

Imperialist Rivalries Sharpen New World Disorder

The cheap victory over Iraq won by the United States and its coalition of rivals, hirelings and vassals opens a new and dangerous period of heightened inter-imperialist rivalry. Weeks before the final offensive began, George Bush announced his strategic objectives: "When we win, and we will, we will have taught a dangerous dictator, and any tyrant tempted to follow in his footsteps, that the US has a new credibility and that what we say goes," (*Manchester Guardian Weekly*, 10 February). "What we say goes" is the leitmotif for Washington's proposed "New World Order." Yet it is one thing to reduce the cities of an insubordinate neocolony to rubble, and quite another to dictate terms to America's resurgent imperialist competitors.

The relative impunity with which U.S. forces devastated Iraq has done much to lay the "Vietnam syndrome" to rest. The *New York Review of Books* (28 March) reported that when Saddam Hussein initially invaded Kuwait even Colin Powell, Chairman of the Joint Chiefs of Staff, advised against military intervention on the basis of the disastrous experience of the U.S. military in Vietnam. The article went on:

"He had also absorbed the lessons of October, 1983, when the ill-considered deployment of Marines in Lebanon had ended in catastrophe. Now Powell expressed reservations about sending troops to the Arabian desert."

This time U.S. forces were unfortunately not blown out of the region. The easy triumph over Iraq whetted the appetite of the world's most dangerous and aggressive military machine for future adventures. Democratic Party politicians who had timidly questioned the tactical wisdom of Bush's strategy before the conflict are now desperately trying to match the Republicans in flag waving and patriotic rhetoric. Bush's 90 percent approval rating in the polls was paralleled by an outburst of enmity to San Francisco as a nest of peaceniks, liberal wimps, satanic homosexuals, Marxist professors and other "un-Americans." The triumph of U.S. arms in the Gulf intensified popular arrogance toward foreigners and produced a pronounced increase in racist hostility toward Arabs. This aggressive xenophobia was aptly described several years ago by Fred Halliday as "a self-pitying, suspicious, vicious streak which has found its expression in the torrent of laments for America's lost power."

The jingoist celebration of the "heroism" of the U.S.-led forces and the sagacity of their leaders overlooks the fact that the war against Iraq turned out to be one of the most one-sided military conflicts in recorded history. As Martin Woollacott observed in the *Manchester Guardian Weekly* (10 March) "the very occasional Western casualty was more akin to industrial accident than anything else." The horrendous and criminal murder of perhaps a hundred thousand Iraqis, highlighted by the "smart" bombing of a few hundred women and children in a residen-

tial shelter in Baghdad, has been systematically downplayed by the Pentagon's servile media publicists.

The U.S. possesses the most formidable military machine in the world. In the giddy post-victory atmosphere Bush crowed: "'We have a unique responsibility to do the hard work of freedom. Among the nations of the world, only the U.S. has both the moral standing and means to back it up'" (*Newsweek*, 4 March). The most dangerous result of the coalition victory over Iraq is the perception among many in the U.S. that political and economic problems can be solved militarily. But military power is, in the last analysis, a coefficient of the economic strength of a nation. And the simple fact is that after three decades of economic decline, the U.S. can no longer enforce a Pax Americana. The growth of protectionist sentiment within the U.S. ruling class is an implicit recognition that American industry can no longer compete in the world market without tilting the playing field.

Bush's "New World Order" rhetoric is a sentimental harkening back to the Eisenhower years, when American imperialism commanded the unquestioning obedience of all the other capitalist powers. But while the U.S. remains supreme militarily, it no longer has the clout to compel its allies to submit on questions they consider to be in their vital interests. As the presumed danger of "Soviet expansionism" has evaporated with the unravelling of Stalinist rule, international politics is returning to the more classical model of the intensifying inter-imperialist competition that characterized the period before the First World War. And the U.S. military advantage is one which cannot long be maintained in the face of its declining economic strength.

Reunified Germany's Great Power Ambitions

In the aftermath of World War II, the American bourgeoisie flirted with the idea of deindustrializing Germany and Japan. After the consolidation of Stalinist regimes in East Europe and the victory of the Chinese Stalinists under Mao, this option was abandoned in favor of using its defeated imperialist rivals as regional bulwarks against the USSR. The American bourgeoisie intended to reopen Europe (and Japan) as a field for American investment and a market for its exports. U.S. capital found it particularly profitable to invest in Germany because of its impoverished but highly skilled industrial proletariat. By participating in the reconstruction of the productive infrastructure destroyed in the war, the U.S. helped the German bourgeoisie get back on its feet. In 1947 in the Anglo-American sectors of occupied Germany, industrial production was only 38 percent of what it had been in 1936. By 1951, as the West German *Wirtschaftswunder* ("economic miracle") commenced, industrial production had already reached 136 percent of its 1936 level.

Through the 1980s the Reagan administration invested hundreds of billions of dollars preparing for a nuclear Armageddon to obliterate the Soviet Union. The German bourgeoisie, however, pursued a two-track policy of loyal participation in the American-dominated NATO alliance, and *Ostpolitik*—Willy Brandt's policy of promoting capitalist restoration (and achieving a certain measure of independence from the U.S.) through economic cooperation with the Soviets and their satellites. The victory over Soviet "communism," and the collapse of the bureaucratized workers states of Eastern Europe, which Reagan took credit for, has furthered the interests of America's competitors. The big winner was West Germany, which is now busy trying to digest the former DDR, as it pushes ahead in the economic penetration of Eastern Europe.

German imperialism has become increasingly independent of the U.S. Today Germany is by far the most powerful and dynamic state in Europe. While the "common" market scheduled for 1992 will not overcome the inter-imperialist rivalries in Europe, it is a preparatory step for trade war with North America and Japan. The projected unification of the European market is above all a triumph for German capitalism. Forty-five years after the defeat of the Third Reich, Germany is once again the leading power in Europe. It has considerable leverage over Britain and France, which twice this century combined to block German hegemony.

Last December's collapse of the General Agreement on Tariffs and Trade (GATT) talks highlighted the sharpening inter-imperialist hostilities. The GATT was established at the initiative of the U.S. in 1947, as an attempt to open international markets to American penetration. At the December talks, the European Community (EC) flatly rejected American demands for ending agricultural export subsidies. The U.S. responded with threats of doubling duties on European food imports. Recently there have been attempts to get the talks started again, but the trend is clearly toward regional economic blocs sheltered behind tariff walls. The U.S. would dominate the Western Hemisphere; Germany would be hegemonic over Europe, with Africa as a resource base; Japan would revive its prewar "Greater East Asian Co-Prosperty Sphere." As Doug Henwood commented in the 4 March issue of *MERIP Report*: "Since about 45 percent of world trade occurs within these three major blocs, that would leave over half of world commerce vulnerable to restriction—a portion reminiscent of the 1930s trade contraction."

Besides opening enormous opportunities for German expansion into its traditional Eastern European hinterland, the crisis of Stalinism in the USSR has weakened Germany's military dependence on the U.S. The 1989 decision by Germany, Britain, Italy and Spain to spend \$40 billion on the production of a "European Fighter Aircraft," rather than buying upgraded American F-16 or FA-18 fighters, exemplifies the determination of the European imperialists to move out from under the thumb of the U.S. While the overhead costs of this project are higher than purchasing American hardware, the European imperialists are thinking of the long term. Francois Heisbourg, director of the International Insti-

tute for Strategic Studies in London, observed:

"If the Europeans had bought the American aircraft, they would presumably lose the capability to design and develop their own aircraft. Then, for the next generation of aircraft, Americans could impose whatever terms they want."

—*New York Times*, 21 February 1989

In the 1980s European aircraft makers collaborated on the Tornado fighter and the civil Airbus. Current joint European projects include the development of Euromissiles, a space shuttle program, a high-definition television system and advanced computer chips. The existence of such projects does not mean that the contradictions between the various European national bourgeoisies have disappeared. At every step there are complicated disputes over the sharing of costs and benefits, as each country haggles for the best deal for its own monopolists. The Germans, for example, threatened to pull out of the Eurofighter program if the consortium chose a British rather than German radar system. There is also growing sentiment within the EC, led by the Germans, to move away from lavishly funded hot-house development projects toward a system of more open bidding, particularly in the electronics sector. However, the pressure of Japanese and American competition has compelled each national ruling class to give up a measure of its autonomy in order to cooperate in the pursuit of its larger interests.

The three-cornered struggle for capitalist hegemony between the U.S. and its two major adversaries contains within it the seeds of future conflicts. The destructive capacity of modern military technology is qualitatively greater than ever before, but the fundamental irrationality of a social system based on competition—which periodically explodes into global war—has not changed since the beginning of this century. What has changed is the relative economic and military clout of the different imperialists and their political alignments.

An Epoch of Wars and Revolutions

As Lenin noted almost 80 years ago, ours is an epoch of wars and revolutions. This epoch was inaugurated with the carnage of World War I. During the preceding four hundred years of capitalist growth, the system of generalized commodity production had spread from Europe to the rest of the world. This was not a process of gradual and peaceful transformation of pre-capitalist economies into industrial ones, but rather one of aggressive conquests of one territory after another by capitalist monopolies, each backed by the gunboats of its own imperial state. The collision of the opposing European empires in 1914 was only the first of a series of struggles for the division and redivision of global spheres of influence.

The cataclysmic inter-imperialist conflict of 1914-18, touted at the time as "a war to end war," laid the basis for a larger conflict two decades later. World War II prostrated German and Japanese imperialism, bankrupted Britain, marginalized France and established the U.S. as the undisputed ruler of the capitalist world. In comparison with all major combatants, U.S. losses in the war were negligible. Between 1939 and 1945, America's

productive capacity doubled while that of its rivals shrank. In 1950 the U.S. accounted for 40 percent of the world's total gross national product (GNP). Thirty years later, at the beginning of the Reagan years, this had fallen to 20 percent.

The only other major power to emerge from World War II in a strengthened position was the Soviet Union. The USSR was the product of the revolutionary seizure of power by the Russian workers in the midst of World War I. Isolated and besieged, the revolutionary regime established in 1917 gradually degenerated. From 1924 on, political power was wielded by a bureaucratic stratum, headed by Joseph Stalin. Nonetheless, even under a brutal, anti-working class dictatorship, the system of collectivized property created by the revolution remained.

Unlike the U.S., the Soviet Union suffered enormously from World War II. Twenty million Soviet citizens died in the struggle to drive the Nazis out of the USSR and Eastern Europe. Yet almost before the conflict was over, the victorious Western allies, led by the U.S., began a campaign to "roll back" the Soviet degenerated workers state. After pro-Moscow communist parties were ejected from post-war popular-front governments in Italy and France at Washington's behest, Stalin moved to eliminate pro-capitalist elements from the governments established in the territory occupied by the Soviet army, and expropriated the indigenous capitalists. This strengthened the situation of the USSR politically but did not compensate for the enormous economic devastation caused by the war.

For forty years the fundamental axis of world politics has been the global struggle of the U.S. and its allies to contain social revolution in the Third World and to reconquer the Soviet bloc, China and the other deformed worker states for the world market. The recent implosion of the Stalinist regimes of Eastern Europe, and the seemingly terminal crisis of Stalinism in the Soviet Union itself, have decisively changed the configuration of world politics. The eclipse of the USSR as a "superpower" was highlighted by the American president's offhand dismissal of Gorbachev's last-minute attempts to broker an Iraqi surrender. Gorbachev's reward for five years of craven capitulation to imperialism on every front was to be publicly humiliated by his "friend" in the White House.

But even though the reconquest of the deformed workers states of Eastern Europe, already far advanced, represents a significant victory for the imperialists, it cannot solve the fundamental contradictions of capitalism. The uneven capacity of the various imperialists to benefit from this historic opportunity can only aggravate inter-imperialist antagonisms. While massively expanding the world market, as well as permitting access to new sources of raw materials and a cheap, relatively skilled pool of labor, the successful incorporation of the Soviet bloc into semi-colonies would tend to depress the price of labor within the imperialist states. This intensifying exploitation could, in turn, touch off renewed outbursts of working-class resistance in the imperialist heartlands. In any case, Eastern Europe promises to be an extremely unstable region for years to come, as mil-

lions of workers come face to face with the brutal reality of life in an "underdeveloped" market economy.

Japanese Imperialism Resurgent

While Bush is unable to impose any kind of order in world politics, neither of America's major rivals yet possesses the ability to overtly defy Washington. Japan, which imports most of its oil from the Middle East, was initially inclined to seek a diplomatic resolution to the Iraqi occupation of Kuwait. The Japanese high command took a different view and openly advocated participation in Bush's coalition. It saw the conflict as an opportunity to breach Japan's constitutional ban on sending members of its "Self Defense Force" overseas, and to undermine the substantial anti-militarist sentiment in the population. But widespread popular opposition blocked Prime Minister Toshiki Kaifu's proposed compromise of dispatching Japanese military planes to the region for "humanitarian" missions. After the U.S. victory, a substantial section of the Japanese ruling class expressed its regret for not having signed on. However, it will not be long before Japanese military power is once again projected internationally.

After three decades under the American military umbrella, Japan accelerated armament production in the late 1970s. Between 1978 and 1987 Japanese domestic military production quintupled, from \$2.7 to \$13 billion: "in military spending Japan now ranks second behind the United States among the major non-Communist industrialized nations, according to a recent report by the International Institute for Strategic Studies in London" (*New York Times*, 10 October 1989). Yet Japan spends far less as a percentage of its GNP. For years the U.S. has been pressuring Japan to increase its military spending and assume a greater part of the burden of imperialist war preparations against the Soviet Union. At the same time, though, Washington wants to maintain its military hegemony. This fundamental ambiguity in U.S. policy has become a source of considerable tension. After years of regarding Japan as a junior partner, the American ruling class is having difficulty coming to terms with its changed relationship.

Several years ago a wrangle broke out over the production of a new fighter for the Japanese military. Originally Japan's Defense Agency planned to produce its own plane, but it eventually succumbed to American pressure, and agreed to a joint project between General Dynamics and Mitsubishi to produce the FSX fighter, an advanced version of the American F-16. After the deal was hammered out, several influential American congressmen began to complain about Japan getting access to American military technology. The project has gone ahead, but the Japanese have made it clear that in future they will develop their own weapons systems without American assistance.

The FSX dispute helped fuel a growing nationalist sentiment in Japan, where America is increasingly seen as a shrill and undisciplined ally. Shintaro Ishihara, a senior member of the ruling party and Akio Morita, a founder of Sony, wrote a 1988 best seller entitled *The Japan That Can Say "No"*, which argued that Japan should

cease deferring to America. Ishihara attributed the U.S. government officials' decision to drop the A-bomb on Hiroshima and Nagasaki to "their racial attitude toward Japan" and suggested that Japan show its ability to "upset the military balance" by selling computer chips to the Soviet Union instead of the U.S. The Pentagon was sufficiently alarmed by all this to pay for an English translation, which was duly entered complete into the Congressional Record.

In the U.S. since the late 1970s, there has been a steady rise of overtly racist and protectionist attitudes toward Japan. A rash of books have appeared on the theme that Japan, not the Soviet Union, has become the number-one international threat to America. A poll conducted by the *New York Times* and CBS in February 1990 revealed that the number of Americans who had "generally unfriendly" feelings toward Japan had trebled in five years.

By the 1980s the American bourgeoisie was seriously concerned about Japan's growing penetration of the U.S. domestic market. In 1985 the U.S. sought to restore its competitive position by pressuring for an upward valuation of the yen (to make Japanese imports more expensive for American consumers). However, doubling the value of the yen against the dollar only promoted Japanese investment in the U.S., while increasing American dependence on Japanese capital inflows to sop up government securities. The increased value of the yen simultaneously accelerated Japanese penetration of the more vibrant economies of East Asia (South Korea, Taiwan, etc.). By transferring manufacturing to these low-wage areas, Japanese companies managed to keep their costs low enough to preserve their market share in the U.S. and elsewhere. The revalued yen propelled Japan past the U.S. in terms of foreign "aid," thereby providing a powerful new lever for economic and political influence in former American neocolonies. Despite the rise in the yen, American cars and computers still did not sell in Japan because, as one Japanese executive commented, "If you want to sell, you have to improve products, not shift exchange rates. Now the most important things we can buy from America are land, companies and buildings" (*New York Times*, 28 November 1988).

Recent Japanese purchases of such American landmarks as Rockefeller Center have been met by squeals of protest in the U.S. The Japanese media take a different view:

"More than at any time in recent memory, the United States is being portrayed here as an emotional, often irrational ally that foolishly puts its choicest assets on the auction block for quick profit, then blames the buyer for snapping them up. Yotaro Iida, the president of Mitsubishi Heavy Industries, seemed to reflect that view when he compared America to a bullying husband who 'tends to behave badly when he is drinking,' but who 'believes that his wife will never leave him.'"

—*New York Times*, 24 November 1989

If the Japanese bourgeoisie is not yet prepared to "leave" its American partner, it at least intends to renegotiate the terms of the relationship.

The Decline of American Capitalism

The 1971 suspension of the gold convertibility of the dollar signaled the end of American economic hegemony.

U.S. supremacy had been instituted at Bretton Woods in 1944 when the dollar was made the chief instrument of international exchange and payment, at a fixed parity of \$35 per gold ounce. But the viability of this whole system rested on the productivity of American labor. The inflationary effects of the Pentagon's massive outlays for the war in Vietnam accelerated the decline of the dollar. But Europe's growing reluctance through the 1960s to hold reserves in dollars, instead of gold, reflected America's decline in productivity.

In the first half of this century America's labor productivity was the highest in the world, as was its rate of growth. From 1950 to 1975 the U.S. remained ahead in productivity, but its lead shrank, largely due to a deceleration in capital investment. In the early 1960s U.S. investment poured into Europe and, to a lesser extent, Japanese subsidiaries of U.S. manufacturers. Between 1958 and 1965, U.S. assets in Europe almost quadrupled. "In 1964 the amount of high-technology goods sold by European-based subsidiaries of American companies was four times the amount directly exported from the United States" (H. Van der Wee, *Prosperity and Upheaval*).

The immense export of U.S. capital had the effect of reducing the relative technological superiority of American industry over its rivals, and thereby enhanced the latter's ability to compete internationally. During the 1960s in West Germany, gross investment accounted for a quarter of the GNP; in Japan the figure was 35 percent, but in the U.S. gross investment only made up 17 percent. Between 1978 and 1988 total capital investment in Japan nearly quintupled (from \$160 to \$750 billion), while in the U.S. it went from \$275 to \$500 billion.

America's relative economic decline is also reflected in the disparity in investment in research and development (R&D). "For 20 years, America's non-defense R & D has stuck at about 1.8 percent of gross national product, while Japan's has risen steadily, to 2.8 percent" (*New York Times*, 9 January 1989). One third of American R&D goes to military research, which has little commercial application. In recent years U.S. research has also been shifting from long-term to short-term projects, that is, from the development of new technologies and products to the improvement of existing ones. The relative fall in American investment in research is accentuated by parallel declines in education and the level of savings. Currently, U.S. savings as a percentage of GNP are half of the average of those in the rest of the imperialist world.

In the past decade and a half, U.S. industry has lost ground in one field after another. Even in military technology, the most important area of U.S. technical superiority, America's lead is shrinking. U.S. defense contractors are using a growing number of parts manufactured abroad in their weapons systems. While the U.S. remains a net exporter of military products, the gap has been narrowing throughout the past decade. In 1983 U.S. military-related exports had five times the dollar value of imports. By 1987 the ratio was a little over two to one.

For the U.S., the very success of the high-tech weaponry against Iraq is cause for concern. All of the successful new weapons systems were based on sophisticated computer technology, a field in which Japan has been gaining on the U.S. for at least a decade. In November

1989 the U.S. National Advisory Committee on Semiconductors reported with alarm that research spending by the five largest Japanese computer memory chip makers was roughly double that of their American counterparts, and there was increasing evidence that the U.S. was abandoning this vital and complex technology.

The Pentagon is concerned about the military implications of the decline in U.S. industrial capacity. A 1988 report by the Defense Science Board, a U.S. military think tank, proposed that “the Pentagon should exert more influence over such economic factors as taxes, trade laws, environmental regulations and education” (*New York Times*, 19 October 1988). Pentagon studies of “economic security” have also pointed to the dangers of increasing foreign ownership of American manufacturing facilities because “foreign owners tend to maintain control over critical manufacturing technologies” (*Ibid.*)

Japanese and German growth in the last decade has been based on the increased competitiveness of their manufactures, whereas U.S. growth has been financed by massive government borrowing. In the 1980s aggregate public and private debt in the U.S. trebled, from \$3.4 to \$10.6 trillion. This saturnalia of debt-financed fiscal stimulation drove the Reagan expansion, accelerating a demand for imports. The Federal Reserve had already jacked up interest rates into the stratosphere to repress the double-digit inflation of the 1970s. High interest rates drew in capital from Japan and Germany. Like Blanche Dubois, America has been dependent “on the kindness of strangers” to finance its deficits.

The growing U.S. trade deficit transferred billions of dollars to its competitors, while chronic government deficits fueled by enormous increases in military spending and wholesale tax cuts for the wealthy pushed up interest rates. This attracted foreign capital and kept the dollar high. Besides military production, the most dynamic growth sectors of the U.S. economy during the Reagan expansion of the 1980s were financial speculation, junk bonds and dubious real estate transactions.

Spending on social services, education and even maintenance of the physical infrastructure for transportation and shipping shrank. Sixty percent of paved roads now need renovation and 40 percent of bridges are structurally deficient or functionally obsolete. At the same time, potentially explosive social contradictions have accumulated throughout American society. During the 1980s real income for the poorest families fell 10 percent, while that of the richest families rose 40 percent. A growing percentage of the population has sunk beneath the poverty line, as industrial employment contracts and low-paid service-sector jobs proliferate. After five years of the Reagan “boom,” the *New York Times* reported that: “20 million Americans do not get enough to eat every day” (27 October 1987). The Physician Task Force on Hunger in America comment-ed: “Economic growth has not reduced hunger in any significant way because of the nature of that growth. The economic pie has gotten bigger, but the unevenness of that growth leaves millions falling further behind.” There are immense social costs associated with this: increased child abuse and violence against women, homelessness, disease, crime and every other symptom of social disinte-

gration. The pervasive racism of American society ensures that blacks, Hispanics and other oppressed minorities, forcibly segregated at the bottom of the economic ladder, are disproportionately victimized by capitalist decline.

The most spectacular example of U.S. economic decay is the enormous savings and loans debacle. The Reagan administration’s deregulation of the financial industry permitted tens of billions of dollars in government-insured deposits to be “invested” in junk bonds and absurdly inflated real estate. According to Stephen Pizzo:

“Prestigious accounting firms repeatedly cooked the books for client thrifts to hide the larceny. Appraisers grossly inflated appraisals to fatten their own fees, allowing crooks to get huge loans they never intended to repay. “Law firms held off regulators for months at a time while crooked thrift owners continued their looting. Members of each of these professions sold their ethics for a juicy piece of the thrift action.”

—*New York Times*, 2 April 1990

The official estimate of the cost of covering the savings and loan collapse is already \$500 billion, and could easily double. By comparison, as the *New York Times* of 29 May 1990 pointed out, “the Marshall Plan, which bailed out Western Europe 40 years ago, cost a mere \$65 billion in today’s dollars.” The U.S. banking system itself is in a precarious situation. One sixth of the 200 biggest banks are in danger of bankruptcy, and the government insurance fund that supposedly protects investors against bank failures is vastly underfunded.

The assets squandered by the U.S. bourgeoisie over the past several decades are gone, while the enormous debts accrued continue to mount. One way or another, the books will eventually have to be balanced. The swelling U.S. government deficit (projected at \$325 billion for this year) continues to undermine industrial competitiveness and weaken American capitalism against its rivals. This is the context within which the imperialist New World Order is born. The disproportion between U.S. military supremacy and its relative economic decline heightens the danger of future conflicts. As we noted in the midst of the Gulf war:

“the U.S. does not intend to relinquish its supremacy. The Pentagon still commands the most awesome arsenal of destruction on the planet. The more the position of the U.S. in the international economic order slips, the more America’s rulers feel driven to compensate by naked force. The more markets they lose for cars, computers and high-definition TVs, the more they are compelled to assert their superiority with B-52s and cruise missiles...”

“Domination of the Gulf gives the U.S. considerable leverage in the intensifying economic struggle with its two principal capitalist rivals. The assault on Iraq simultaneously warns other neocolonial regimes of the blood-price to be paid for challenging the imperialist status quo.”

—1917 Supplement, 1 February

The Kuwaiti monarchy announced that the U.S. will get 70 percent of the estimated \$100 billion in postwar reconstruction. This is welcome news for American contractors who, since the 1960s, have routinely been underbid in the Middle East by cheaper European and Asian firms. As a sop to the Americans, the Japanese government is actively discouraging its construction companies

from even bidding on any of this work. Washington is well pleased by this arrangement, as well as its apparent success in off-loading much of the costs of the Gulf adventure on its Middle East clients and German and Japanese challengers.

Washington's vision of a New World Order is one in which America's "allies" pay for reversing its economic decline. After some vigorous arm-twisting, the Germans reluctantly agreed to cough up an \$11 billion subsidy for the American adventure in the Persian Gulf, while Japan pledged \$13 billion. There is, however, a contradiction between pressing its imperialist allies to take up the military and foreign "aid" costs of maintaining the global status quo and simultaneously preserving America's political and military predominance. Embedded in this contradiction are the makings of a new and terrible inter-imperialist conflict.

Revolutionary Internationalism: The Only Road

Capitalist development is necessarily uneven, as the grotesque disparity between the wealth of the imperialist countries and the so-called underdeveloped world attests. This also applies to relations *between* the imperialists themselves. After each of the inter-imperialist conflicts this century, the world was redivided by the victors. But shifting economic relationships between the imperialists constantly require a renewed division of spheres of influence and political power. In 1918 Lenin noted:

"Half a century ago, Germany was a miserable, insignificant country, as far as its capitalist strength was concerned, compared with the strength of England at that time. Japan was similarly insignificant compared with Russia. Is it 'conceivable' that in ten or twenty years' time the relative strength of the imperialist powers will have remained *unchanged*? Absolutely inconceivable."

Today we are living in the midst of a dangerous period of renewed rivalry between the great powers. Capitalism in its ascendancy was an enormous engine of human progress. It vastly accelerated the growth of

science, technology and human mastery over nature. For the first time in human history, it connected every part of the globe into a single world economy. These accomplishments constitute the precondition for the liberation of humanity from the realm of scarcity and subsistence, and open up the possibility of virtually unlimited abundance and the full development of every individual. Yet the very factors that made capitalism such a dynamic factor in human history have become obstacles to further progress. The inherent tendency of capitalist competition to spill over into predatory trade wars—which in turn periodically erupt into shooting wars—acutely poses the danger of the destruction of civilization. Only by wresting possession of the productive apparatus from the hands of their capitalist masters can the workers and oppressed masses eliminate the cruel and irrational disparities constantly reproduced by the present world order.

History is not an automatic process; it is a product of class struggle. In all the imperialist blocs today, the trade-union bureaucrats are pushing the poison of protectionism and class collaboration in an attempt to pit worker against worker. Yet the future of humanity hinges on the elimination of the whole system of international piracy and chaos, and the creation of a rational, globally-planned economy. In every imperialist state the main enemy of the working class is its "own" capitalist rulers. It is the duty of class-conscious workers in every country to struggle against the suicidal nationalism of the labor lieutenants of capital, and to fight for the program of revolutionary internationalism. The struggle for world revolution is not an easy one, but there is no other way out.

"The objective prerequisites for the proletarian revolution have not only 'ripened'; they have begun to get somewhat rotten. Without a socialist revolution, in the next historical period at that, a catastrophe threatens the whole culture of mankind. The turn is now to the proletariat, i.e., chiefly to its revolutionary vanguard. The historical crisis of mankind is reduced to the crisis of the revolutionary leadership."

—Leon Trotsky, *The Transitional Program*