant increase in its military power if resistance to its power increases by an even greater degree. This is precisely the significance of the events in Iraq since the formal conclusion of the war in May 2003.

## THE IRAQ DEBACLE

A defiant slogan repeated by residents of Falluja, Iraq over the last year was that their city would be “the graveyard of the Americans”. The eruption of bitter conflict in early 2004 has seen that chant become a reality, with most US combat deaths falling in the intense fighting around Falluja. But there is a bigger sense in which the slogan is true: Falluja has become the graveyard of US policy in Iraq. The battle for the city is not yet over, but the Iraqi resistance has already won it. Irregular fighters fueled mainly by spirit and courage were able to fight the elite of America’s colonial legions—the US Marines—to a standstill in the outer neighborhoods of Falluja. Moreover, so frustrated were the Americans that, in their trademark fashion of technology-intensive warfare, they unleashed firepower indiscriminately, leading to the deaths of some 600 people, mainly women and children, according to eyewitness accounts and as frequently quoted by various sources, including Al Jazeera and CNN. Captured graphically by Arab television, these two developments have created both inspiration and deep anger that is likely to be translated into thousands of new recruits for the already burgeoning resistance.

The Americans are now confronted with an unenviable dilemma: they stick to the ceasefire and admit they cannot handle Falluja, or they go in and take it at a terrible cost both to the civilian population and to themselves. There is no doubt the heavily armed Marines can pacify Falluja, but the costs are likely to make that victory a Pyrrhic one. As if one battlefield blunder did not suffice, the US sent a 2500-man force to Najaf to arrest the radical cleric Muqtad al-Sadr. Again, even before the battle has begun, they have created a fine mess for themselves. The threat of an American assault has merely brought over more Shi'ites, including the widely respected Ayatollah Sistani to the defense of al-Sadr. If the Americans do not attack, they will be seen by the Iraqis as being scared of taking on al-Sadr. If they attack, then they will have to engage in the same sort of high-casualty, close-quarters combat cum indiscriminate firepower that can only deliver the same outcome as an assault on Falluja: tactical victory, strategic defeat.

The months since Bush prematurely declared an end to the war have left us with indelible images that will forever underline the quicksand that is US policy in Iraq. There are the marines blaring speakers at Falluja insurgents taunting them for hiding behind women and children, when the reality is that women and children are part of the Iraqi resistance. There is Defense Secretary Donald Rumsfeld cursing telecasts by Al Arabiya and Al Jazeeraah claiming there are 600 women and children dead when even CNN has admitted that a high proportion of the dead and wounded in Falluja were indeed women and children. Then there is Bush vowing not to "cut and run" but not offering any way out of the impasse except the application of more of the military force with which the Americans have ruled Iraq in the last year.

To some analysts, the problem lies in the miscalculations of Rumsfeld. The man, in this view, simply underestimated what it would take to have a successful military occupation of Iraq. Rumsfeld thought 160,000 troops would suffice to invade and occupy Iraq. The result, according to James Fallows (2004), is that "it is only a slight exaggeration to say that today the entire US military is either in Iraq, returning from Iraq, or getting ready to go." Forty percent of the troops deployed to Iraq this year will not be professional soldiers but members of the National Guard or Reserves, who signed up on the understanding that they were only going to be weekend warriors. To many it now seems that the estimates of military professionals like General Anthony Zinni, who said that it would take 500,000 troops to secure Iraq, were more

on the mark. But even Zinni's figure—the high-water mark of the US troop presence in Vietnam—may now have been outstripped by the wildfire speed of the insurgency racing through rural and urban Iraq. To other observers, it has been the ineptitude of Paul Bremer, the American proconsul, that has created the crisis. In this view, Bremer made three big mistakes of a political nature, all during his first month in office: removing top-ranking Ba'ath Party figures, some 30,000 of them, from office; dissolving the Iraqi Army, thus throwing a quarter of a million Iraqis out of work; and making a handover of power indefinite and dependent on the writing of a constitution under military occupation. Add to these his recent closing of a Shi'ite newspaper critical of the occupation and his ordering the arrest of an aide of Muqtad al-Sadr—moves that Naomi Klein (2004) contends were calculated to draw al-Sadr into open confrontation in order to crush him.

Inept, Rumsfeld and Bremer have certainly been, but their military and political blunders were inevitable consequences of the collective delusion of Bush and the reigning neoconservatives at the White House. One element of this delusion was the belief that the Iraqis hated Saddam so much that they would tolerate an indefinite political and military occupation that had the license to blunder at will. A second element was persisting in the illusion that that it was mainly “remnants” of the Saddam Hussein regime that were behind the spreading insurgency when everybody else in Baghdad realized the resistance had grassroots backing. A third was that the Shi'ite-Sunni divide was so deep that their coming together for a common enterprise against the US on a nationalist and religious platform was impossible. In other words, it was the Americans themselves who spun their own web of false fundamental assumptions that entrapped them. The Bush circle is hopelessly out of touch with reality. But so are others in Washington's hegemonic conservative circles. An influential conservative critic of the administration's policy, Fareed Zakaria (2004), for instance, has this to offer as the way out: “The US must bribe, cajole, and coopt various Sunni leaders to separate the insurgents from the local population...The tribal sheiks, former low-level Baathists, and regional leaders must be courted assiduously. In addition, money must start flowing into Iraqi hands.” The truth is that the neoconservative scenario—of quick invasion, pacification of the population with chocolates and cash,

installation of a puppet “democracy” dominated by Washington’s proteges, then withdrawal to distant military bastions while an American-trained army and police force took over security in the cities—was dead on arrival.

As the invasion began, many predicted that the American invasion would face an urban resistance that would be difficult to pacify in Baghdad and elsewhere in the country. Famously, Scott Ritter, the former UN arms inspector, said that the Americans would be forced to exit Iraq like Napoleon from Russia, their ranks harried by partisans (*News24.com* 2003). They were wrong, of course, since there was little popular resistance to the entry of the Americans to Baghdad. But they were eventually proved right. The mistake lay in underestimating the time it would take to transform the population from an unorganized, submissive mass under Saddam to a force empowered by nationalism and Islam. Bush and Bremer constantly talk about their dream of a “new Iraq”. Ironically, the new post-Saddam Iraq is being forged in a common struggle against a hated occupation.

The Americans thought they could coerce and buy the Iraqis into submission. They failed to reckon with one thing: spirit. Of course, spirit is not enough, and what we have seen over the last year is a movement traveling on a steep learning curve from clumsy and amateurish acts of resistance to a sophisticated repertoire combining the use of improvised explosive devices (IEDs), hit-and-run tactics, stand-your-ground firefights, and ground missile attacks. Unfortunately, these tactics have also included strategically planned car bombings and kidnappings that have harmed civilians along with Coalition combatants and mercenaries. Unfortunately, too, in the resistance’s daring effort to sap the will of the enemy by carrying the battle to the latter’s territory, it has included missions that deliberately target civilians, like the Madrid subway bombing that killed hundreds of innocents. Such acts are unjustified and deeply deplorable, but to those quick to condemn, one must point out that the indiscriminate killing of some 10,000 Iraqi civilians by US troops in the first year of the occupation and the current targeting of civilians in the siege of Falluja are on the same moral plane as these methods of the Iraqi and Islamic resistance. Indeed, the “American way of war” has always involved the killing and punishing of the civilian population.

The resistance is on the ascendant in Iraq, but the balance of forces continues to be on the American side. The Iraq war has developed into a multifront war, with the struggle for public opinion in the US being



one of the key fronts. Here, there has been no decisive break so far. The liberals are hopeless. They are not responding to logic but to baiting from the same right wing that, three decades ago, predicted chaos, massacre, and civil war should the US withdraw from Vietnam. For presidential contender John Kerry and the Democrats, the alternative is stabilization via greater participation by the UN and the US's European allies, which, of course, hardly distinguishes them from Bush, who is desperate to bring in the UN and more troops from the Coalition of the Willing to relieve US troops in frontline positions. One of the reasons Democratic leaders do not call for withdrawal is their fear that this could harm them in the November 2004 elections—despite the fact that, according to the Pew Research Center, 44 per cent of Americans say that troops should be brought home as soon as possible, up from 32 per cent September 2003 (Dinmore 2004). But an even more fundamental reason is that they agree with the neoconservative position that while the invasion of Iraq may not have been justified, a unilateral withdrawal cannot be allowed since this would strike an incalculable blow to American prestige and leadership.

The paralysis that has gripped the Democrats on Iraq can only be broken by one thing: a strong antiwar movement such as that which took to the streets daily and in the thousands before and after the Tet Offensive in 1968. So far that has not materialized, though disillusion with US policy in Iraq has spread to more than half of the US population. Indeed, at the very time that it is needed by developments in Iraq, the international peace movement has had trouble getting in gear. The demonstrations on 20 March 2004 were significantly smaller than the 10 February 2003 marches, when tens of millions marched throughout the world against the projected invasion of Iraq. The kind of international mass pressure that makes an impact on policymakers—the daily staging of demonstration after demonstration in the hundreds of thousands in city after city is simply not in evidence, at least not yet.

## **THE END OF EMPIRE?**

Paradoxically enough, while the rise of the Iraqi resistance has not yet altered the correlation of forces within Iraq, it has contributed mightily to transforming the global equation in the last 12 months, deepening the longer-term crisis of the globalist project. It has discouraged a

militarily overextended Washington from carrying out efforts at regime change in other countries, like Syria, North Korea, and Iran. It has deflected the attention and resources needed by the Washington for a successful occupation of Afghanistan. It has prevented the US from focusing on its backyard, thus allowing the consolidation of anti-free-market and anti-US governments in Latin America. It has deepened the rift in the political, military, and cultural alliance known as the Atlantic Alliance, which served as a potent instrument of Washington's global hegemony during and immediately after the Cold War. Without the example of the defiant challenge posed by the Iraqi resistance, the developing countries might not have gotten their act together to sink the WTO ministerial meeting in Cancun and the US plan for a Free Trade Area of the Americas in Miami in November 2003. Anti-hegemonic movements the world over, in short, owe the Iraqi resistance a great deal for exacerbating the American empire's crisis of overextension. Yet its face is not pretty, and many on the progressive movement in the US and the West hesitate to embrace it as an ally. This is probably one of the key obstacles to the emergence of a sustained peace movement in the US and internationally, that the organizing efforts of progressives have been incapacitated by their own qualms about the Iraqi resistance. But there has never been any pretty movement for national liberation or independence. Many Western progressives were also repelled by some of the methods of the Mau Mau in Kenya, the *Front de Liberation Nationale* (FLN) in Algeria, the National Liberation Front (NLF) in Vietnam, and the Irish Republican Movement. National liberation movements, however, are not asking for ideological or political support. All they seek is international pressure for the withdrawal of an illegitimate occupying power so that internal forces can have the space to forge a truly national government. Surely on this limited program progressives throughout the world and the Iraqi resistance can unite.

Against such challenges to its hegemony, the US's absolute superiority in nuclear and conventional warfare capability counts for little. To intervene, invade, and enforce an occupation, ground forces will continue to be the decisive element, but there is no way the US public, most of whom no longer see the Iraq invasion as worth its price in US casualties, will tolerate a significant expansion in ground troop commitments beyond the 168,000 serving in Iraq and the Gulf states and some 47,000 deployed to Afghanistan, South Korea, the Philippines, and the Balkans. One option is to return to the gunboat

diplomacy of the Clinton era, to what Andrew Bacevich (2002) describes as the calibrated application of airpower without ground force commitments “to punish, draw lines, signal, and negotiate.” The Bush administration, however, rails against such an option, and for good reason: whether it was Clinton’s fusillade of cruise missiles against Osama bin Laden’s reported hideouts in Afghanistan and the Sudan or President Johnson’s Operation Rolling Thunder against North Vietnam in 1964, air strikes are very limited in their impact against a determined foe. But then neither does the ground troop option fare any better, leading to the question: is the US in a no-win situation?

The problem is that the Bush administration has unlearned a vital lesson of imperial management: that, as Bacevich (2002) puts it, “Governing any empire is a political, economic, and military undertaking; but it is a moral one as well.” Can a more sophisticated administration undo the damage to US imperial management wrought by the Bush presidency by bringing back multilateralism and a “moral” dimension to empire? Perhaps. However, even this approach may be anachronistic. For history does not stand still. It will be difficult for a reinvigorated US-led coalition politics to douse the wildfire of Islamic fundamentalist reaction that will eventually bring down or seriously erode the staying power of US allies like the Saudi and Gulf elites. Going back to the Cold War era promise of extending democracy is unlikely to work with disenchanted people who have seen US-supported elite-controlled democracies in places like Pakistan and the Philippines become obstacles to economic and social equality. To revert to the Clinton era of promising prosperity via accelerated globalization will not work either since the overwhelming evidence is that, as even the World Bank admits, poverty and inequality increased globally in the 1990s, which was a decade of accelerated globalization.

As for economic multilateralism, George Soros’s appeal for a reform of the IMF, World Bank, and WTO to promote a more equitable form of globalization may seem sound, but it is unlikely to draw the support of the dominant US business interests which, after all, torpedoed the WTO talks with their aggressive protectionist posture on agriculture, intellectual property rights, and steel tariffs, and their gangbuster attitudes towards other economies in the areas of investment rights, capital mobility, and the export of genetically modified products. Armed with the ideological smokescreen of free trade, the US corporate establishment is, in fact, likely to become even

more protectionist and mercantilist in the era of global stagnation, deflation, and diminishing profits that the world has entered.

Militarily, there is no doubt that Washington will retain absolute superiority in gross indices of military might such as nuclear warheads, conventional weaponry, and aircraft carriers, but the ability to transform military power into effective intervention will decline as the “Iraq syndrome” takes hold. The break-up of the Atlantic Alliance is irreversible, with the conflict over Iraq merely accelerating the disruptive dynamics of differences building since the 1990’s in practically all dimensions of international relations. Europe will most likely move towards creating a European Defense Force independent of NATO, though it will not challenge US strategic superiority. Politically, however, Europe will increasingly slip out of the US orbit and present an alternative pole—pursuing regional self-interest via a liberal, diplomacy-oriented, and multilateral approach.

In terms of economic strength, the US will remain the dominant power over the next two decades, but it is likely to slip as the source of its hegemony—the global framework for transnational capitalist cooperation to which the WTO is central—is eroded. Bilateral or regional trade arrangements are likely to proliferate, but the most dynamic ones may not be those integrating weak economies with one superpower like the US or EU but regional economic arrangements among developing countries—or, in the parlance of development economics, “South-South cooperation.” Such formations as Mercosur in Latin America, the Association of South East Asian Nations (ASEAN), and the Group of 21, will increasingly reflect the key lessons that developing countries have learned over the last 25 years of destabilizing globalization: that trade policy must be subordinated to development, that technology must be liberated from stringent intellectual property rules, that capital controls are necessary, that development demands not less but more state intervention. And, above all, that the weak must hang together or they will hang separately. Among the developing countries, China is, of course, in a category by itself. Indeed, China is one of the winners of the Bush era. It has managed to be on the side of everybody on key economic and political conflicts and thus on the side of nobody but China. As the US has become ensnared in wars without end, China has deftly maneuvered to stay free of entangling commitments to pursue rapid economic growth, technological deepening, and political stability. Democratization, of course, remains an urgent need, but the unraveling

of China owing to its slow progress—which many China watchers love to predict to sell their books—is not likely to happen.

The other big winner of the last few years is what the *New York Times* calls the world's second superpower after the US. This is global civil society, a force whose most dynamic expression is the World Social Forum that met in 2004 in Mumbai. This rapidly expanding transborder network that spans the North and the South is the main force for peace, democracy, fair trade, justice, human rights, and sustainable development. Governments as disparate as Beijing and Washington deride its claims. Corporations hate it. And multilateral agencies find themselves compelled to adopt its language of "rights." But its increasing ability to delegitimize power and cut into corporate bottom lines is a fact of international relations that they will have to live with.

## CONCLUSION

A decreased US capacity to control global events, the rise of regional economic blocs as the multilateral system declines, rising assertiveness among developing countries, and the emergence of global civil society as an increasingly powerful check on states and corporations—these trends are likely to accelerate in the next few years. History has a perverse sense of humor, often playing an outrageous game of bringing about precisely the opposite than what its actors intend. "Full spectrum dominance" by the US in the twenty-first century has been the avowed objective of the neoconservatives that came to power with George W. Bush. Paradoxically, pursuit of this panacea by the current administration has accelerated the erosion of US hegemony—a process that might have been slowed down by a more skilled imperial elite. The great failure of the Bush administration is its inability to realize that empires inevitably decline, and the challenge is not to resist the process but to manage it deftly.

The globalist project is in crisis. Whether it can make a comeback via a Democratic or Liberal Republican presidency should not be ruled out, especially since there are influential globalist voices in the US business community that are expressing opposition to the unilateralist thrust of the Bush administration. In our view, however, this is unlikely, and unilateralism will reign for sometime to come. We have, in short, entered an historical maelstrom marked by prolonged economic crisis, the spread of global resistance, the reappearance of the balance of power among center states, and the reemergence of acute

inter-imperialist contradictions. We must have a healthy respect for US power, but neither must we overestimate it. The signs are there that the US is seriously overextended and what appear to be manifestations of strength might in fact signal weakness strategically. ❀

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