

The Economic-Historical Roots of U.S. Foreign Policy

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1 Aberration or pattern?

It would be comforting to trust that our current pickle in the Middle East is a temporary aberration in U.S. foreign and military policy, due to the poor judgment and incompetence of our current political leaders, and that we can count on a return to a less violent, more effective foreign policy with a change of administrations. While I do not want to deny or minimize the misjudgments and missteps of the the current administration, I think they are only an aspect, and perhaps a secondary aspect of the situation we find ourselves in. Many aspects of the wars in Iraq and Afghanistan have continuities and similarities with previous U.S. foreign policy such as the Vietnam War and even extending before World War II. This observation suggests that the roots of these interventions lie deep in the structure of U.S. politics and its historical position in the world, and that electoral changes of political parties have a limited ability to change U.S. behavior toward the rest of the world. It also suggests that constructive changes in U.S. behavior toward other nations will ultimately have to arise from a deep reconsideration of the presumptions about history and economics that inform U.S. thinking about foreign policy.

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In this talk I will address historical and economic roots of current U.S. foreign policy that transcend individual leadership styles and partisan predilections, but nonetheless, I believe, require serious critical attention if we are to move in a more constructive direction.

2 Deep roots

The rise of capitalism and industrial/urban society in Europe five hundred years ago roughly coincided with the creation, through the “voyages of discovery” and the early conquests, of a planet-wide social-political-economic system. This world system from its inception reflected an inequality of economic, technological, and hence military development between a European center and the rest of the world. These inequalities were greatly intensified by the process of formation of the world-system itself. European society colonized lightly populated parts of the world, generally by exterminating or marginalizing indigenous populations, as in the Americas. In more developed and populated parts of the world areas, such as the Middle East, China, India and Southeast Asia the impact of European capitalism generally resulted in the destruction of pre-existing economies and political structures. As a result the gap in economic productivity and political-military power between European capitalism and its colonial extensions in the Americas, Australia, South Africa and the rest of the world widened enormously.

This economic unevenness in the world has been and continues to be the main structuring feature of international politics ever since. In the eighteenth and nineteenth centuries European politics came to center on a competition for control and influence in the periphery.

During this period the main model for the regulation of relations between the capitalist center and the periphery was colonial imperialism. The European powers governed peripheral populations either directly as colonies or imperial possessions or indirectly through surrogates. Economic development of the periphery was seen as a question of integrating the populations and natural resources of these parts of the world into the national capitalist systems of the European imperial powers. The guiding principle in planning investment and development of infrastructure in the colonial empires was to make them profitable as subsidiary and subordinate parts of the European economies. Thus what is sometimes called the “first globalization” of the late nineteenth and very early twentieth centuries was characterized by the

very one-sided and limited development of peripheral societies economically.

In densely populated parts of the world the basic European political strategy to secure a modicum of stability and control of colonial populations was to divide the colonial populations by exploiting and encouraging pre-existing ethnic, religious, and regional splits. Imperial administrators, such as the British in India, found that divided loyalties of large colonial populations made it possible and cheap to control them with relatively small (though ruthlessly utilized) military occupying forces. In a few parts of the world (like Thailand, Japan, and for a time China) traditional indigenous political systems commanded enough loyalty to resist direct colonization.

The colonial model, as we know, collapsed through the failure of the European colonial powers to regulate their rivalries and prevent them from spilling over into armed conflict in Europe itself. It is instructive in this connection to remember that the colonial system survived the catastrophe of the First World War in large parts of the world. The crisis of the Great War did destroy the Austrian, Russian, and Ottoman Empires, but left the British and French Empires intact (but bankrupt both economically and morally). It was only after the Second World War that the imperial-colonial model collapsed, and the era of neo-colonialism and American Imperialism dawned.

3 The theory of U.S. Imperialism

After the Civil War had dramatically accelerated U.S. economic development and laid to rest the lingering specter of regional breakup, ambitious Americans began to realize that the growing contradictions of European Imperialism offered a historical opportunity for the projection of U.S. power and influence on a world scale, in fact, nothing less than the creation of a world system centered on American economic and political institutions. The realization of these ambitions required first of all the building of a large, technologically superior U.S. Navy capable of projecting power not just, as the Marine Hymn so memorably puts it “from the halls of Montezuma to the shores of Tripoli”, but anywhere in the world.

The theory of U.S. Imperialism underwent rapid and fundamental transformations as the twentieth century unfolded. In the years before the First World War American imperialists tended to see themselves as one contender among many in the imperialist rivalry, snatching up colonies from the collapsing Spanish Empire and consolidating a sphere of influence in Latin America.

The economics of this phase of U.S. imperialism tended to follow European models in “developing” colonial and semi-colonial possessions in a one-sided manner to enhance the profitability of U.S. businesses. Thus Latin American and Caribbean countries became plantations supplying primary agricultural and mineral resources for U.S. companies. The pattern of U.S. acquisition of military bases around the world began in this period, as well. Because the U.S. was a late-comer to the world tournament of imperialism its policy tended to resist the attempts of older imperial powers to exclude newcomers from competing in contested areas. Thus the U.S. demanded an “open door” to all powers in the process of slicing up the economic assets of the collapsing Chinese empire, and, consistently with its navy-based military investment, insisted on freedom of the seas. The bankruptcy and collapse of European imperial powers after the First World War might have been a decisive opening for the U.S. imperial project, but the vision was postponed by the small-minded vindictiveness of the Europeans and unresolved political divisions in the U.S. itself. Wilson was not able to make much, if any, progress toward dismantling the international colonial-imperial system (especially since it was the British and French with their big old empires who had managed to be the last European powers standing by 1918).

Many things went wrong after the First World War for the U.S. imperialist vision. A pacifist backlash against U.S. involvement in the War itself developed real political clout, putting the imperialists on the defensive and limiting naval investment. The emergence of Soviet-style communism as an alternative economic and political model for modernizing revolutionaries in colonial societies complicated the project of dismantling the European empires. Latin American dictators found a formula of populist appeal and repression that allowed them to maintain some real resistance to U.S. corporate manipulation of their economic policies. Some other things went right, including the decline of the pound sterling as the key international currency and the movement of world financial reserves to the U.S. Franklin Roosevelt, who was destined to carry the torch of the progressive U.S. imperial vision to a new generation, confronted an “isolationist” consensus unreceptive to the imperial vision and investment in armament along with a collapsing U.S. economy and intensified domestic class conflict.

Roosevelt, who had famously “good instincts” that somehow rescued him from his limited understanding of abstract economic and political forces, finally hit on a winning strategy that addressed all of his political problems. In the long run he saw that the U.S. could inherit the world-imperial role

of the British only by the paradoxical policy of ensuring the survival of the British empire through the coming War as a prelude to dismantling it (and the other surviving European colonial empires) after the War. The public spending on re-armament required to implement this strategy had the welcome side-effect of finally reflatting domestic U.S. aggregate demand to pull its stubbornly stagnant economy out of the recession.

With the critical assistance of a desperate and unlucky Japanese regime, like the U.S. a late-coming imperial power ambitious to dismantle the British empire for its own advantage, but stuck with inadequate economic and military resources to compete with U.S., Roosevelt was able to lead the U.S. into what was no longer a “foreign” war. In a few short, exciting, and immensely destructive years of war culminating in the destruction of Japanese cities with nuclear bombs, the U.S. imperial project went from a moribund defensive posture to practical realization. The dismantling of the colonial empires of the Europeans and Japanese left the U.S. the leading world economic and military power only six decades after Admiral Mahan’s book extolling naval power as the route to world pre-eminence.

4 Cold War complications

After the Second World War the U.S. inherited the problem of managing the drastic inequalities of the world from the wreckage of the European empires. The old-fashioned, discredited, and, even more important, unsuccessful, exploitative colonial imperial system had to be replaced. This process posed two central questions, which lead to and frame the concrete exigencies of U.S. foreign and military policy to this day. First, what relation will poor, economically backward, countries have to world capitalism, and what path of economic development will they follow as a result? Second, what political structures will be appropriate to manage this economic integration and development?

At this point a look at the role of “Marxist” political movements in the peripheral world is in order. Karl Marx’s own political work centered on fostering a proletarian revolution in industrialized (or rapidly industrializing) European countries. One obstacle to this goal was the evidently impractical and naive economic views held by the majority of European socialist revolutionaries. Marx spent much of his life and effort studying political economy and attempting to educate the Left and workers in general to eco-

conomic realities. In the course of this effort, Marx sketched an incomplete but very influential vision of socialist economics based on the idea of pursuing the goals of capitalist development, growth through reinvestment of a social surplus product, but replacing markets as the regulator of economic decisions with the power of a revolutionary state. From the point of view of revolutionaries in societies struggling with the disastrous economic and political consequences of colonial imperialism, Marx's vision offered an alternative path to modernization and economic development which would avoid the need to subordinate national aspirations to imperial power.

The Soviet Union emerged from a Russian Empire that had been a major center of European imperial competition and manipulation. With a population relatively small in relation to an enormous endowment of natural resources, the Soviet Union could realistically pursue, at least for a time, a path of economic development based largely on self-sufficiency, isolation from the world division of labor, and centralized control of investment. Soviet "Marxism" had little directly to do with Marx's politics of proletarian revolution in industrialized European societies, but the Soviet combination of defiant non-cooperation with the imperial powers and aggressive pursuit of industrial economic development had a powerful attraction for revolutionaries struggling for liberation from colonial empires around the world.

Thus I would argue for seeing the Cold War as an incident in the history of the destruction of colonial imperialism and the emergence of a "post-colonial" or "neo-colonial" world economic system. The dramatic, but in retrospect strangely anti-climactic and irrelevant, issues of nuclear confrontation and European division had their roots in a struggle over the management of economic relations between the industrialized countries and the relatively backward periphery. For the U.S. the central issue in this struggle was to keep as many countries as possible orienting their economies to the world capitalist division of labor. In countries without the favorable resource situation of the Soviet Union, the U.S. could manage to achieve this goal with relatively little effort. The difficulty lay in presenting this policy as having anything to do with the aspirations of the American public to achieve a democratic, free, and just world society.

The "long, twilight, struggle" of the Cold War over what model of economic development the "Third World" would follow has largely dissipated as Communist countries have adapted their political and economic systems to world capitalism. Russia has seen that selling its abundant natural resources to the world is a cheaper path to economic prosperity than autarkic indus-

trialization. The European satellites of the Soviet empire are returning to their traditional orientation as parts of a European economic system centered on Germany. China and Vietnam are cashing in the political stability and independence their Marxist inspired revolutions bequeathed to them to get rich by exploiting their extraordinary labor surpluses.

5 The dilemmas of U.S. foreign policy

The historical triumph of the U.S. imperial vision carried with it some fundamental unresolved dilemmas. I will discuss these under the general categories of multilateralism, rebellion against the world system, and finance.

5.1 Multilateralism and unilateralism

The collapse of the European colonial imperial system in the first half of the twentieth century stemmed from the inability of the competing European imperial powers to contain their rivalries, which was linked to the failure of their colonial economic policies. The emergence of the U.S. after the Second World War as the Western super-power, or as, U.S. presidents prefer to describe themselves, as the “leader of the free world” largely suppressed this latent national imperialist conflict. The U.S. is the Leviathan that monopolizes force and imposes civil peace in the world capitalist system.

In this role the U.S. needs a cloak of legitimacy (since it is in the end, just the biggest and best-armed among the world capitalist powers). Franklin Roosevelt, a survivor of the Wilsonian debacle at the end of the First World War, understood this, and attempted to address it politically through the creation of the United Nations, and economically and financially through the Bretton Woods institutions, the International Monetary Fund and the World Bank. In theory the U.N. exists to legitimize U.S. imperial policy by endorsing it as the consensus of the international community. In practice the U.N. is a sprawling, disorganized, politically weak institution vulnerable to corruption and constantly threatened with disunity.

The weakness of the international institutions stems from a fundamental ambivalence in U.S. policy. On the one hand, the U.S. wants to act in the name of the general good of the world community (or at least the successful capitalist part of it). But on the other hand the U.S. has never been willing to give up its own sovereign goals or modify them when they are in conflict

with the needs of the system.

A good example of this pattern is the history of the world financial system since 1945. John Maynard Keynes negotiated at Bretton Woods for a world central bank with the power to create and regulate world money. The U.S. Treasury, wary of surrendering U.S. monetary sovereignty, insisted on the much weaker International Monetary Fund, still with governance provisions that ensured its control by U.S. policy-makers. As a result the IMF played a very minor role in establishing a world system of finance after the Second World War. The U.S. dollar became the de facto world currency, and the U.S. the primary world financial intermediary. But when circumstances in the late 1960s and early 1970s required the U.S. to moderate its dollar spending to control world inflation, the U.S. consistently put its own foreign policy objectives (preeminently the financing of the Vietnam War) ahead of its obligations as the de facto world central bank. This U.S. behavior led to the breakdown of the Bretton Woods system when Nixon suspended the vestigial links between the dollar and gold in 1971, precipitating the creation of the European Monetary Union and ultimately the Euro.

U.S. policy exhibits this pattern over and over again. On the one hand the U.S. wants to claim that it is acting as the “leader of the free world”, exercising military and economic policy in the interests of the world system as a whole. On the other hand, the U.S. is also a particular power with particular interests, and is unwilling to subjugate the pursuit of those interests to system-wide goals. The veneer of international legitimacy for U.S. exercise of power wears thin under these circumstances, and world opinion increasingly sees U.S. policy as hypocritical. Since the U.S. has basically appointed itself to its pre-eminent military and economic role U.S. imperialism has a constant problem of finding legitimizing cover for its actions.

5.2 Managing rebellion: bribery and extortion

Once an imperial system has established itself, it faces the unpleasant task of suppressing constant rebellions against its universal authority. The pretexts for rebellion in a desperately unequal world are many. The world capitalist system functions both to secure high levels of economic production and to distribute enormous economic surpluses, which it does very unequally and without much plausible claim to justice. The control of enormous economic resources is one of the vital requirements for the exercise of imperial power. By far the lion’s share of problems of imperial management are solved through

bribery of local elites through foreign aid, loans, or investments. The resulting local power structures are often not very democratic and constantly at risk of losing touch with whatever local political roots they might have.

Rebellions and insurgencies arise frequently under these conditions. Either the local elites cannot muster the repressive resources to suppress rebellions against themselves, or become renegades against the international order. The bribery of local elites can easily drift into extortion when the local elite threatens particular imperial interests in an effort to increase its subsidies. Extortion in turn easily leads to violence, as the imperial power resorts to military violence to assert its bargaining position.

There is also the perennial problem of finding local elites to govern in the periphery to begin with. The traditional motives for people to seek political power, personal enrichment, the oppression of competing detested ethnic or religious groups, and the despotic imposition of fanatical religious beliefs on society, are incompatible with the secular, democratic values of developed capitalism. Thus in many countries the menu of possible regimes the U.S. has to pick from to support is limited and unappealing. The U.S. winds up backing a miscellany of kleptocrats, military dictatorships, medieval monarchies, and landed oligarchies.

This unpalatable situation gives rise to the recurring hope that the spread of globalizing capitalism can solve these political problems itself. The idea is that as capitalist development takes hold, however marginally, a political elite committed to democratic forms for the exercise of political power will emerge, motivated more by ideals of public service and the pursuit of what Veblen calls “blameless notoriety” than by avarice and vengeance. It is hard not to applaud the sentiments behind this view, but it is also hard to ignore the realities it confronts. Global capitalism, as we have seen, is a very uneven phenomenon, both between and within countries. The emergence of democratic political elites historically seems far from automatic with the spread of capitalism, and has depended on special historical and sociological circumstances when it has occurred. Global capitalism can also trigger deep social conflicts in the countries it touches or threatens to touch, and reinforce the power of the least democratic candidate elites. Democracy itself is no guarantee of regimes particularly supportive of U.S. political goals, since mass public opinion in many countries is explicitly opposed to major elements of U.S. imperial policy.

5.3 Financing the world imperial order

The orchestration of global capitalism is expensive. It requires large expenditures on armaments, the willingness to pay big bribes, and the diversion of economic resources from investments that support the standard of living and welfare of the U.S. population. (The growing gap in public amenities and infrastructure between the U.S. and Europe is a constant reminder of these costs. They get the fast trains, while we get the unusable or rapidly obsolescent weapons systems.) While there is a popular notion that imperialism is motivated by profit, this is doubtful and hard to prove historically or in the contemporary world. It seems more likely that the U.S. imperialist system is a public good, at least for the developed capitalist world. The U.S. keeps the peace, regulates the borders, and secures the conditions for the extension of the system. Who pays the bill?

U.S. voters and taxpayers have been at best only fitful supporters of the imperial vision. There is some excitement and romance in the utopian and apocalyptic elements of imperial ideology, expressed as the desire to end all wars or to spread the American system to the whole world. There is also a big risk of disillusionment and disappointment with these grandiose goals, and characteristic American skepticism, pragmatism, and parochialism, all of which leach support from the imperial project. The American public falls into line most easily when they feel threatened and directly attacked. Thus one of the effects of U.S. imperialism has been to raise the incentives for politicians to play on the paranoid anxieties of Americans. In fact, a case can be made that the U.S. has been governed since the end of the Second World War only through a series of appeals to fears of considerably exaggerated threats. In any case, the support for the imperial system is hardest to sell to the public or Congress when the question is spending money on bribes, loans, foreign subsidies, and permanent expeditionary forces to occupy foreign territories.

The other nations of the world who presumably benefit from the U.S. imperialist role are often more eager to cheer the U.S. on, particularly when they agree with the policy in question, than to pay directly for services rendered. Since the end of the Second World War, however, the U.S. has found itself in the fortunate position of being able to create money for the world capitalist system. The role of the dollar as the center of the world financial system and the appetite of the world economy to accumulate dollar-denominated liabilities has effectively removed the budget constraint for the U.S. imperial project. What the other capitalist powers will not pay for

directly, they wind up financing indirectly through accumulation of dollar liabilities.

The financial underpinning of the U.S. imperial project looks now to be its weakest point, and the factor in the situation most likely to force a change in the way the U.S. conducts foreign policy. Over the years the U.S. has drifted from being the world's creditor to being the world's largest debtor. (Official statistics probably exaggerate the U.S. debtor position, but there is no doubt that the U.S. owes a great deal of money to official and private lenders in other countries.) The ability to finance imperialist projects in this almost invisible way has been very convenient to U.S. politicians committed to the imperial mission, but, like many short-term conveniences, this borrowing is almost certain to have long-term consequences. Creditors have real, if limited, powers over debtors. The conduct of U.S. foreign policy will increasingly have to take account of this debtor position, or find some other major source of finance. Since the creditors of the U.S. are primarily other developed capitalist countries (though India and China have also invested astounding sums from their nascent capitalist booms in dollar liabilities) it is unlikely that creditors will openly oppose the whole structure of U.S. imperialist policy. But they may be more insistent and more successful in dissenting from particular features of those policies. Why should Europeans, for example, be enthusiastic about financing U.S. measures that look to them like a preemptive power grab in the Middle East?

We have already seen some effects of this changing financial context on U.S. policy. Contrast the lavish squandering of lives and money in the futile effort to stabilize South Vietnam in the 1960s and 1970s with the cautious, penny-pinching dribbling out of U.S. military resources in the Iraq War, a case where the hope of accomplishing the mission cheaply seems to have compromised our ability to accomplish much at all. Given the American character, we can expect a lot more fabulous promises of cheap alternatives in the exercise of power as the real resources the country can mobilize on a world scale decline. Is it cynical to suppose that as these resources continue to dwindle, politicians' rhetoric about the urgency and desirability of imperialist interventions will escalate? The prospect of the U.S. walking the world shouting loudly and carrying a rather small stick is not reassuring.

6 Is there no alternative?

Is there anything that the U.S. citizenry, the often restless fellow-travelers of U.S. imperialism in other capitalist countries, and the victims of U.S. policy in one trashed country after another can do to mitigate the destructiveness and growing ineffectiveness of U.S. foreign policy?

It does not do much good to formulate alternatives negative terms. A purely negative critique of the current U.S. “foreign policy consensus” is too easily dismissed as “isolationism”. On the other hand, there is much to be said for recognizing the positive effects of restraint. The compulsion to “do something” about all problems can create problems itself. In particular it is worth considering exactly which of the aspects of current U.S. imperial policy either the U.S. or the rest of the world really needs.

For example, do we need a universal prescription for macroeconomic, financial and trade policy, a one-size-fits-all scheme to which all nations participating in the world capitalist system must adhere? I don’t think so. The astonishing economic achievements of nineteenth century capitalism arose from an enormous variety of particular national systems. In any case, two of the predictably most important players in world trade and investment, India and China, have, and can maintain, independent economic policies.

Is the U.S. accomplishing much with its highly selective policies of military intervention in regional conflicts? What would happen in these regional conflicts if the U.S. were to use its immense power to reduce the level of violence rather than to suppress it by military intervention altogether? Would the world become a much more “dangerous”, unstable place?

Imperialism creates many of the problems it confronts. In the drought-plagued Western states there is an escalating debate over the management of fire hazards in forests. Fires are frequent in unmanaged forests, but tend to be self-limiting. The periodic destruction of the dry brush in small fires prevents the accumulation of fuel for big, hugely destructive fires. No one thinks wildfires are a good thing, but it is possible that allowing small fires to burn themselves out may reduce the total damage done by wildfires in dry forests.

U.S. imperialism has some of the same effects on world politics. For example, sub-Saharan Africa has been a region of low economic growth, political instability, and genocidal war. Early modern Europe had many of the same features, but went through a process of elimination (sometimes through war and sometimes through dynastic mergers) of weaker and less

functional proto-states in favor of more functional national systems. Is there any way that the U.S. can encourage regional conflicts to be less violent and politically productive of more functional systems?

U.S. imperialism seems to see two functions for itself in the world political-economic system (aside from promoting direct U.S. economic interests). One is to prevent the latent conflicts among capitalist economic powers from re-emerging as direct political and military conflicts, and to bring potential conflicts among these powers to a peaceful resolution. The other is to orchestrate the relation of the wealthy capitalist nations with the desperately poor remainder of the world. U.S. politicians do not seem to be particularly adept at either of these jobs. In the first role, they tend to throw their weight around and offend other developed nations by patronizing criticisms of minor differences in the conduct of economic policy. In the second role they tend to be naive and uneducated about the historical, cultural, and political complexities of the conflicts they claim to be resolving. Perhaps this is a moment for a foreign policy of “constructive disengagement”, under which the U.S. would think long and hard and reluctantly before charging into regional political and military crises. Such a policy would suggest that the U.S. restrain the temptation of other capitalist powers to exploit regional conflicts for their own interests with money, arms, and political support.

The wealth and political stability the U.S. enjoys as a nation certainly carry with them some responsibilities to the international community. But the U.S. is not infinitely wealthy, nor infinitely far-sighted and benevolent. The world of 2007 is not the world of 1947. We cannot and do not need to maintain all of our historically self-imposed imperial burdens. The more accurately we re-evaluate them the better our chance to preserve democratic practice and values in the U.S. and the world.