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## US Global Power in the 21st Century: Military or Economic Imperialism?

By Prof. James Petras

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*Despite vast amounts of imperial data to the contrary, the great majority of writers on imperialism continue to describe and analyze US imperialism strictly in economic terms, as an expansion of “capital accumulation”, “accumulation on a world scale”.*

In fact the major and minor US imperial wars have more to do with “capital dis-accumulation”, in the sense that trillion dollar flows have gone out from the US, hundreds of billions of dollars in profits from resource sites have been undermined, markets for exports have been severely weakened and exploitable productive labor has been uprooted. At the same time US imperialist state ‘dis-accumulates capital’, multi-national corporations, especially in the extractive sector are expanding, “accumulating capital” throughout Latin America.

This new configuration of power, the conflicting and complementary nature of 21<sup>st</sup> century US imperialism, requires that we anchor our analysis in the real, existing behavior of imperial state and extractive capitalist policymakers. The basic premise informing this essay is that there are two increasingly divergent forms of imperialism: military driven intervention, occupation and domination; and economic expansion and exploitation of resources, markets and labor by invitation of the ‘host country’.

We will proceed by examining the choices of imperial strategy, in a historical – comparative framework and the alternatives which were selected or rejected. Through an analysis of the practical decisions taken regarding ‘imperial expansion’ we can obtain insights into the real nature of US imperialism. The study of imperial strategic choices, past and present, state and corporate, requires three levels of analysis: global, national and sectoral.

### **Global Strategies: US Imperial State and the MNC**

US imperial state invested trillions of dollars in military expenditures, hundreds of thousands of military personnel into wars in the Middle East (Iraq, Yemen, and Syria), North and East Africa (Libya, Somalia), South Asia (Afghanistan) and imposed sanctions on Iran costing the US hundreds of billions in “capital dis-accumulation”.

The US corporate elite, driven out of Iraq, Syria, Libya and elsewhere where US military imperialism was engaged, chose to invest in manufacturing in China and extractive sectors throughout Latin America.

In other words the US imperial state strategists either chose to expand in relatively backward areas (Afghanistan, Pakistan, Somalia and Yemen) or imposed under-development by destroying or sanctioning lucrative extractive economies (Iraq, Libya, Iran).

In contrast the MNC chose the most dynamic expanding zones where militarist imperialism was least engaged – China and Latin America. In other words “capital did not follow the flag” – it avoided it.

Moreover, the zones where extractive capital was most successful in terms of access, profits and stability were those where their penetration was based on negotiated contracts between sovereign nations and CEO’s – economic imperialism by invitation.

In contrast in the priority areas of expansion chosen by imperial state strategists, entry and domination was by force, leading to the destruction of the means of production and the loss of access to the principle sites of extractive exploitation. US military driven imperialism undermined energy companies’ agreements in Iraq and Libya. Imperial state sanctions in Iran designed to weaken its nuclear and defense capabilities undercut US corporate extractive, public-private contracts with the Iranian state oil corporations. The drop in production and supply in oil in Iraq, Iran and Libya raised energy prices and had a negative impact on the “accumulation of capital on a world scale”.

If imperial state decision-makers had followed the direction of economic rather than military driven policymakers they would have pivoted to Asia and Latin America rather than the Middle East, South Asia and North Africa. They would have channeled funds into economic imperialist strategies, including joint ventures, high and medium tech trade agreements, and expanded exports by the high-end manufacturing sector, instead of financing 700 military bases, destabilization campaigns and costly military exercises.

Twentieth century military imperialism stands in stark contrast to late twentieth century economic imperialism. In the mid 1960's the US announced a vast new economic program in Latin America – the Alliance for Progress which was designed to finance economic opportunities in Latin America via joint ventures, agrarian reform and investments in the extractive sector. The imperial state's military policies and interventionist policies were designed to secure US business control over mines, banks, factories and agro-business. US backing for the coups in Chile, Bolivia, Brazil, Uruguay and Peru led to the privatization of key resource sectors and the imposition of the neo-liberal economic model.

US policy in Asia under Nixon was directed first and foremost to opening economic relations with China, expanding trade agreements with Japan, Taiwan and South Korea. The 'pivot from war' to free trade led to a boom in US exports as well as imports, in private investments and lucrative profits. Military expenditures declined even as the US engaged in covert operations in Afghanistan, Angola, Nicaragua and El Salvador.

Imperial intervention combined military and economic expansion with the latter dictating policy priorities and the allocation of resources.

The reversal set in with the US military backing of the jihadist extremists in Afghanistan and the demise of the USSR. The former set the stage for the rise of the Taliban to power and the emergence of the Al Qaeda terrorist organization. The latter led US imperial strategists to pursue wars of conquest with impunity – Yugoslavia and Iraq during the 1990's.

Easy military conquests and visions of a 'unipolar' world dominated by US military supremacy, encouraged and fostered the emergence of a new breed of imperial strategists – the neo-conservative militarists with closer ties to Israel and its military priorities than to the US extractive petrol capitalists in the Middle East.

### **Military versus Economic Imperialist at the 'National Level'**

In the post-Cold War period, the competition between the two variants of imperialism was played out in all the nation subject to US intervention.

During the first Iraq war the balance between militarists and economic imperialists was in play. The US defeated Iraq but did not shred the state, nor bomb the oil fields. Sanctions were imposed but did not paralyze oil deals. The US did not occupy Iraq; it partitioned the north –so-called "Kurdish" Iraq but left the secular state intact. Extractive capital was actively in competition with the militarist neo-conservatives over the future direction of imperial policy.

The launch of the second Iraq war and the invasion of Afghanistan marked a decisive shift toward military imperialism: the US ignored all economic considerations. Iraq's secular state was destroyed; civil society was pulverized; ethno-religious, tribal and clan warfare was encouraged. US colonial officials ruled by military fiat; top policymakers with links to Israel replaced oil-connected officials. The militarist "war on terror" ideology replaced free market, free trade imperialism. Afghanistan killing fields replaced the China market as the center of US

imperial policy. Billions were spent, chasing evasive guerrillas in the mountains of a backward economy while US lost competitive advantages in the most dynamic Asian markets.

Imperial policymakers chose to align with sectarian warlords in Iraq over extractive technocrats. In Afghanistan they chose loyal ex-pat puppets over influential Taliban leaders capable of pacifying the country.

### Extractive versus Military Imperialism in Latin America

Latin American neo-liberalism went from boom to bust in the 1990's. By the early 2000's crisis enveloped the region. By the turn of the century US backed rulers were being replaced by popular nationalist leaders. US policymakers stuck by their neoliberal clients in decline and failed to adapt to the new rulers who pursued modified socially inclusive extractivism. The US military imperialists longed for a return of the neo-liberal backers of the "war on terrorism". In contrast, international multinational extractive corporations were realists – and adapted to the new regimes.

On a global scale, at the beginning of the new millennium, two divergent tendencies emerged. US military imperialism expanded throughout the Middle East, North Africa, South Asia and the Caucuses, while Latin American regimes turned in the opposite direction – toward moderate nationalism, and populism with a strong emphasis on poverty reduction via economic development in association with imperial extractive capital

In the face of these divergent and conflicting trends, the major US extractive multi-national corporations chose to adapt to the new political realities in Latin America. While Washington, the imperial state, expressed hostility and dismay toward the new regimes refusal to back the "war on terror" (military imperialism) the major MNCs, robust embrace of economic imperialism, took advantage of the investment opportunities opened by the new regimes' adoption of a new extractivist model, to pour billions into the mining, energy and agricultural sectors.

### **The Specificities of Extractive Imperialism in the Era of "Post Neo-Liberalism"**

Extractive imperialism in Latin America has several specific characteristics that sharply demark it from earlier forms agro-mineral imperialism.

(1) Extractive capital is not dominated by a single imperial country-like the Spanish in the 18<sup>th</sup> century, the British in the 19<sup>th</sup> century or the US in the 20<sup>th</sup> century. Imperial extractive capital is very diverse: Canadian, US, Chinese, Brazilian, Australian, Spanish, Indian and other MNCs are deeply involved.

(2) The imperial states of the diverse MNC do not engage in "gun boat diplomacy" (with the exception of the US). The imperial states provide economic financing and diplomatic support but are not actively involved in subverting Latin American regimes.

(3) The relative weight of US MNCs, in the new imperial extractivism is much less than it was a half century earlier. The rise of diverse extractive MNC and dynamism of China's commodity market and deep financial pockets have displaced the US, the IMF and WB and established new terms of trade with Latin America.

(4) Probably the most significant aspect of the new imperial extractivism is that its entry and expansion is by invitation. The Latin American regimes and the extractive MNCs negotiate contracts – MNC entry is not unilaterally imposed by an imperial state. Yet the 'contracts' may result in unequal returns; they provide substantial revenues and profits to the MNC; they grant large multi-million acre tracts of land for mining or agriculture exploitation; they obligate the national state to dispossess local communities and police/repress the displaced. But they also have allowed the post-neo-liberal state to expand their social spending, to increase their foreign reserves, to eschew relations with the IMF, and to diversify their markets and trading partners.

In regional terms extractive imperialism in Latin America has "accumulated capital" by diverging from the military imperialism practiced by the US in other regions of the world political- economy. Over the past decade and a half, extractive capital has been allied with and relies both on post-neoliberal and neoliberal regimes against petty commodity producers, indigenous communities and other anti-extractive resistance movements. Extractive imperialists do not rely on 'their' imperial state to quell resistance- they turn to their national political partners.

Extractive imperialism by invitation also diverges from the military imperial state in its view toward regional organizations. US military imperialism placed all its bets on US centered economic integration which Washington could leverage to political, military and economic advantage. Extractive capital, in the great diversity of its 'national identity', welcomed Latin American centered integration which did not privilege US markets and investors.

The predominance of economic imperialism, in particular the extractive version, however, needs to be qualified by several caveats.

US military imperialism has been present in several forms. The US backed the military coup in Honduras overthrowing the post neo-liberal Zelaya government; likewise it supported an "institutional coup" in Paraguay.

Secondly, even as MNC corporations poured capital into Bolivian mining and energy sectors, the US imperial state fomented destabilization activity to undermine the MAS government. And was defeated and the agencies and operatives were expelled. The crucial issue in this, as well as other, instances is the unwillingness of the MNC's to join forces with the military imperialists, via boycotts, trade embargoes or disinvestment. Clearly the stability, profitability and long-term contracts between the Bolivian regime and the extractive MNC counted for more than their ties to the US imperial state.

US military imperialism has expanded its military bases and increased joint military exercises with most Latin American armed forces. Indoctrinated military officials can still become

formidable potential allies in any future ‘coup’, if and when the US “pivots” from the Middle East to Latin America.

US military imperialism in its manifest multiple forms, from bankrolling NGO’s engaged in destabilization and street riots in Venezuela, to its political support of financial speculators in Argentina and rightwing parties and personalities in Brazil, has a continuous presence alongside extractive imperialism. The success of the latter and the eclipse of the former are based in part on two contingent circumstances. The US serial wars in the Middle East divert attention away from Latin America; and the commodity boom fuels the growth of extractive capital. The economic slowdown in China and the decline of commodity prices may weaken the regimes in opposition to US military imperialism.

Paradoxically the weakening of the ties between the post-neo-liberal regimes and extractive imperialism resulting from the decline of commodity prices is strengthening the neo-liberal socio-political forces allied with US military imperialism.

### **Latin America’s Right Turn: The Co-Habitation of Extractive and Military imperialism?**

Throughout Latin America the post-neoliberal regimes which ruled for the better part of a decade and a half face serious challenges – from consequential social opposition at the micro-level and from aggressive political-economic elites at the macro-level. It is worthwhile to survey the prospects for a return to power of neo-liberal regimes allied with military imperialism in several key countries.

Several factors are working in favor of a return to power of political parties and leaders who seek to reverse the independent and inclusive policies of the post neoliberal power bloc.

First the post-neo-liberal regimes development strategy of depending on foreign extractive capital, perpetuated and strengthened the economic basis of imperialism: the ‘colonial style’ trade relation, exporting primary commodities and importing finished goods, allowed the agro-mineral elites to occupy key positions in the politico-social structure. With the decline in commodity prices, some post-neoliberal regimes are experiencing fiscal and balance of payments shortfalls. Inflation and cuts in social expenditures adversely affect the capacity of the post-neo-liberal regimes to retain popular and middle class electoral support.

The divergences between post-neoliberals and economic imperialism are accentuating with return of the neoliberal right. The agro-mineral sectors perceive an opportunity to rid themselves of their power and revenue sharing agreements with the state and to secure even more lucrative arrangements with the advance of the neo-liberal right which promises tax and royalty reductions, deregulation and lower wage and pension payments.

Secondly, the post-neo-liberal regimes’ alliances with the building , construction, and other bourgeois sectors, was accompanied by corruption involving pay-offs, bribes and other illicit financial transactions designed to finance their mass media based electoral campaigns and patronage system which ensured electoral majorities. The neo-liberal right is exploiting

these corruption scandals to erode the middle class electoral base of the post -neo-liberal regimes.

Thirdly, the post-neo-liberal regimes increased the quantity of social services, but ignored their quality – provoking widespread discontent with the inadequate public educational, transport, and health services.

Fourthly, inflation is eroding the decade long advance of wage, pension and family allowances. The post-neo-liberal regimes are caught between the pressures to “adjust” –to devalueand impose fiscal ‘austerity’ as proposed by the international bankers and lose mass support, or to engage in deeper structural changes which require among other things, changes in the extractive dependence model and greater public ownership. The crises of the post-neo-liberal regimes is leading to irresolution and opening political space for the neo-liberal right which is allied to military and economic imperialism.

Military imperialism, which was weakened by the popular uprisings at the turn of 20<sup>th</sup> century is never absent. US military imperialism is first and foremost powerfully entrenched in two major countries: Mexico and Colombia. In both countries neo-liberal regimes bought into the militarization of their societies, including the comprehensive and deep presence of US military-police officials in the structures of the state.

In both states, US military and economic imperialism operates in alliance with paramilitary death squads, even as they proclaimed “a war on drugs”. The ideology of free market imperialism was put into practice with the elimination of trade barriers, widespread privatization of resources and multi-million acre land grants to MNC.

Through its regional clients, US imperialism has a springboard to extend its influence. Mexican style ‘militarized imperialism’ has spread to Central America; Colombia serves as a launch-pad to subvert Venezuela and Ecuador.

Where dissident regimes emerged in regions claimed by militarized imperialism, Honduras and Paraguay, military and civilian coups were engineered. However because of the regional concentration of US military imperialism in the Middle East it relies heavily on local collaborators, political, military and economic elites as vehicles for “regime change”.

Extractive imperialism is under siege from popular movements in many countries in Latin America. In some cases, the political elites have increasingly militarized the contested terrain. Where this is the case, the regimes invite and accept an increased imperial military presence, as advisers, and embrace their militarist ideology, thus fostering a “marriage” between extractive and military imperialism. This is the case in Peru under President Humala and Santos in Colombia.

In Argentina and Brazil, the moderate reformist policies of the Kirchner and Lula/Rousseff regimes are under siege. Faltering export earnings, rising deficits, inflationary pressures have fueled a neo-liberal offensive, which takes a new form: populism at the service of neo-liberal

collaboration with military imperialism. Extractive capital has *divided* -some sectors retain ties with the regime, others, the majority are allied with rising power of the right.

In Brazil, the Right has promoted a former environmentalist (Silva) to front for the hardline neo-liberal financial sector – which has received full support from local and imperial mass media. In Argentina, the imperial state and mass media have backed hedge fund speculators and have launched a full scale economic war, claiming default, in order to damage Buenos Aires' access to capital markets in order to increase its investments in the extractive sector.

In contrast Bolivia, the extractive model par excellence, has moved successfully to oust and weaken the military arm of imperialism, ending the presence of US military advisers and DEA officials, while deepening and strengthening its ties with diverse extractive MNCs on the one hand, and on the other consolidating support among the trade unions and peasant-Indian movements.

In Ecuador the extractive regime of Correa has diversified the sources of imperial capital from the US to China, and consolidated his power via effective patronage machinery and socio-economic reforms.

The US-Colombian military threat to Venezuela and Ecuador has diminished, peace negotiations with the FARC are advancing and the regime now faces trade union and Indian-peasant opposition with regard to its extractive strategy and corporatist labor reforms.

In both Ecuador and Bolivia, imperial militarism appears to lack the vital strategic military-civilian allies capable of engineering a regime change.

The case of Venezuela highlights the continuing importance of imperial militarism in shaping US policy in Latin America. The pivot to a military policy, was taken by Washington prior to any basic social reforms or economic nationalist measures. The coup of 2001 and lockout of 2002 were backed by the US in response to President Chavez forceful rejection of the “War on Terrorism”. Washington jeopardized its important economic stake, petrol investments, in order to put in place a regime in conforming to its global military strategy.

And for the next decade and a half, the US imperial strategy totally ignored investment, trade and resource opportunities in this wealthy petrol state; it chose to spend hundreds of millions in financing opposition NGO, terrorists, electoral parties, mass media and military officials to effect a regime change. The extractive sector in the US simply became a transmission belt for the agencies of the militarized imperial state. In its place, Russia and China, interested especially extractive sector signed multi-billion dollar contracts with the Venezuelan state: a case of extractive imperialism by invitation – for economic and security reasons.

Apart from the ideological conflict over US militarist expansion, Venezuela's promotion of Latin American centered regional integration, weakened US leverage and control in the region. In its struggle against Latin American centered regional organizations and to regain its dominance, US imperialism has upgraded its economic profile via the Trans-Pacific Alliance, which includes its most loyal neo-liberal allies – Chile, Peru, Colombia and Mexico. The global



eclipse of economic – driven imperial expansion in favor of the military has not totally displaced several key economic advances in strategic countries and sectors in Mexico, Colombia and Peru.

The privatization and denationalization of the biggest and most lucrative public petrol company in Latin America, PEMEX, the Mexican giant, opens up enormous profitable opportunities for US MNC. The rapid appropriation of oil fields by US MNC will enhance and compliment the militarization of Mexico undertaken by the US military-security apparatus.

The Mexican example highlights several features of US imperialism in Latin America.

Imperial militarization does not necessarily preclude economic imperialism if it takes place within an existing stable state structure. Unlike the imperial wars in Iraq and Libya, the military imperialist policies in Mexico advanced via powerful local political clients willing and able to engage in bloody civil wars costing over 100,000 civilian deaths in over a decade. Under the aegis and guidance of US imperial rulers, the US and Mexican military devastated civil society, but safeguarded and expanded the huge mining and manufacturing enclaves open to economic imperialist exploitation. Militarization contributed to weakening the bargaining rights of labor – wages have declined in real terms over the decades and the minimum wage is the lowest in the hemisphere.

Mexico highlights the crucial role that collaborator elites play in imperial capital accumulation. Mexico is an excellent example of ‘imperialism by invitation’ – the political agreements at the top impose ‘acquiescence’ below. The extraordinary levels of corruption which permeates the entire political class, solidifies the longstanding links between Mexican political-business elite, the MNC and the security apparatus of the imperial state. Extractive imperialism is the principal beneficiary of this “triple alliance”.

In the case of Mexico, militarized imperialism laid the groundwork for the expansion of economic imperialism.

A similar process, involving ‘triple alliances’ is operative in Colombia. For the past decade and a half, militarized-imperialism poured over \$6 billion in military aid (Plan Colombia) to finance the dispossession, assassination, arrest and torture and of over 4 million Colombians, including the killing of thousands of trade union and social movement leaders.

The scorched earth policy, backed by a substantial US military mission operated through the existing state apparatus and with the active support of the agro-mineral and banking elite, aided by nearly 40,000 member paramilitary death squads and drug traffickers laid the groundwork for the large scale entry of extractive capital – particularly mining capital.

Military imperialism preceded the long-term, large scale ‘invasion’ by economic imperialism in the form of a free trade agreement and multi-million acre land grants to mining MNC.

This general pattern was repeated in Peru. The ‘war on terror’ under Fujimori and the subsequent liberalization of the economy, under three subsequent Presidents, culminated in the

massive primarization of the economy under President Humala – who deepened and extended the expansion of imperial extractive capital.

The economic downturn in some of the post-neo-liberal economies, namely Brazil, Argentina and Venezuela, and the rightward moving political spectrum, has opened a window of opportunity for US economic imperialism to work in tandem with the rising neo-liberal political opposition. The military option, a military coup or US military intervention is not on the horizon for the present time. The central focus of imperial state decision makers regarding regime change is a combination of overt electoral and covert ‘street intervention’: adopting ‘populist’, moralist and technocratic rhetoric to highlight corruption in high offices, inefficiency in the delivery of social services with claims of bureaucratic interference in the operations of the market. Business disinvestment, financial speculation on the currency and negative mass media propaganda has coincided strikes and protests against shortages and lag between wage and price increases.

Despite costly and failed imperial wars in the Middle East, despite a decade of military retreat in Latin America, economic imperialism is advancing via the electoral route; it already has established a formidable array of allies among the political regimes in Mexico, Colombia and Peru and is posed to re-establish neo-liberal allies in Brazil, Argentina and Venezuela.

## **Conclusion**

Imperialism as it has evolved over the past quarter of a century cannot be understood as a ‘unified whole’ in which the two basic components, military and economic are always complimentary. Divergences have been graphically illustrated by the imperial wars in the Middle East, South Asia and North Africa. Convergences are more obvious in Latin America, especially in Mexico, Colombia and Peru, where ‘militarization’ facilitated the expansion of extractive capital.

The theoretical point is that the nature of the political leadership of the imperial state has a high degree of autonomy in shaping the predominance of one or another strand of the imperial expansion. The capacity for imperial capital to expand is highly contingent on the strength and structure of the collaborator state: militarized imperialism that invades and destroys states and the fabric of civil society has led to disinvestment; in contrast economic imperialism by invitation in neo-liberal collaborator states has been at the center of successful imperial expansion.

The ambiguities and contradictions intrinsic to the post-neo-liberal extractivist based development model have both constrained the military component of imperialism while expanding opportunities for economic imperial accumulation. Accumulation by invitation, and accumulation by dispossession are simply ‘moments’ in a complex process in which political regime changes intervene and establish the locations and timing for refluxes and influxes of capital.

The rise of new economic imperialist powers like China competing with established imperial powers like the US, has led to alternative markets and sources of financing, which erodes the effectiveness political, military and diplomatic instruments of imperial coercion.

Regional variations in political configurations, imperial priorities and choice of instruments of power, have deeply influenced the nature and structure of imperialism. And as the world historic record seems to argue, military driven empire building in the Middle East has been a disaster while economic driven imperialism shows signs of rapid recovery and successes in Latin America.