

# Military or Market-Driven Empire Building: 1950-2008

By [Prof. James Petras](#)

Global Research, April 29, 2008  
29 April 2008

Region: [USA](#)

Theme: [Global Economy](#), [US NATO War](#)  
[Agenda](#)

## Introduction

From the middle of the 19th century but especially after the Second World War, two models of empire building competed on a world scale: One predominantly based on military conquests, involving direct invasions, proxy invading armies and subsidized separatist military forces; and the other predominantly based on large-scale, long-term economic penetration via a combination of investments, loans, credits and trade in which 'market' power and the superiority (greater productivity) in the means of production led to the construction of a virtual empire.

Throughout the 19th to the middle of the 20th centuries, European and US empire building resorted to the military route, especially in Asia, Africa, Central America, North America and the Caribbean. By far the British and US colonized the greatest territories through military force, followed by the introduction of state directed mercantile systems, the Monroe doctrine for the US and imperial preference for the British. South America following independence became the site of the growth of market powered empire building. British and later US capital successfully captured the commanding heights of the economies, especially the agro-mining and petroleum export sectors, trade, finance and in some cases attached customs and treasury to cover debt collection. As late developing capitalist countries and emerging imperial powers (EIP), the US, Germany and Japan faced the hostility of the established European empires and limited access to strategic markets and raw materials. The EIP adopted several strategies in challenging the existing empires. These included demands for free trade with their colonies and the end of imperial (colonial) privilege/ preference. The EIP established parallel colonial settlements and concessions, bordering the old empires. They fomented and financed 'anti-colonial' revolts to replace existing colonial collaborators and pursued economic penetration via superior production. They disseminated political propaganda promoting 'democratic' values within a market driven empire. World War Two marked the decline of the European military based colonial empire and the US transition from a predominantly market to military-based empire. This 'transition' was facilitated by earlier military occupations in the Philippines and the Caribbean and a multitude of invasions in Central America.

Nationalist liberation movements, based on liberal, nationalist and socialist leaders and programs, drawing on returning soldiers, weakened colonial control and post-war European anti-fascist and anti-war sentiments, led to the dismantling of their military-based empires. Internal reconstruction and domestic working class radicalism influenced the agenda for most European colonial powers. The attempts by the European powers to re-impose their colonial empires failed despite bloody wars in Indo-China, Kenya, Algeria,

Malaya and elsewhere. The French, English and Israeli invasion and occupation of the Egyptian Suez (1956) marked the last major attempt at military-driven imperialism.

The US opposition to this effort at European re-colonization marked the supremacy of US-centered empire building and, paradoxically, the beginning of US military-driven empire building. The European powers, especially Great Britain, engineered a strategic shift from a colonial-military empire toward market-driven empires based on supporting pro-capitalist nationalist against socialist revolutionaries (India, Malaysia, Singapore, etc.). While Europe transitioned to the market-driven empire building model based first and foremost on the reconstruction of their war-torn domestic capitalist economy, the US quickly moved toward a military based empire building approach. The US established military bases throughout Europe, militarily intervened in Greece, elaborated a complex and comprehensive military buildup to challenge Soviet spheres of influence in Eastern Europe and intervened in the Chinese and especially the Korean and Vietnamese civil wars.

### **Immediate Post-WWII: The Combination of Market and Military Roads to Empire**

Because the US economy and military came out of the victory during WWII with enormous resources far surpassing any other country or group of countries, it was able to pursue a dual approach to empire building, engaging in military and economic expansion. The US dominated over 50% of world trade and had the greatest surplus public and private capital to invest overseas. The US possessed technological and productivity advantages to promote 'free trade' among its would-be competitors and to increase domestic living standards.

These advantageous circumstances, directly related and limited to the first decade of the post-WWII period, became embedded in the practice and strategic thinking of US policymakers, Congress, the Executive branch and both major parties. The conjunctural 'world superiority' generated a plethora of elite ideologies and a mass mind set in which the US was seen to be 'by nature', by 'divine will', destined by 'history' and its 'values', by its 'superior education, technology and productivity' to rule over the world. The specific economic and political conditions of the 'decade' (1945-1955) were frozen into an unquestioned dogma, which denied the dynamics of changing market, productive and political relations that gradually eroded the original bases of the ideology.

### **Divergence in the World Economy: US-Europe-Japan**

Beginning with the massive military buildup with the 'Cold War' and the subsequent hot war in Korea, the US allocated a far greater percentage of its budget and GNP to war and military empire building than Western Europe or Japan.

By the mid-1950's, while the US vastly expanded its state military apparatus (armed forces, intelligence agencies and clandestine armies), Western Europe and Japan expanded and built up their state economic agencies, public enterprises, investment and loan programs for the private sector. Even more significantly, US military spending and purchases stimulated Japanese and European industries. Equally important state-private procurement policies subsidized US industrial inefficiency via cost over-runs, non-competitive bidding and military-industrial monopolies.

US empire building via projections of military power absorbed hundreds of billions of dollars in government expenditures in regions and countries with low economic payoffs in

the Caribbean, Central American, Asia and Africa.

While military-driven empire building did increase short term domestic growth and rising income, and led to some important civilian spin-offs and technological breakthroughs that entered the civilian economy, European and Japanese market-based empire building moved with greater dynamism from domestic to export led growth and began to challenge US predominance in a multiplicity of productive sectors.

The US prolonged and costly war against Indo-China (roughly 1954-74) epitomized the replacement of European colonial-military empire building by the US version. The hundreds of billions of dollars in US government war spending spilled over into Japanese and South Korean high-growth manufacturing industries. Western European manufacturing achieved productivity gains and export markets in former African and Asian colonial nations, while the US Empire's murderous wars in South East Asia discredited it and its products throughout the world. Domestic unrest, widespread civilian protests and military demoralization further weakened the US capacity to pursue its imperial agenda and defend strategic collaborating regimes in key regions.

The relative decline of US manufacturing exports was accompanied by the massive growth of US public debt, which in turn stimulated the vast expansion of the financial sector which then shaped regional and national policy toward de-industrializing central cities and converting them into a finance-real estate and insurance monoculture.

The contrasting and divergent roads to empire building between the US on the one hand and Europe and Japan on the other, deepened with the advent of the 'Second Cold War' under the Carter-Reagan years. While the US spent billions in proxy wars in Southern Africa (Angola and Mozambique), Latin America (Nicaragua, Chile, El Salvador and Guatemala) and Asia (Afghanistan), the Europeans were expanding economically into Eastern Europe, China, Latin America and the Middle East. Even at the moment of greatest imperial success, the overthrow of Communism in the USSR and East Europe and China's transition to capitalism, the US militarily driven empire failed to reap the benefits: Under Clinton the US promoted the raw pillage of the Russian economy and destruction of the state (civilian and military), market and scientific base rather than stabilize and jointly exploit its existing markets and human and material resources. The US spent billions undermining Communism, but the Europeans, primarily Germany, and to a much lesser degree France, England and Japan, were the prime beneficiaries in terms of securing the most productive industries and employing the better part of the skilled labor and engineers in the former Soviet bloc. By the end of the Clinton era and the bursting of the information technology speculative bubble, the European Union eclipsed the US in GNP, outperformed the US in accumulating trade surpluses and foreign debt management.

### **Market Versus Military Empire Building in the 1990's**

During the Bush-Clinton years, US military-driven empire-building vastly expanded its commitments in financing and providing troops into the Balkan and Iraq wars, military entry into Somalia, the bombing of the Sudan, the increased subsidy of Israel's colonial wars, the Afghan wars, Colombia's counter-insurgency and to a lesser extent the Philippine's counter-insurgency and counter-separatist wars. While the US spent billions to prop up a gangster-ridden and corrupt KLA regime in Kosova in order to spend billions more in building a huge military base, Germany was reaping the economic benefits of its economic hegemony in the relatively prosperous regimes of Croatia, Slovenia and the Czech Republic. While the US

spent hundreds of billions in the First and Second Gulf Wars, China, the new emerging market-driven empire builder, was looking to sign lucrative oil and gas contracts in the Middle East, especially with Iran. While the US was backing an unpopular minority regime backed by its client Ethiopian military force in Somalia, China was signing major oil contracts in Sudan, Angola and Nigeria and even in Northern Somalia (Puntland). While the US military-centered empire-building state was giving away over \$3 billion in military aid (plus transferring its most up-to-date military technology to competitor firms) per year to Israel, European, Asian and Latin American private and public enterprises were signing long-term lucrative contracts with the Gulf oil states as well as with Iran.

A clear sign of the long-term economic decay of the US global competitive position between 2002-2008 is evidenced by the fact that a 40% depreciation of the dollar has failed to substantially improve the US balance of payments, let alone produce a trade surplus. Despite the handicap of appreciating currencies, China, Germany and Japan continued to accumulate trade surpluses, especially with the US. While the US spent hundreds of billions in Asian wars, CIA propaganda and subversive operations in the former USSR, Eastern Europe, the Baltic States, the Caribbean (Cuba/Venezuela) and the Caucasus, the principle beneficiaries were the revitalized European market-driven empire-builders and the newly emerging market empire builders.

While the US spends enormous sums in building new military bases surrounding Russia, including new offensive operations in Kosova, Poland and the Czech Republic, with new preparations for NATO bases in Georgia and the Ukraine, Russian, Chinese and European capital expands buying out or investing in privatized and public-private strategic mining, petrol and manufacturing enterprises in Africa, Latin America, Australia and the Gulf.

While China harnesses foreign capital, including major US MNCs to make itself the 'manufacturing workshop of the world', Germany with its high precision heavy manufacturers are prospering by 'constructing the workshops' for the Chinese. US manufacturers and productive capital flee to state-subsidized (via tax reductions and low interest rates) financial, real estate and speculative sectors, and go overseas to avoid high rent and fringe payments to US labor. The resulting decline of the domestic market and a shrinking base of industrially trained labor reinforce the overseas and speculative movements on US capital. These capitalist structural changes undermined the economic fundamentals underlying the financial sector.

The deterioration of the US economy became apparent as the speculative paper pyramid (sub-prime and credit crises) collapsed during the 2007-08 recession. The recycling of multiple layers of 'exotic' financial 'instruments' each more precarious than the other, each more divorced from any tangible productive unit in the real economy characterized this period. Their predictable collapse dragged the US into recession. Even among the big banks and financial houses there is no knowledge of the real value of the paper being traded or of the 'material collateral' (housing and commercial property being held). The fictitious economy revolves around unloading the devalued paper, to cover costs and lessen losses...and let the next holder of the paper face the risks and uncertainties. As a result there is a total lack of confidence in the market because the 'objects' up for sale have become so lacking of value, i.e. so intangible and unrelated to the real economy.

The decline of the real producer basis of goods and social services and the predominance of the paper economy accentuated the divergence between military-directed empire building and the global economic interests of the US. The paper economy is not

directly influenced by imperialist militarism, as is the case with US MNC's with physical assets at risk from imperial wars, armed resistance, the disruption of trade routes, the destruction of overseas markets and the disarticulation of access to minerals and energy sources.

The ascendancy of speculative finance capital coincides with the greater autonomy of the militarist empire builders over and against the residual influence of American manufacturing and commercial interests supporting market imperialism. The extraordinary role that the pro-Israel power bloc plays in shaping a bellicose Middle East foreign policy over and above what US oil companies looking to sign contracts with Arab countries exercised, can only be understood within the large upsurge of 'militarist driven imperial policy'.

Washington's unconditional support of Israel's militarist colonial regime reflects two important structural changes in US empire building. One is the extraordinary organization and influence of the principle pro-Israel Jewish organization over local, regional, national legislative and executive bodies and in the mass media and financial institutions. The second change is the rise of a political class of executive and legislative militarist policy-makers, which has an affinity with Israeli colonialism and its offensive military strategy. Israel is one of the few - if not only - military-driven 'emerging imperial powers' and that is part of the reason for the 'resonance' between Jewish leaders in Israel and Washington policy-makers. This is the real basis of the often stated and affirmed 'common interests and values' between the two 'countries'. Military-driven imperial powers, like the US and Israel, do not share 'democratic values' - as even the most superficial observer of their savage repression of their conquered peoples and nations (Iraq and Palestine) can attest - they share the military route to empire-building.

### **Historic Comparison of Market and Military Driven Imperialism**

A rational cost efficient evaluation of the US major and minor military invasions demonstrates the high economic cost and low economic benefits to both the capitalist system as a whole and even to many key economic enterprises.

The US blockade and subsequent war with Japan ultimately unleashed the Asian national liberation movements, which undercut European, and US colonial-style military imperialism. The Korean War ignited the massive re-industrialization of Japan and created optimal conditions for Korea's model of protectionism at home and free trade with the US (so-called Asian state-led export model). The result was the creation of two major manufacturing rivals to the US economic expansion in Asia, North America and later in the rest of the world.

The US invasion, colonial occupation and imperial war in Indochina and its subsequent defeat severely weakened the military capacity to subsequently defend global imperial interests and client states in Southern Africa, Iran and Nicaragua. More to the point, by concentrating resources on war-making the US lost markets to the emerging market empire-builders and diverted capital from increasing the productivity and productive forces which create market dominance.

In the broader picture, military and market driven imperialism, which coexisted and seemed to complement each other diverged in the period between 1963-1973, with the

militarist faction gaining supremacy in directing US empire-building. The divergence was papered over by several instances of complementary activity such as the overthrow of President Allende in Chile on behalf of US MNCs and similar earlier cases as in Guatemala (1954), Iran (1953) and in other countries where quick imperial victories over smaller countries did not seem to carry any significant economic or political costs.

The ascendancy of Reagan and the negative long-term economic impact of new arms buildup were obscured by the break-up of the Communist system and the Chinese and Vietnamese transitions to capitalism. The windfall gains to US economic interests in the former European communist countries, especially Russia, were largely based on pillaging existing resources in alliance with gangster-capitalists. Long-term, large-scale benefits were not due to US capitalist taking over and developing the forces of production and developing the internal markets of the ex-communist countries. The political and military gains that accrued to US military empire building obscured the continued loss of economic power in the world marketplace to the market-driven imperial powers. Moreover, China unleashed a large-scale, long-term process of dynamic capital accumulation, which in less than two decades displaced the US from manufacturing markets and challenged its access to energy markets.

In other words favorable resolution of the US-Soviet conflict led to their mutual economic decline. What is worse from a practical historical perspective, the military-driven empire builders saw their 'victory' over Communism as vindication and license to escalate their militarist approach to empire building. According to this line of argument, the Soviets fell because of military pressure, backed by ideological warfare. Moreover in the absence of a countervailing military pole, the Bush-Clinton-Bush Presidencies saw an open field for pursuing the military road to empire building.

### **From the Gulf, to the Gulf and Back to the Gulf : 1990-2008 (and beyond)**

The first Bush Presidency assumed the military road to empire building but tried to avoid the high costs of occupation and colonization. The Israeli colonial model had to await the Zionist occupation of policy-making positions in later administrations. The first Iraq War was intended to project US imperial military power, secure US economic interests among the Gulf oil states (Kuwait and Saudi Arabia) as well as expand Israeli influence in the Middle East. Most of all it was seen as the launching of a 'New World Order; centered in US world supremacy, supported by docile allies and financed by rich Arab oil states.

Shortly after the Gulf War, the triple alliance, which emerged during the war, collapsed as Europe pursued its own market-driven empire in competition with the US, Saudi Arabia paid some of the US military expenditures and then abruptly ended its funding, and domestic opposition grew as the electorate demanded less imperial expenditures and the re-building of the domestic economy.

### **Military-Driven Empire-Building (MDE) and Zionism**

The Zionist Power Configuration in the United States successfully secured from the White House and Congress massive sustained multi-billion dollar military and economic grant and aid packages for Israel throughout the 1980's ensuring Israel's military superiority in the Middle East. Yet both Presidents Reagan and Bush (father) tried to maintain a balance between the interests of major US oil multi-nationals working with Arab regimes on the one hand and on the other Israeli and Washington's military-driven empire building (MEB).

Bush Senior's attack of Iraq in the First Gulf War, greatly reduced Baghdad's military capability but he refrained from destroying its armed forces or overthrowing Saddam Hussein as Israel and the ZPC were demanding at the time. Above all Bush did not want to destabilize the region for US oil deals in the Gulf, even as he imposed a US military presence to ensure dominance.

With the election of Clinton and the Democratic-controlled Congress, the MDE and the ZPC gained strategic positions in the elaboration and implementation of foreign policy. Madeleine Albright, 'Sandy' Berger, Dennis Ross, Cohen, and Martin Indyk and an army of lesser known functionaries, militarists and Zionists launched a series of wars, military attacks and severe sanctions against Yugoslavia, Somalia, Sudan and Iraq. They devastated their population (over 500,000 children died in Iraq as a direct result of US starvation sanctions), destroyed their national productive facilities and, intentionally disarticulated and fragmented their nations into violent ethno-tribal and religious mini-states. While Clinton embraced the military road to empire building, he was also totally committed to the financial sector of the US economy (in particular, the most speculative activities) by deregulating all controls, oversight and constraints on 'hedge funds', investment banks and equity houses. Under the tutelage of the Chairman of the Federal Reserve Bank, the pro-Israel Alan Greenspan, the Clinton regime became the launching pad for the full conversion of the US into a speculation-driven economy, culminating in the dot-com bubble which burst in 2000-2001, and the massive Enron and World Com swindles leading up to the current financial meltdown of 2006-2008.

While the MDE gained a dominant role, the ascendance of speculative capital marginalized and eroded the political influence and economic weight of productive capital, forcing it overseas and/or to transfer funds into the financial-speculative sector. The socio-economic basis of market-driven empire-building (MDEB) was weakened relative to the militarists and the ZPC in setting the US foreign policy agenda. This new power configuration opened the door for the total takeover by these same forces during the 8 years of Bush (Junior)'s presidency. The latter quickly eliminated any residual influence of the market-driven imperialists, forcing the resignation of his first Treasury Secretary O'Neal and others. Even hybrid market-militarists like Colin Powell who went along with the global war strategy but raised tactical questions were subsequently forced into retirement.

MDE were in total control of the government in all spheres, from the elaboration of war propaganda, the build-up of a global network of terror and assassination teams, to colonial wars and the systematic use of torture abroad and the savaging of elementary freedoms at home. Within the MDE, the ZPC gained dominance, especially in the formulation and the implementation of total war strategies in Iraq and the unconditional backing of Israel's genocidal politics in Gaza and the West Bank. Every sector of the government was geared to war, bellicose action and especially to subordinating economic policies to military practices informed by the military-driven Israeli colonization.

The convergence of policy and practice between the MDE and the ZPC within the highest levels of government and their mutual reinforcement, gave US foreign policy its extremist military character. Zionist cultural and media power provided an army of academic and journalistic ideologues and mass media platforms which the MDE previously lacked - and amplified their message. The linking of traditional US MDE and the emerging power of the Israeli-ZPC buttressed the spread of authoritarian controls and harsh and widespread censorship over any politician, intellectual or media critic of Israel and its unconditional supporters in the ZPC.

The joint forces of the MDE and ZPC have reshaped the US military command to serve their plans for new major wars – against Iran – and the prolongation and extension of wars against Iraq, Afghanistan, Somalia, Lebanon and elsewhere. The MDE have failed to pursue the free trade openings in Latin America, Asia and the Middle East – leaving the field wide open for entirely new trading and investment networks involving China, Europe, Japan, India, Russia and the Middle Eastern sovereign funds. Even with the onset of the recession in the US and the meltdown of the financial markets, the militarists have refused to change or alter their stranglehold on the budget and foreign policy, causing the government to resort to printing currency to finance the bailout of speculators and their investment banks.

### **Imperial Wars, Social Revolutions and Capitalist Restorations**

The historical record demonstrates that imperial wars destroy the productive forces and social networks of targeted countries. In contrast, market-driven economic empire building gains hegemony via collaboration with local political and economic elites, taking control of strategic industries, minerals and energy via direct investments and loans, privatizations and denationalization, and favorable trade and monetary agreements. Market-driven empire building takes over, it does not destroy the productive forces; it does not demolish the social fabric, it reconstructs or ‘adjusts’ it to accommodate its accumulation needs.

The evolution of social revolutionary regimes in a post liberation period shows a common pattern reflecting the political-economic external constraints imposed by military imperialism. The revolutionary regimes expropriate and nationalize the major means of production, control foreign trade and organize the planning of the economy. They eliminate foreign control over strategic economic sectors, centralize political and economic control as well as redistribute land and income. In many cases these radical measures were imposed upon the revolutionary governments by imperial economic boycotts, the flight of capitalist and landlords, the non-cooperation of managers and technicians and by the necessity of reconstruction in the face of large-scale destruction. The US embargo and similar constraints on external financial aid have forced revolutionary governments to rely on the rationing of scarce resources for priority public projects, limiting its capacity to increase individual consumption.

As a result, the post-revolutionary regimes were forced to deal with market-driven empire builders. They contracted large-scale short-term and long-term trade agreements, joint investment ventures through equitable profit sharing agreements and a broad range of technological contracts involving royalty payments. In other words, given the unfavorable position of the revolutionary economy in the world market and the low level of development of the forces of production, the market-driven empire building countries were in a position to secure lucrative economic opportunities. In contrast, the military driven empire attempted to inflict maximum economic damage to compensate for its military defeat.

The revolutionary regimes under Communist leadership featured characteristics, which foreshadowed positive future relations with market-driven imperial countries. Their vertical leadership and concentrated political power facilitated quick and relatively easy changes from collectivist to neo-liberal policies, while hindering the democratic mechanisms, which might have corrected erroneous and harmful economic decisions. Secondly, unchecked power at the top in a time of scarcity led to the conversion of power into privilege, corruption and social inequalities. These developments created a wealthy nepotistic elite with an interest in deepening ties with their capitalist counterparts from the imperial states. These internal changes coincided with the interests of market-driven capitalists



willing to establish lucrative 'beach heads' and relations with elite groups in the post-revolutionary society and state. Market-driven empire builders were attracted to the tight controls exercised over labor and the lack of competition from other military-driven imperial states.

Post-revolutionary economies continued to be embedded in the world capitalist marketplace and subject to its competitive demands. In the best of circumstances, even with a democratic and socially egalitarian leadership and relatively favorable world commodity prices, the revolutionary regime would need to balance the social demands of a socialist domestic economy (with demands for increases in income, social services and workplace improvement and consumer goods) and the world market demands for greater efficiency, increased capital investments, rising productivity and labor discipline. Given the built-in biases toward political and military security embedded in the bureaucratic centralist structures, it was not surprising that production would stagnate. The constraints and the centralized elites' inability to micro-manage the economy beyond the period of reconstruction was one reason for stagnation. The other was that the regime would prefer a hierarchical organized capitalist structure (over any democratic changes from below), which would not challenge, but rather strengthen, the communist elite's position in a 'new' eclectic system.

In other words there would be a dual transition from imperial-dominated extractive capitalism to centralized socialism which would entail a period of reconstruction and national unification with an organized and disciplined labor force. This would be followed by a transition to a centralized mixed state capitalist economy, increasingly penetrated by market-driven imperial capital.

### **Was 'Socialism a Detour to Capitalism'? Were 'Imperial Wars Necessary for Capitalist Expansion'?**

The historical record documents the continued growth and expansion of market-driven empire building throughout the post World War II period, without wars, significant military intervention, boycotts, embargos or other offensive belligerent actions. The expansion took place in the context of non-revolutionary, revolutionary and post-revolutionary regimes. Germany's market-driven empire builders traded with the Communist East, China and Russia before, during and after the fall of Communism, accumulating huge trade and productive advantages over the US. The same occurred with Japan with regard to China and other Asian communist countries.

The market imperialists did not depend, as some apologists for military imperialists argue 'on the protective umbrella' of US militarism, but on their superior position in the world market and the greater development of the forces of production, which allowed them to enter and secure favorable and lucrative economic positions.

In contrast, the US empire builders, who started the post-war 1945-50 period in a uniquely favorable position in the world market, wasted their massive economic resources in funding wars against successful revolutions - China, Korea, Indochina, Cuba, and now in prolonged colonial wars in Iraq and Afghanistan. Billions more have been spent in numerous surrogate wars in Angola, Nicaragua, Guatemala and Chile with no economic payoffs for US MNCs over and against its European and Asian competition. The US imperial wars failed to enhance its economic empire. US Empire builders shifted massive resources away from producing goods for the international market and upgrading their industrial productivity in

order to retain world and domestic market shares to its monstrous and wasteful military budgets. The result has been a steady decline of the US economic empire relative to its competitor market-driven empires. Ironically, when the centralized collectivist regimes eventually made the transition toward capitalism, it was because of their inner social and economic contradictions and not because of US military policies. The restoration of capitalism had little to do with the hundreds of billions of dollars in US military spending.

In contrast, the market-driven empires from the end of the 1940's benefited from US imperial wars, by securing lucrative US military contracts and were able to concentrate their state expenditures and investment policies on securing overseas markets. They were in an ideal position to reap the benefits resulting from the socialist regimes' transition to capitalism.

Given the emergence of post-Communist political and social ruling elites who blindly adhered to free market dogma with their corrupt, authoritarian and privileged political practices, in retrospect 'socialism' did appear as a 'detour' to capitalist restoration. However the structural changes of some communist political elites, especially in China and Vietnam, created the essential foundations for a capitalist take-off. They unified the country, educated and trained a healthy, disciplined work-force, launched basic industries, eliminated war lords and local ethnic fiefdoms. Subsequently Communist liberalization opened the door to the peaceful economic invasion of market-driven imperialism, safeguarded by a strong centralized state limiting any working class or nationalist opposition or protest. The Communist elites established a framework ideal for subsequent imperialist reentry and expansion.

The historical record makes it clear that imperial wars were not necessary for economic expansion. Empire-driven militarism thoroughly undermined the US long-term competitive position. If the driving force of empire building is economic conquest, then market-driven empires are far superior to military-driven empires. The goal of 'colonial political dominance', pursued by military-driven imperialists, is in the modern period, a chimera, as demonstrated by a history of political defeats in Asia, Africa, Latin America and now in Iraq and Afghanistan.

### **Military-Driven Imperialism Today and the Newly Emerging Imperial Powers**

One might conclude that the US imperial leadership would have 'learned the lessons' of failed military-driven empire building from their experience over the past 50 years. But as we pointed out earlier, the internal structural dynamics of the US economy and the reconfiguration of the political elite directing the political system have led in the opposite direction. The 21st century has witnessed the ascendancy of the most zealous exponents of military-driven empire building in the entire post-World War II period. An overview of US imperial policy shows the proliferation and intensification of direct wars, surrogate wars, military confrontations in which the US favors militarist allies over countries with lucrative markets and profitable investment opportunities in natural resources.

### **Market-Driven Versus Militarist Alliances**

The militarist and Zionist takeover of US empire building in the 21st century is manifested in their strategic decisions, alliances and priorities, each and everyone of which is diametrically opposed to market-based empire building and ultimately doomed to further erode the position of the US empire.

The newly emerging empire building states (like China), rely almost exclusively on market-driven strategies designed by political elites linked to industrialists and technocrats. They are quickly dominating manufacturing markets, accessing strategic raw materials and securing long-term trade agreements at the expense of the increasingly militarist, but internally deteriorating US empire. Near the end of the first decade of the 21st century, the imperial policies of the US militarists and Zionists have demonstrated their willingness to make deep sacrifices in market growth by choosing to align the US with costly and dubious militarist regimes in all regions of the world, beginning with the US alliance with Israel.

In the Middle East, unlike market-driven empire builders, the US militarists and Zionists have invaded Iraq and Afghanistan, destroying many lucrative oil deals and joint ventures and leading to the quadrupling the world price of oil. Instead they have invested (and lost) over a trillion dollars in non-productive, non-economic, military activity. Militarist imperialism has weakened the entire economic fabric of the US Empire without any 'compensatory' gains on the military side. The prolonged war in Iraq (6 years and running) has demoralized the US ground troops and weakened US military capability to engage in any 'third front' in which the US has important economic interests. US liberal market-driven imperialists describe this as 'imperial overstretch'. While the US invests in non-productive and unsuccessful military conquests, profoundly indebting the domestic economy, China, India, Korea, Russia, Europe, the Middle East and even Latin America pile up trade surpluses while expanding their economic empires via private and sovereign investments.

Largely because of the political fusion and strategic convergence of interests between militarists and Zionists, the US empire builders choose to sacrifice lucrative ties to the richest markets among the Gulf State in the Middle East and among predominantly Muslim countries in order to favor Israel, a resource-poor militarist-colonial state with a third rate market for goods and investments. US militarists have subjected America's empire building to strategies in the Middle East, which mostly favor Israel's colonial and regional hegemonic drive. This places the US on a direct confrontational path with Lebanon, Syria, Iran and even the Gulf States who feel threatened by Israel's constant resort to offensive military power to attack its neighbors. No Arab oil country, no matter how conservative and pro-capitalist, can afford to open its economy to the US, if it believes that Washington will subordinate it to the vision of a militarist Israel-US dominated sphere of influence. By unconditionally backing Israel's colonial and hegemonic interests, American militarists have gained a strategic domestic political ally (the Zionist Power Configuration) but it has come at an enormous cost to US economic empire building. Moreover the Israeli state has run the biggest and most aggressive espionage operations in the US of any country since the fall of the USSR, thus calling into question its 'security benefits.' The multiplicity of enemies resulting from Israel's racist-colonialist policies ensures that the US will be engaged in decades of war, or as long as the US taxpayers can sustain the demands of the military empire.

Military-driven empire building is manifested not only in the Middle East but throughout the world. In Africa, the US backs the Ethiopian military regime and its weak and isolated puppet regime in Somalia against an Islamist-secular nationalist coalition representing the majority of Somalis. Washington and Israel finance and arm the Sudanese separatists in Darfur against the oil-rich central Sudanese government. In both Somalia and Sudan, China and other emerging imperial powers have secured access to strategic oil rich sites. While the US spends billions of dollars on endless wars, propaganda campaigns and sanctions, China reaps hundreds of millions in profits. While the US financed African wars destroy the

entire fabric of production and society in Somalia, militarizing impoverished Ethiopia, the Chinese build roads and infrastructure to facilitate exports in both the Sudan and Northern Somalia. Pentagon-directed colonial wars in Africa, conducted by surrogates, undermine the political support of economic collaborators while the market-driven empires enhance their ties with local economic elites and political rulers.

In Latin America, the US military imperialists have so far contributed \$6 billion dollars in military aid to Colombia's militarist regime during the 21st century, destroying the entire social fabric in the rural areas, while the rest of Latin America expanded their ties with Europe, Asia and the Middle East. Washington has spent hundreds of millions of dollars in failed efforts to destabilize Venezuela's nationalist-democratic Chavez Government. As a result US capitalists have lost out on billions of dollars in investments and trading contracts in Venezuela to China, Russia, Brazil, Argentina and Iran. By making Colombia the centerpiece of their South American policy, US militarist empire builders have lost out on the enormously lucrative economic opportunities accompanying the commodity price boom in Argentina, Brazil, Ecuador and Bolivia.

In Asia, despite the deepening US economic dependence on China to sustain to the rapidly depreciating US dollar (China holds \$1.5 trillion dollars in foreign reserves which has lost 60% of its value since 2002), the US militarists still engage in sustained anti-Chinese propaganda campaigns and highly provocative incidents. The US-backed violent protests against the Chinese presence in Tibet fomented by the Dalai Lama and CIA-funded exile organizations is only the more recent example. American Zionists have directed a political campaign against the expansion of Chinese investments and contracts (market-driven imperialism) in the Sudan. The Zionist role in the so-called 'Darfur' campaign is based on Sudan's support for the Palestinians and opposition to Israel's genocidal policy in Gaza.

China has so far generally overlooked US military provocations such as the shooting down of a Chinese fighter plane, spy flights over Chinese offshore territory, the deliberate bombing of its embassy in Belgrade and the sale of advanced missiles to Taiwan. The US financing of the separatist demonstrations among Tibetan exiles is designed to tarnish China's image in the lead up to its hosting the 2008 Summer Olympics. China's market-driven empire builders ignore US military provocations because they had little effect on Chinese overseas and domestic economic expansion. Nevertheless China has increased spending on modernizing its military defense capabilities. More significantly, as the US economy declines and enters a deep recession in 2008, and as the dollar continues to fall (\$1.60 to 1 Euro as of May 2008), China has turned toward the Asian, European, Middle Eastern markets. Asian markets now account for 50% of world trade growth as of 2008. In 2007 China increased production and the development of its market to sustain growth rates at least five times higher than the militarist-dominated US Empire. Even more significant, the great majority of Chinese exporters (over 800,000) have shifted payments to Euros, Yen, Pounds Sterling and the Renminbi in its trading with non-US trading partners.

Russia, shaking off the shackles of Clinton-backed pillage during the gangster capitalism of the Yeltsin years in the 1990's, has taken off during the 21st century under the leadership of President Putin. US military-driven empire builders were able to integrate and subordinate all the former members of the Russia-centered Warsaw Pact into the US-dominated NATO. In the 21st Century, the Russian economy has expanded rapidly between 6% and 8%, established majority control over strategic resources and has sought to lessen its vulnerability to US military encirclement. While Germany, Italy and most of the major Asian trading countries (China, India and Japan) have obtained lucrative trading and investment

agreements with Russia, the US militarists have concentrated on military encroachment along Russia's European and Asian borders. The US is pushing to incorporate Ukraine and Georgia into NATO, and preparing to station offensive, so-called 'missile shields' in Poland and the Czech Republic on the absurd pretext that such highly sophisticated installations are intended to protect Western Europe from attacks by distant Iran rather than target Moscow, just 5 minutes away by missile attack.

## **Conclusion**

US military-driven empire building has made costly military alliances with peripheral countries at a catastrophic economic cost. The persistence of militarist empire builders has systematically undercut market-driven empire building and has pushed the domestic US economy to near bankruptcy. The twin motors of the contemporary empire and domestic economy, speculative finance and militarism, have driven the US economy backwards at the same time that established and emerging imperial competitors are advancing.

Comparative historical data covering the entire half-century to the present demonstrates that European, Japanese and now China and India's market-driven expansion has been far more successful in securing market shares, developing the productive forces and accessing strategic raw materials than US military empire building.

Market-driven empire building has both resulted from and created a strong civil society in which socio-economic priorities take precedent in defining domestic and foreign economic policy over military priorities and definitions of international reality. US empire builders, academics and political advisers have interpreted, what they call '*the rise of US global power its victory in the Cold War and the decline of Communism*' as a vindication of military-driven empire building. They have ignored the rise of capitalist competitors and the relative and absolute decline of the US as an economic power. It can be argued that the newly emerging market-driven former Communist countries (like China and Russia) represent a greater global challenge to the US Empire than the previous stagnant bureaucratic Communist regimes.

Militarism is deeply embedded in the structure, ideology and policies of the entire US governing class, its political parties, the executive and legislative branches, the judiciary and the armed forces. Over the same half-century countervailing market-driven empire builders have declined as a defining force in the formulation of foreign policy in the US. The growing encroachment of the militant Zionist power configuration within the policy-making directorate has been greatly facilitated by the ascendancy of militarism and the relative decline of economic-empire building.

The long period of incremental decline of US economic empire building and the trillions of dollars wasted by military-driven empire building has come to a climax. In the new millennium with the profound devaluation of the imperial currency (the dollar), the huge indebtedness and loss of markets Washington is totally dependent on the good will of its commercial partners to keep accepting constantly devalued dollars in exchange for essential commodities.

The immediate outcome is likely to be a major domestic crisis, which could be accompanied by one more desperate and futile military attack on Iran and/or Venezuela or a forced confrontation with China and/or Russia. Desperate acts of declining military empires have historically accelerated the demise of imperial rulers.

Out of the debris of failed empires two possible outcomes could emerge. A new rabidly nationalist authoritarian regime or the re-birth of a republic based on the reconstruction of a productive economy centered on the domestic market and social priorities, free from foreign entanglements and power configurations whose only purpose is to subordinate the republic to overseas colonial ambitions.

The dismantling of the military driven empire will not occur 'by choice' but by imposed circumstances, including the incapacity of domestic institutions to continue to finance it. The demise of the militarist governing class will follow the collapse of their domestic economic foundations. The result could be a withered empire, or a democratic republic. When and how a new political leadership will emerge will depend on the nature of the social configurations, which undertake the reconstruction of US society.

The original source of this article is Global Research  
Copyright © [Prof. James Petras](#), Global Research, 2008

---

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Prof. James Petras](#)

**Disclaimer:** The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)

[www.globalresearch.ca](http://www.globalresearch.ca) contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)