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Discussion Paper no.2

**THE 'NEW' IMPERIALISM AND  
POSSIBILITIES FOR COEXISTENCE**

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Development Research Centre  
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DISCUSSION PAPERS

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## Crisis States Development Research Centre

### The ‘New’ US Imperialism and Possibilities for Coexistence<sup>1</sup>

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#### Introduction

The promise of a more peaceful world in the aftermath of the demise of the Soviet Union, and, it was thought, with it the race to produce increasing arsenals of nuclear weapons that could destroy the world several times over, seems to have evaporated. Instead, we find ourselves in a world marked by instability, many small areas of intense violent conflict, repeated and expensive military adventures conducted by some of the world’s richest countries in far-flung parts of the developing world, and a growing sense of insecurity with the rise of terrorist networks seemingly working on an international scale. This, I would suggest, is a more dangerous world than the one faced by Karl Polanyi, Rudolph Schlessinger and others when they were discussing their project to launch a new journal, *Coexistence*, forty years ago. The United States has emerged as the world’s single ‘superpower’.<sup>2</sup> With about 4.8% of the world’s population it captured 32% of world income in 2002;<sup>3</sup> while at the same time accounting for approximately 42% of world military expenditure.<sup>4</sup>

While few would question the ‘superpower’ status of the United States given this dominant position, why employ the epithet ‘imperialist’, seen by many as merely a pejorative propagandistic label? I do so with a certain amount of trepidation, as I am not interested in old debates about ‘imperialism as the highest stage of capitalism’, or the inevitability of imperialism spawning war. Nevertheless, the term encapsulates what appears to be a strategic direction taken by the current US administration to construct a ‘modern empire’. It is essentially the historian’s view of imperialism I adopt, when I argue that the imperialist posture of the US represents a particular coalition of interests in power in Washington with a particular vision of the world. I turn to the pages of the journal *Coexistence*, where Hannes Adomeit rejected economic determinist definitions and argued that, “imperialism as a state of affairs denotes a relationship of a controlling, dominant, hegemonic power over dependent peoples or nations”, while “imperialism as a process implies expansionist or aggressive tendencies aimed at extending control”.<sup>5</sup>

I share Michael Ignatieff’s reasoning when he argues that the US posture is “imperial” because it is “an attempt to permanently order the world of states and markets according to its national interests”.<sup>6</sup> However, while I share Ignatieff’s definition of “the beast”, I cannot

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<sup>1</sup> Presented to the 9<sup>th</sup> Annual International Karl Polanyi Conference: ‘Co-existence’, Montreal, 12-16 November 2003. Comments would be most welcome: j.putzel@lse.ac.uk.

<sup>2</sup> “A nation or state having a dominant position in world politics; one which has the power to act decisively in pursuit of interests which embrace the whole world” Oxford English Dictionary, 2<sup>nd</sup> ed., Oxford: Oxford University Press, 1989.

<sup>3</sup> World Bank, *World Development Report 2004: Making Services Work for Poor People*, Washington: World Bank, 2003, Table 1, p.252.

<sup>4</sup> Stockholm International Peace Research Institute (SIPRI), *Yearbook 2003: Armaments, Disarmament and International Security*, Oxford: Oxford University Press, 2003.

<sup>5</sup> Hannes Adomeit, ‘Neo-Marxist Theories of Imperialism: Clarification or Confusion of a Concept in International Relations’, *Coexistence*, 12:2 (October 1975), p.127.

<sup>6</sup> Michael Ignatieff, *Empire Lite: Nation-Building in Bosnia, Kosovo and Afghanistan*, London: Vintage, 2003, p. 2.

agree with his argument that this is a benign and “reluctant” imperial project or a particularly “humanitarian empire”. Nor can I agree with his suggestion that “imperialism has become a precondition for democracy”.<sup>7</sup> Perhaps, most importantly for the argument of this paper, I disagree with Ignatieff’s suggestion that multilateralism can only be a “cover” for empire and that Europe must inevitably play second fiddle to the US to support, follow and participate as junior partner in America’s imperial project. Instead, I want to suggest that the great divide in international affairs today pits multilateralism against the unilateralist imperialist posture of the United States.

What do I mean by the possibilities for ‘coexistence’ and how are we to reinterpret the problem of coexistence in our times? In short, I am asking what are the possibilities, in this unbalanced world, of pursuing change and development under conditions of peace rather than war. The notion of ‘peaceful coexistence’ emerged as a political project in the late 1950s and early 1960s out of Nikita Khrushchev’s revision of the Soviet Union’s fundamental programme at the 20<sup>th</sup> Congress of the Communist Party of the Soviet Union. It was the basis of *détente*, suggesting that the capitalist west could compete with the socialist east under conditions of peace. Karl Polanyi and those involved in launching the journal *Coexistence* were part of a broader effort to forge links across the ‘iron curtain’, to move away from the madness of ‘mutually assured destruction’ implied by the nuclear arms race, and develop an environment that would allow a conversation between scholars of the socialist and capitalist worlds. In the journal’s first issue, John Summerville, argued that the task at hand was to “understand those aspects of the ideological conflict which will facilitate, or at least not prevent, the maintenance of world peace”. The scholars aimed to engage the contest of ideas, not of nuclear weapons, breaking from the tendency to accept “certain presuppositions as to the essential nature” of the conflict, which then determined the work to be done.<sup>8</sup>

A clue to Polanyi’s interest in the project of the journal can be found in his most important work, *The Great Transformation*, where he argued that the basic project of the utopian free market had been decisively proven unrealisable and defined the task at hand:

Out of the ruins of the Old World, cornerstones of the New can be seen to emerge: economic collaboration of governments *and* the liberty to organize national life at will...Neither freedom nor peace could be institutionalized under that economy [market economy], since its purpose was to create profits and welfare, not peace and freedom.<sup>9</sup>

In the ‘old world’, market mechanisms required limited freedom for some, while in the ‘new world’ freedom for all had to become a conscious objective of social and economic strategy and policy.

While the disappearance of the Soviet Union and the ‘socialist world’ as we knew it has made arguments about peaceful coexistence between capitalism and socialism irrelevant, there was a more fundamental proposition here than old understandings about the inevitability of war that needed to be cast off. Interestingly, Dani Rodrik, when considering the fundamentally

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<sup>7</sup> Ignatieff (2003), p.24.

<sup>8</sup> John Summerville, ‘The East-West Ideological Rift’, *Co-Existence: A journal for the comparative study of economics, sociology and politics in a changing world*, 1 (May 1964). On the editorial board were Ragnar Fisch (Oslo), P.C. Mahalanobis (Calcutta), Gunnar Myrdal (Stolholm), Joan Robinson (Cambridge), Rudolph Schlessinger (Glasgow), Hans Thirring (Vienna), Jan Tinbergen (The Hague), Shigeto Tsuru (Tokyo) and Karl Polanyi (Columbia) who died before the first issue came out.

<sup>9</sup> Karl Polanyi, *The Great Transformation: The Political and Economic Origins of our Time*, Boston: Beacon Press, 1957 [1944], p.255.

divergent routes to capitalist development, drew explicitly on Polanyi's ideas in arguing that capitalism can survive only embedded in social realities, saying what we needed internationally was "a regime of peaceful coexistence among national capitalisms".<sup>10</sup>

What are the possibilities for peaceful coexistence of divergent capitalisms, of the West with the Islamic world, of rich and poor regions in the global system? The central proposition of this paper is that only by reinforcing multilateralism can the international community hope to maximise the chances for peace. In the next section I examine the 'new' US 'imperialism' as articulated by the Bush administration over the past three years, particularly through an analysis of the National Security Strategy. I consider the Moscow Treaty on Strategic Offensive Reductions as a decisive victory for the US military. I then briefly consider the economic basis of the US imperial project to suggest that its supremacy may prove ephemeral. In the third section of the paper I examine the political and economic motivations for the US-Anglo invasion and occupation of Iraq. Finally, in the last section, I return to an evaluation of the prospects for challenging the imperial project and the basis on which this might be pursued.

### **The 'New' US Imperialism – its doctrine and economic base**

Just one year after the September 11 attacks against New York and Washington, on 20 September 2002 President George W. Bush outlined a new vision of the place of the United States in the post-Cold War world in his National Security Strategy (NSS).<sup>11</sup> The Bush NSS was a declaration of US intentions to use its overwhelming military supremacy to rid the world of threats from 'rogue states' and their 'terrorist clients'. In this document, the White House, appropriated the right to attack anyone, anywhere, at anytime – whether a state or non-state organisation - that in its estimation poses a potential threat to US national security. While the US government has always prevaricated about treaties and international laws that might constrain its ability to act alone, the Bush strategy represents a qualitative shift away from what arguably has been a slow evolution toward multilateral governance of the international system.<sup>12</sup>

#### ***Pre-emptive action free of constraints***

In the world as defined by the Bush NSS, the US will determine who is friend and who is foe, which states are 'rogue' and which are 'civilised', who is a terrorist and who a freedom fighter. The doctrine puts aside a central emerging principle of international law, which justifies military action primarily in defensive terms (Article 51 of the UN Charter), when it proclaims that the US will "act against such emerging threats *before they are fully formed*". Although the US will consult its allies in identifying potential threats and will "strive to enlist the support of the international community", the NSS states:

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<sup>10</sup> Dani Rodrik, 'The Global Fix: A plan to save the world economy', *New Republic*, 2 November 1998.

<sup>11</sup> White House, *National Security Strategy*, 20 September 2002. The president is required by Section 603 of the Goldwater - Nichols Defense Department Reorganization Act of 1986 (Public Law 99-433) each year to submit the administration's National Security Strategy to Congress. This was President Bush's first such statement though in office for one year and eight months.

<sup>12</sup> The last National Security Strategy document submitted to Congress by President Bill Clinton while repeating many times the US commitment to building multilateral fora and initiatives, nevertheless stated the long-held commitment of the US to unilateral action to defend what are alternatively deemed 'vital' and 'compelling national' interests: "We act in alliance or partnership when others share interests, but unilaterally when compelling national interests so demand", White House, 'A National Security Strategy for a New Century' (December 1999), p.1 and 19.

we will not hesitate to act alone, if necessary, to exercise our right of self-defense by acting preemptively against such terrorists, to prevent them from doing harm against our people and our country.<sup>13</sup>

In carrying out its responsibilities to define and defend freedom, the US is dead-set against subjecting its interventionist actions to scrutiny by international organisations. While the Clinton administration actively contributed to the birth of the International Criminal Court, the Bush administration has made it absolutely clear that it will not subject its citizens to this instrument of international law. The NSS reiterates US determination to withdraw military aid from any country unwilling to exempt US personnel from the jurisdiction of what Jonathan Grella, an aide to the Republican majority whip in the US House of Representatives, Congressman Tom DeLay, called a “rogue court”.<sup>14</sup>

Even before the terrorist attacks against New York and Washington, the Republicans demonstrated their antagonism toward the troublesome constraints imposed by multilateral agreements around weapons development. In fact, during Bush’s campaign for the presidency his soon to be national security adviser, Condoleezza Rice, accused Clinton of subordinating US interests to “the interests of an illusory international community”.<sup>15</sup>

### ***US freedom to develop its nuclear arsenal***

The NSS celebrated the Moscow Treaty on Strategic Offensive Reductions, signed by Presidents Bush and Putin in May 2002, as heralding “an historic reduction in the nuclear arsenals on both sides”.<sup>16</sup> In reality this simple 500-word agreement, following on the US withdrawal from the Comprehensive Test Ban Treaty in 1999, gives the US the flexibility to develop its nuclear arsenal as and how it wishes. While it calls for a significant reduction of the number of “operationally deployed strategic nuclear warheads”, the treaty does not oblige the destruction of a single warhead or missile delivery system, allowing both parties to simply put the weapons in storage. It gives each party the right to “determine for itself the composition and structure of its strategic offensive arms”. Convinced that the Russians will not have the economic wherewithal to compete, US military leaders wanted a treaty that would remove all constraints on developing their own controversial ‘National Missile Defence’ systems.

While the US claims for itself the right of total flexibility in its future nuclear programme, the NSS proclaims that the US will pursue a policy of “proactive counterproliferation” and “strengthened nonproliferation” to “defend against the threat before it is unleashed” and “prevent rogue states and terrorists from acquiring the materials, technologies and expertise necessary for weapons of mass destruction”. While, for the moment, the Bush administration has backed away from a confrontation with China and not included this rising Asian power in its list of rogue states, the NSS makes an implicit claim for the exclusive right of the US to develop advanced weapons systems and a veiled threat to the Chinese:

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<sup>13</sup> White House (2002).

<sup>14</sup> *New York Times*, 10 August 2002, p.A4.

<sup>15</sup> While widely quoted in the press during 2000, Rice’s most articulate statement of this view was: ‘Life after the Cold War’, *Foreign Affairs*, 79:1 (January-February, 2000).

<sup>16</sup> Moscow Treaty on Strategic Offensive Reductions signed by President George W. Bush and Russian President Vladimir Putin on May 24 2002.

In pursuing advanced military capabilities that can threaten its neighbors in the Asia-Pacific region, China is following an outdated path that, in the end, will hamper its own pursuit of national greatness.<sup>17</sup>

The tearing up of the nuclear test ban treaty, the abandonment of disarmament through a treaty with Russia and the pursuit of its own National Missile Defence system are ultimate expressions of unilateralism that will undermine future efforts to pursue non-proliferation.

### *The economic basis of the US imperial project*

There is a messianic tone to the Bush NSS as it proclaims US objectives “to bring the hope of democracy, development, free markets, and free trade to every corner of the world”. The strategy marries US military and economic objectives in its advocacy of neo-liberal economic prescriptions for the world order that confirms the fears of all those who have suspected that much celebrated ‘globalisation’ actually means a system of open economies dominated by US and corporate interests.

**Table 1: World population and Gross National Income 2002**

	Population	% of world	GNI \$ billions	% share
China (inc HK)	1,288	20.8	1,377.10	4.4
India	1,048	16.9	501.5	1.6
Japan	127	2.0	4,265.60	13.5
European Union (15)	361	5.8	7653.2	24.3
Russia	144	2.3	307.9	1.0
US	288	4.6	10,110.10	32.1
Rest	2,945	47.5	7,269	23.1
World	6,201	100.0	31,483.90	100.0

Source: Based on data from World Bank, Selected World Development Indicators, Table 1, Size of the Economy, World Development Report 2004, p.253

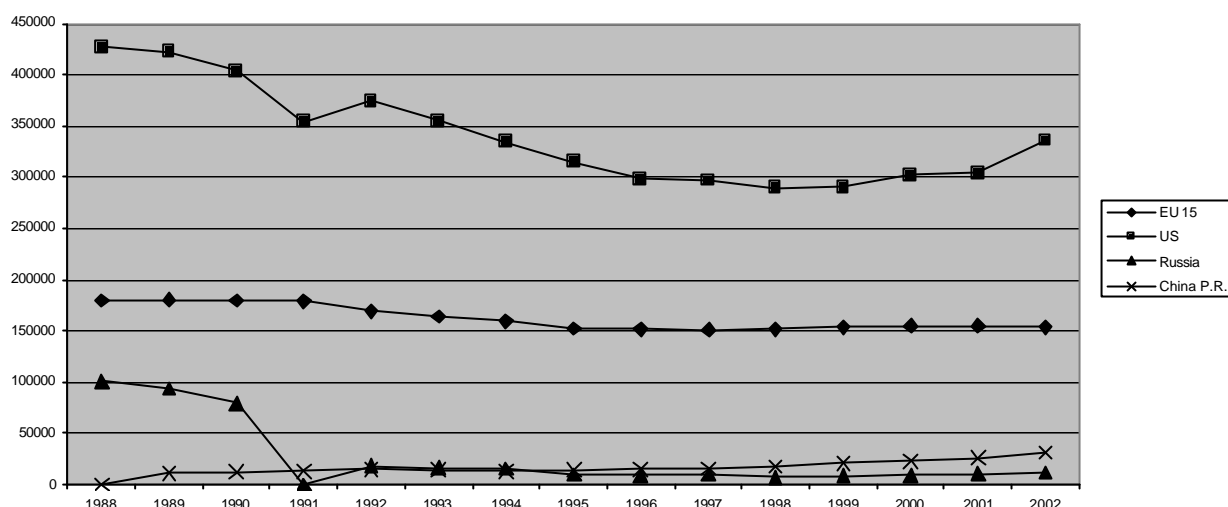
The United States commands a dominant position in the world economy, with its population representing only 4.6% of the world total, capturing 32% of gross national income in 2002. Table 1 illustrates the distribution of population and wealth in strategic terms, demonstrating that: (1) the Russian Federation occupies an insignificant position in the world economy; (2) the closest rival to the US is the combined European Union fifteen countries, who, with close to 6% of the world population, command 24% of world income; and (3) the next closest single power, Japan, with 2% of the world population, commands about 13% of income, and when combined with China, representing a total of 23% of the world’s population, commands some 18% of world income.

The dominant position of the United States is illustrated still further by its share of estimated world military expenditure. Figure 1 illustrates how far US military expenditure outstrips its closest rivals, with expenditure in 2002 at \$335.7 billion (in constant US\$ 2000), more than double the combined spending of the EU 15 of \$153.5 billion, and dwarfing the expenditure of Russia and China. This is so even after a decade of decline in real terms in military

<sup>17</sup> White House (2002).

spending during the Clinton years. Of course, with recent spending increases introduced since the Iraq war began, the US share will rise much further.

**Figure 1: Military Spending US, EU, Russia Constant (2000) US\$ Millions**



Source: SIPRI, *Yearbook 2003*, at <http://first.sipri.org/>

While the US economy is clearly a powerhouse, the US share of world merchandise trade is shrinking. If we readjust world trade figures to treat intra-EU trade as domestic rather than foreign trade, we can get a more accurate view of the relative strength of the major economic centres, from a strategic perspective.<sup>18</sup> Table 2 shows that in 2002, the US was responsible for 14.6% of world exports and 24% of world imports, in contrast to the EU with almost 20% of world exports and 19% of imports. Asia had 34% of exports and 28% of imports, demonstrating its strong position in world trade. The balance between trading powers is not much altered when one considers the much smaller trade in services.

**Table 2: Value of Merchandise Trade, 2002 (US \$ billions and %)**

	<i>Exports</i>		<i>Imports</i>	
Asia	1610	34.0	1457	29.2
European Union (15)	939	19.8	931	18.6
United States	694	14.6	1202	24.1
Latin America	351	7.4	355	7.1
Eastern Europe & Russia	309	6.5	297	5.9
Canada	252	5.3	229	4.6
Middle East	236	5.0	183	3.7
Other European	207	4.4	206	4.1
Africa	139	2.9	133	2.7
Total	4737	100.0	4993	100.0

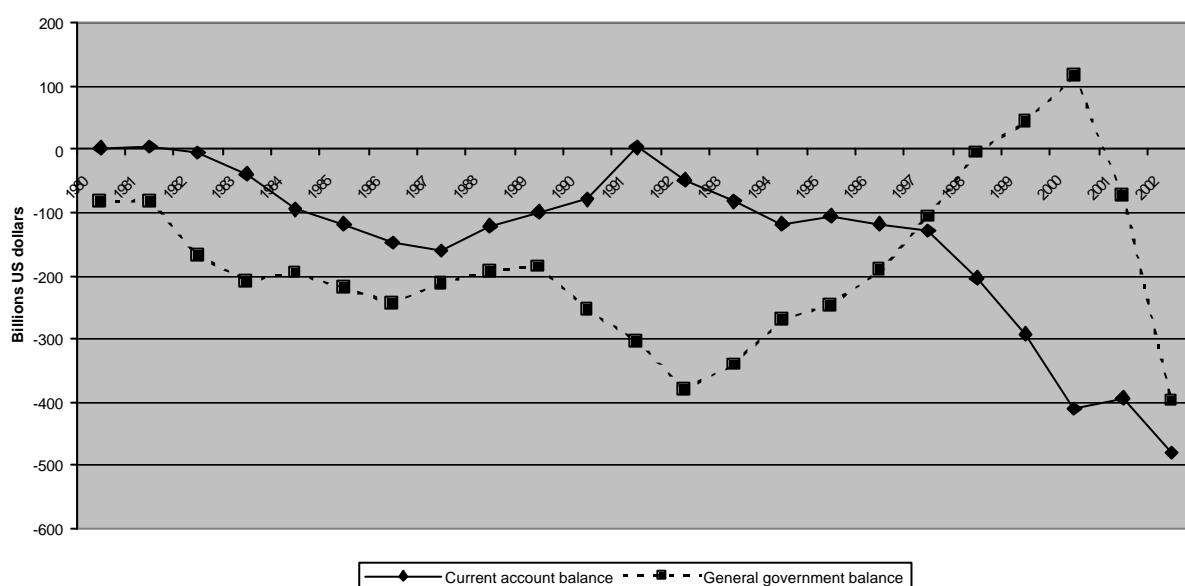
Source: Data from WTO, *World Trade Report 2003*, Table IA.2, p.11. Trade between EU 15 treated as domestic trade and excluded from these estimates.

<sup>18</sup> By readjusting in this manner the EU's share of world trade declines from nearly 40% to roughly half that amount, while total world merchandise trade also shrinks by about 23%.



On top of the US growing current account deficit, the country has been running huge federal budget deficits. Figure 2 illustrates these patterns. Over the past twenty years, the US current account deficit has grown year on year, reaching a staggering \$481 billion by 2002. The US budget deficit, after having been eliminated in 1999, has grown sharply with the tax and spending decisions of the Bush administration since it took office in January 2001. What is more, by the end of 2000, the US had a net international investment position at negative \$2 trillion, which was expected to reach a level of 40 to 50 percent of GDP in the next few years.<sup>19</sup> Any other country would be considered as deeply in crisis with this level of foreign imbalance.

**Figure 2: US Current Account and Federal Budget 1980-2002**



Source: based on data from International Monetary Fund, *World Economic Outlook Database*, September 2003

The US is able to sustain its position in the world economy since it acts as a magnet for the world's accumulated savings, financing its trade and budgetary deficits by a huge inflow of capital. This is related, of course, to the productivity of the US corporate sector and its commanding position in research and innovation. It is also due to the commanding position of the US dollar as the dominant currency of international transactions and deposit. In 2002, 65% of official reserves were held in US dollars (Table 3). Over the past ten years, the proportion of reserves held in dollars increased until 1999, with the introduction of the Euro, which by 2002 accounted for 14.5% of official reserves. The fact that so much of the world chooses to hold its foreign reserves in US dollars allows the US to operate beyond its means – maintaining high levels of per capita consumption (including per capita energy consumption) and huge military spending. A number of factors account for the continued dominance of the dollar: the depth of US financial markets; the reliability of US treasury bonds and US corporate bonds; and the fact that the prices of strategic commodities like oil are denominated in US dollars, prompting many oil importing countries to hold reserves in dollars to guarantee

<sup>19</sup> C. Fred Bergsten, 'The Euro versus the dollar: Will there be a struggle for dominance?' presented to a Roundtable at the Annual Meeting of the American Economic Association, Atlanta, January 4, 2002.

against exchange rate risks in securing their energy supplies. About ten percent of world trade is accounted for by the trade in fuels, most prominently oil. If there were a major shift away from the dollar towards what is now the increasingly attractive alternative, the Euro, this would have a profound affect on the US economy. I will return to this issue in the final section.

**Table 3: Foreign Exchange Reserves (1993-2002) (percent)**

	1993	1999	2002
US dollar	56.6	67.9	64.8
Japan yen	7.7	5.5	4.5
UK pound sterling	3	4	4.4
Swiss franc	1.1	0.7	0.7
Deutsche mark	13.7		
French franc	2.3		
Netherlands guilder	0.7		
ECU	8.2		
Euro		12.6	14.6
Unspecified currencies	6.8	9.4	11
<b>TOTAL</b>	<b>100.1</b>	<b>100.1</b>	<b>100.0</b>

Source: 'Share of National Currencies in Total Identified Official Holdings of Foreign Exchange, End of Year', in International Monetary Fund, *Annual Report 2003*, p.98.

### **Summary**

The Bush coalition's rise to power (I hesitate to say 'election'), ushered in a sharp change in the strategic orientation of the US superpower – away from an emergent multilateralism pursued during the Clinton years following the end of the Cold War. The tragedy of September 11 provided a focal point for the neo-conservatives behind the administration to pursue a more aggressive posture, originally advocated by the right wing of the Republican Party well before the administration came to power. The Bush NSS was the doctrinal expression of this new aggressive posture, which, with its declaration of an intention to act pre-emptively against those perceived as enemies of the United States, represented a challenge to reigning interpretations of international law. The new administration turned its back on the Kyoto Protocol on greenhouse gas emissions, boldly stating that the international agreement was not in US national interests. These actions illustrated the US turn away from the United Nations as a forum for managing the global system. It was over the war in Iraq that the US demonstrated its determination to pursue a unilateral course of action not only ignoring, but in defiance of, the United Nations.

### **Motivations behind the Iraq war**

The Republicans have used the tragedy of September 11 to pursue long-held goals of unilateralism by employing a rhetoric of fear. The NSS stated goal to "rid the world of evil" merges all threats to the US into one, establishing an unbroken thread between terrorist attacks and states the US deems to be 'rogues'. Thus, despite overwhelming evidence to the contrary, the Bush administration sold the Iraq war to the American public suggesting a link between Saddam Hussein and the *al-qa'ida* network of Osama bin Laden. With Bush's statement that the "conflict was begun on the timing and terms of others. It will end in a way,

and at an hour, of our choosing”, September 11 became the justification for going to war first in Afghanistan and then in Iraq.

There have been many explanations of the US decision to move against Iraq. The US and Britain claimed they were going to war to implement resolutions of the United Nations calling for Iraq’s disarmament and claiming there was a direct threat to international security from Iraq’s ‘weapons of mass destruction’. Further, they justified the invasion in moral terms, arguing that they aimed to free the Iraqi people from the dictatorial regime and proven murderous record of Saddam Hussein. Linked to both of these have been moves by both the US and British authorities to join together threats (especially of the use of weapons of mass destruction) from non-state radical organisations pursuing terror politics with those represented by so-called ‘rogue regimes’ operating outside of international law. Critics of the war have claimed that it was a war for oil, a war to secure the interests of US energy companies, and a war to protect the US dollar as the pre-eminent currency of deposit.

I will consider each of these arguments and suggest that the US move on Iraq had two principal motives: (1) securing the Middle East for continued strategic oil supplies, which is not quite the same as a war for US control of oil; and (2) demonstrating US commitment to its new strategic doctrine of pre-emptive and unilateral action as the foundation for its military posture, with an eye both to staking out its ground *vis a vis* the United Nations, as well as winning domestic support for a renewed era of military spending and a second term for Bush.

### ***Securing the Middle East oil reserve***

Evidence suggests that the primary reason the US launched its invasion was as part of a strategic objective to secure the Middle East oil reserve. Reading the strategy paper put together by leading interests within the Republican Party even before Bush came to power, it becomes clear that they saw the “preservation of a favourable balance of power in ... the Middle East and surrounding energy-producing region” as one of the key bases upon which to secure “America’s global leadership”.<sup>20</sup> They argued:

the United States has for decades sought to play a more permanent role in Gulf regional security. While the unresolved conflict with Iraq provides the immediate justification, the need for a substantial American force presence in the Gulf transcends the issue of the regime of Saddam Hussein.<sup>21</sup>

In case anyone was in any doubt of how they viewed the Gulf region, the Republican strategists stated:

From an American perspective, the value of such bases [in the Persian Gulf region] would endure even should Saddam pass from the scene. Over the long term, Iran may well prove as large a threat to U.S. interests in the Gulf as Iraq has. And even should U.S.-Iranian relations improve, retaining forward-based forces in

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<sup>20</sup> Project for the New American Century, *Rebuilding America’s Defenses*, September 2000. Thomas Donnelly, principal author. William Kristol, chair of the project. p.5. The same document criticised Pentagon estimates of forces required to repel an Iraqi invasion of its neighbours as being inflated (p.9). It condemned the Clinton administration’s faith in the Comprehensive Test Ban treaty, pointed to the strategic threat of China, and underlined the threat of weapons of mass destruction in the hands of lesser states. The Project for the New American Century underlined worries about initiatives in Europe to create an “independent defense ‘identity’ and policy” and stated that it is “important that NATO not be replaced by the European Union, leaving the United States without a voice in European security affairs” (p.16)

<sup>21</sup> Project for the New American Century (2000), p.14.

the region would still be an essential element in U.S. security strategy given the longstanding American interests in the region.<sup>22</sup>

Another strategy paper produced during Bush's first year in office laid out the strategic assessment of US and Western energy needs.<sup>23</sup> The clear message of this report for the Council on Foreign Affairs pointed to the need to secure the Middle East for expanded investment to ensure that oil reserves would be properly developed to feed world markets. Iraq was portrayed as the spoiler and wild card in the region. As can be seen in Table 4, Iraq has the second biggest proven oil reserves in the Middle East. The strategists of the administration saw Saddam as being able to play with oil – withdrawing supplies from the market at will and blocking the potential for new investment in the region. They also saw him as gaining in stature as an opponent to the US – as a pole of gravitation for anti-US sentiment. The necessity of maintaining sanctions against the regime hindered forward investments in the oil sector. To secure the Middle East for continued investment in, and expansion of, the oil supply required getting rid of that regime.

**Table 4: OPEC and World proven crude oil reserves (2002)**

	Millions of barrels	Share of world total
Saudi Arabia	262,790	24.6
Iraq	115,000	10.8
IR Iran	99,080	9.3
United Arab Emirates	97,800	9.2
Kuwait	96,500	9.0
Venezuela	77,800	7.3
SP Libyan AJ	36,000	3.4
Nigeria	31,506	3.0
Qatar	15,207	1.4
Algeria	11,314	1.1
Indonesia	4,722	0.4
OPEC	847,719	79.4
World	1,067,167	100.0

Source: OPEC, *Annual Statistical Bulletin 2002*, Tables 9 and 10

Some have argued that the war was about propping up the US dollar as the currency of deposit.<sup>24</sup> They point to Saddam Hussein's conversion of pricing of oil to Euros in November 2000 as one of the factors that angered the US.<sup>25</sup> The argument has some appeal. With oil accounting for almost 10% of world trade, and therefore its pricing in dollars being an important motive for many countries to hold reserves in the US currency, a move by oil

<sup>22</sup> Project for the New American Century (2000), p.17.

<sup>23</sup> 'Strategic Energy Policy Challenges for the 21st Century', a report of an Independent Task Force Sponsored by the James A. Baker III Institute for Public Policy of Rice University and the Council on Foreign Relations (2001), Amy Myers Jaffe project director.

<sup>24</sup> The most extensive analysis and review of related literature on this has been offered by William Clark, 'The Real Reasons for the Upcoming War With Iraq: A Macroeconomic and Geostrategic Analysis of the Unspoken Truth', Independent Media Center, January 2003 (revised 6 March 2003), at

<http://www.ratical.org/ratville/CAH/RRIraqWar.html>. Clark presents an almost apocalyptic account of what would happen should all oil producers switch to pricing oil in euros and he claimed there was censorship of the story in the US press. See also, F. William Engdahl, 'A New American Century? Iraq and the hidden euro-dollar wars', *Current Concerns*, 4 (2003), at <http://www.currentconcerns.ch/archive/2003/04/20030409.php>

<sup>25</sup> Charles Recknagel, 'Iraq: Baghdad Moves To Euro', Radio Free Europe, 1 November 2000 at <http://www.rferl.org/nca/features/2000/11/01112000160846.asp>

producers to denominate prices in Euros could have a big impact. OPEC, which, as Table 4 illustrates, controls almost 79% of known oil reserves, has been discussing the possibility of switching to the Euro, or introducing a dual track in pricing, ever since the new currency was introduced in 1999; and since trade with Europe is central to the OPEC countries it could make economic sense to move in this direction.<sup>26</sup> Iran, which earns 80% of its export income from oil sales, was contemplating a shift in August 2002. This was in part due to the pressure Iran felt from investigators tracking its dollar accounts as part of the US-led war on terror.<sup>27</sup> In Russia, there has been serious discussion about the possibility of pricing its oil in Euros as the lion's share of its trade is with Eurozone countries, and the Euro is beginning to rival the dollar as a kind of 'shadow currency'. In fact, some reports suggest that Russia has already transferred 25% of its foreign reserves to Euros.<sup>28</sup>

However, while this issue is of strategic importance to the US and will become more of an immediate threat in the future, there is little evidence that White House and Pentagon strategists were thinking in these terms on the eve of the invasion. For the time being, it is not likely that OPEC as a whole will move quickly to change the structure of oil pricing since the transaction costs involved are very high.<sup>29</sup> There is a great deal of inertia built into the system of foreign exchange reserves, as illustrated by the long period in which the pound sterling retained its status as the international currency of deposit, long after the dollar emerged as an alternative. It would seem that the threat posed by Iraq as a spoiler for the stable development of oil supplies and as a potential pole of reference for anti-US sentiment in the Middle East played a far more important role in US calculations than its move to the euro.

### ***The doctrinal basis of the Iraq invasion***

A secondary objective was to take advantage of Iraq, clearly a weakened state where victory could be won, to implement the doctrine of pre-emptive action. It was a showdown with the United Nations and what Rice had called the "illusory" international community. The evidence suggests that the Bush administration was prepared to go to the United Nations only on its own terms – on condition that the UN Security Council back its plans for invasion fully. Anything short of that would clearly be unacceptable to the US. When it was convinced (by the British) to put its case before the Security Council it did so only on its own terms, unprepared to compromise.<sup>30</sup> Iraq was invaded, in this sense, to demonstrate the US commitment to its new doctrine of pre-emptive action. This argument gains more force when we consider the problems with US stated objectives of attacking Iraq to rid it of weapons of mass destruction, or alternatively, to secure the human rights of the Iraqi people. In fact, probing still further, the battle in Iraq seems also coloured by some of the more frightening

<sup>26</sup> Javad Yarjani, 'The Choice of Currency for the Denomination of the Oil Bill', paper presented to a meeting on, 'The International Role of the Euro' convened by the Spanish Minister of Economic Affairs during Spain's Presidency of the EU, 14 April 2002, Oviedo, Spain, at <http://www.opec.org/NewsInfo/Speeches/sp2002/spAraqueSpainApr14.htm> Yarjani is Head, Petroleum Market Analysis Department of OPEC

<sup>27</sup> Gulf Daily News, 'Iran may switch to euro for crude sale payments', 7:17 – (5 September 2002), in Alexander's Gas & Oil Connections News & Trends: Middle East at <http://www.gasandoil.com/goc/news/ntm23638.htm>

<sup>28</sup> Ambrose Evans-Pritchard, 'Russia to price oil in euros in snub to US', *Telegraph* (10 October 2003), at <http://www.money.telegraph.co.uk/money/main.jhtml?xml=/money/2003/10/10/cnoil10.xml&menuId=242&sSheet=/money/2003/10/10/ixfrontcity.html>. North Korea dropped the dollar in its trade in favour of the euro from 7 December 2002 (Clark 2003).

<sup>29</sup> See Yarjani (2002).

<sup>30</sup> Clare Short, the former Secretary of State for Development in the Blair Cabinet has also said that Tony Blair had already agreed with Bush on the necessity for an invasion regardless of the outcome of Security Council deliberations. See her remarks in the House of Commons, *Hansards*, 4 June 2003, columns 207-210.

ideological orientations of the Christian fundamentalists close to the Republican Party leadership.

The claim about weapons of mass destruction was employed, it would seem, mainly for two reasons: (1) establishing a legal veneer – that is, that the US was acting to enforce already existing UN Security Council resolutions related to Iraq's disarmament;<sup>31</sup> and (2) to rally US public opinion by promoting fear. It was clear from successive reports by the UN inspectors that not only had most of Iraq's weapons been destroyed in the 1990s, there was little evidence that those still not accounted for were any longer in existence. In 1999, the International Atomic Energy Agency (IAEA) reported that while Iraq had once had a "clandestine nuclear programme", which was "well funded and was aimed at the development and production of a small arsenal of nuclear weapons", "there were no indications that Iraq had achieved its programme's objective" and that the IAEA's work to destroy the components of this programme had been largely completed by 1992. Some questions remained concerning the balance of materials related to chemical and biological weapons, but most had been accounted for and eliminated.<sup>32</sup> A careful reading of successive reports from Hans Blix, the Executive Chairman of the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC), reveals that, while Iraq's behaviour was frustrating, the inspectors were making continual progress.<sup>33</sup>

What of the human rights objective? Human rights advocates for many years, have campaigned against the oppressive practices of the Ba'athist regime in Iraq, which, throughout most of the 1980s, enjoyed extensive support from the United States, France and Britain.<sup>34</sup> However, by early 2003, the sanctions, while causing great suffering to the Iraqi people, were doing their work. Reports from Amnesty International in the period immediately preceding the invasion demonstrated the progressive release of political prisoners from Saddam Hussein's jails, even as Amnesty itself continued to call for the lifting of sanctions while condemning the abusive practices of the regime.<sup>35</sup> Iraq was saddled with an oppressive regime, for many years supported by the western powers, but it only became a 'failed state' as

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<sup>31</sup> The key resolutions were, Resolution 687 (3 April 1991) (S/RES/687 – 1991 – 8 April 1991) <http://www.un.org/Depts/unmovic/documents/687.pdf>; Resolution 1284 (December 1999) and Resolution 1441 (8 November 2002) UN Security Council Resolution 1441 UN document S/RES/1441 (2002) of 8 November 2002 <http://www.un.org/Depts/unmovic/documents/1441.pdf>.

<sup>32</sup> 'Report of the first panel established pursuant to the note by the President of the Security Council on 30 January 1999 (S/1999/100), concerning disarmament and current and future ongoing monitoring and verification issues' known as the Amorim Report of March 1999, S/1999/356, 30 March 1999.

<sup>33</sup> Hans Blix, 'Briefing of the Security Council at an informal meeting on 3 October 2002'; Hans Blix, 'Briefing of the Security Council at an informal meeting on 15 October 2002' by the Executive Chairman of UNMOVIC; Hans Blix, 'Note for the briefing of the Security Council on 25 November 2002 re visit to Baghdad by the Executive Chairman of the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC); Hans Blix, 'Notes for briefing the Security Council regarding inspections in Iraq and a preliminary assessment of Iraq's declaration under paragraph 3 of resolution 1441 (2002)', by the Executive Chairman of UNMOVIC, 19 December 2002; Hans Blix, Notes for briefing the Security Council, by the Executive Chairman, UNMOVIC, 9 January 2003; Hans Blix, Briefing of the Security Council, 14 February 2003 by the Executive Chairman of UNMOVIC; Hans Blix, 'Oral introduction of the 12th quarterly report of UNMOVIC Executive Chairman to the Security Council, 7 March 2003, <http://www.un.org/Depts/unmovic/SC7asdelivered.htm>

<sup>34</sup> Amnesty International, 'Amnesty International and the Iraq conflict: An overview of Amnesty International's concerns and position on the conflict in Iraq', 17 April 2003, at [http://web.amnesty.org/web/web.nsf/pages/iraq\\_faq](http://web.amnesty.org/web/web.nsf/pages/iraq_faq). This document includes references to the catalogue of rights violations by Saddam Hussein's regime. On US support for the Ba'ath Party regime, see, Noam Chomsky, "'What We Say Goes': The Middle East in the New World Order' 4 April 1991, printed in *Z Magazine*, May 1991.

<sup>35</sup> Amnesty International (2003).

a result of invasion and conquest. While the country had been crippled by its war with Iran in the 1980s, the Gulf War (1990-91) and sanctions that followed, the US-led invasion of 2003 decimated the country's infrastructure and the organisational systems of everyday life collapsed.<sup>36</sup> With the US refusal to turn over Iraq to the jurisdiction of the international community under the auspices of the United Nations, this situation could persist well into the future. Thus, the invasion of Iraq without a UN mandate and with no UN control over the processes of reconstruction seems difficult to justify in human rights terms either legally or normatively. It is far from clear that the suffering and deprivation caused by the invasion, conquest and occupation of Iraq will bring about an improvement in the lives of Iraqis in the short to medium term.<sup>37</sup>

The bellicose ideologues of the Bush White House appear to have been misguided in their assessment of the impact of the US 'shock and awe' campaign and to have underestimated significantly the resilience of the Ba'athist organisation. By tearing down the Iraqi state, they have created in Iraq a new *cause celebre* for Islamic radicals bent on pursuing their contest with the West through violence and terror, and most probably the invasion has given them a new theatre for their operations. In fact, the adventurism of this campaign at best betrayed a striking ignorance of the political and social landscape of Iraqi society, and at worst, a contradiction between the missionary zeal of elements of the US military and Republican right and the would be engineers of the new imperial project.

The US and their British followers appear to have radically underestimated the level and sophistication of the resistance they would face after smashing the Iraqi state. An Iraq plagued by long-term violence and guerrilla warfare will not ensure the investment climate in oil desired by neo-conservative strategists in the US. Yet beyond this, ideologues close to the White House may be much less committed to the strategic goals related to Middle East oil. There appears to be an important element within the Republican right whose philosophy seems to be to demolish an enemy at all costs, letting the pieces fall where they will, counting on the wealth and power of the US to be capable of 'mopping up' and dealing with the outcome.<sup>38</sup> Even more worrying are those behind the scenes in Washington who speak in apocalyptic tones and employ the language of the crusades in their actions in Iraq and in confrontation with Osama bin Laden's *al q'aida* network. Lt. Gen. William G. "Jerry" Boykin, US Deputy Undersecretary of Defense for intelligence in charge of hunting down bin Laden, has openly spoken of the war on terrorism as a war between the US, as a "Christian nation" and its "spiritual enemy". When speaking about a confrontation with a Muslim warlord in Somalia in which he was involved in 1993, he was reported to have said, "I knew my god was bigger than his. I knew that my god was a real god and his was an idol". Defense Secretary Donald Rumsfeld, commenting on the controversy the general's comments raised,

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<sup>36</sup> For an assessment of the requirements for reconstruction see, 'United Nations/World Bank Joint Iraq Needs Assessment', New York: United Nations Development Programme, October 2003, at <http://www.iq.undp.org/UN-WB-IraqNeeds.pdf>.

<sup>37</sup> A reputable UK-based charity reported that between 20 March and 20 October, Iraqi deaths as a direct result of 21,700 to 55,000 (the variance based on Iraqi combatant deaths between 13,500 and 45,000). Sabya Farooq, Isabelle Guitard, David McCoy and Jack Piachaud, *Continuing Collateral Damage: the health and environmental costs of war on Iraq 2003*, London: Medact, 2003, at <http://www.medact.org/tbx/docs/Coll%20Dam%202.pdf>.

<sup>38</sup> The strategy of the Reagan White House towards the Soviet Union in the late 1980s was to place extreme pressure on the country to provoke either collapse or fundamental reform. It was advocated by such scholars as Richard Pipes, 'How to Cope with the Soviet Threat: A Long Term Strategy for the West', *Commentary*, 78:2 (August 1984); 'Can the Soviet Union Reform?', *Foreign Affairs*, 63:1 (Fall 1984).



was reported as saying only that he is “an officer that has an outstanding record in the United States armed forces”.<sup>39</sup>

### **What possibilities for co-existence?**

Polanyi was interested in the processes of institutional change that could secure peaceful coexistence. Today, there is a real threat to world peace posed by the operation of terrorist networks in a world that has been made much less safe by the technologies of war, including weapons of mass destruction, initially developed in the industrial plants of the richest countries. There is also a real threat from states with access to such weapons, which, for whatever reason, refuse to abide by the UN Charter and the norms of international law. Normatively, there is also a strong case to be made for constructing a community of states committed to the protection of human rights and willing to intervene to put a stop to major abuses of human rights wherever they might occur. The only hope for dealing with these in the long run is through the reform and strengthening of international institutions and organisations. Most worrying here is the rejection of these by *both* the conservatives behind US empire and the anti-globalisation movement.

### ***Reform of the UN***

Over the past two decades a succession of interventions have been undertaken to arrest human rights abuses under the auspices of the United Nations. However, such action has been characterised by two fatal problems. First, given its Charter, the UN has had to contrive some explanation for why major abuses of human rights posed a threat to international peace. Second, and even more damaging, UN action has been limited to those cases where the United States advocated action, or at least did not oppose it.

It is time that the United Nations Charter is reformed to define in clear terms the right of the community of nation states to intervene to arrest major violations of human rights, in addition to maintaining the powers of the United Nations to intervene with force when a country acts to threaten international security and peace. However, for action in either case, judgements must be made by a legitimate authority and the standards being applied must be applied to all. The successive failure of the UN to intervene to arrest Israel’s aggressive actions against its neighbours and its violation of the human rights of Palestinians, despite its own resolutions condemning such acts, has fundamentally undermined the credibility of the UN and provided the fertile terrain for the growth of Islamic fundamentalist networks committed to the pursuit of their goals through terror. Each time the UN Security Council turns a blind eye to acts of aggression or major violations of human rights, its legitimacy to intervene elsewhere collapses.

It is clear that the establishment of a credible UN authority is the only route to dealing with abusive regimes and non-state actors pursuing strategies of terror. Moving towards such an authority would entail not only the elimination of ‘double standards’, but also the reform of the membership of the Security Council itself. In the process, the UN also needs to re-establish the basis for humanitarian action, with the objective of providing independent and neutral relief to all civilians caught in, and suffering because of violent conflicts. Ignatieff denies the possibility of keeping humanitarian relief distinct from imperialist projects because imperial armies are necessary to clear the way.<sup>40</sup> While the UN may have to provide the

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<sup>39</sup> Bradley Graham, ‘General rebuked for talk of God: Top terrorist hunter’s views on Islam, U.S. enemies raise eyebrows’, *Washington Post* (17 October 2003). See also, Lisa Myers, *NBC News*, 15 October 2003.

<sup>40</sup> Ignatieff (2003), pp.19, 23.



security protection to ensure the delivery of relief, it could do so without reference to imperialist projects.

However, the international community of nation states is far from undertaking such reform. The Ignatieff alternative, which essentially argues that it is 'better to intervene when one can do so under the US umbrella than not to intervene anywhere', is simply not a solution. This will only provide further legitimacy to states who refuse to abide by international law and to non-state advocates of terrorist action. The US imperial posture and its doctrine of unilateral and pre-emptive action acts as a fundamental barrier to strengthening the UN system and the instruments of international law.

### ***Four possible routes to a more peaceful world***

The prospects for peace at the beginning of the 21<sup>st</sup> century seem dismal indeed. There are four potential sources for a change in current trends: a challenge to the US from Europe; a challenge from Asia; a shift within the ruling coalition in the US; or a general realignment among the most populous states of the South. All are fraught with difficulties.

The debate at the United Nations over US-Anglo intervention in Iraq demonstrated the shoots of an emerging divergence between some of the strongest members of the European Union and the United States. As discussed earlier, the economic basis for a challenge to the US already exists. However, progress towards the establishment of a common security and defence policy and an independent military capability is extremely slow. Any movement in that direction would require a shift in thinking about Europe in the UK and a decision to sharply increase military spending. In fact, it is highly likely that the euro will emerge as a major challenger to the US dollar long before there is a shift in military power. This could make the US even more bellicose in its posture.

The size of the Asian population and economy, already demonstrated by its commanding position in merchandise trade, means that sooner or later there will be a shift in the balance of power towards Asia. While it is unclear how the powers of the South Asian subcontinent would behave, there is already some indication that China, Japan and much of Southeast Asia may move toward closer integration. However, the emergence of such a pole of power as a counter to US hegemony is still very far in the distance.

The third possibility for change lies within the beast itself in the debate between unilateralists and multilateralists in the United States. Obviously, US hegemony is not the creation of a particular coalition in power, nor does the Democratic Party have a particularly positive record of promoting US leadership towards a more just international environment. There are deep unilateralist roots in the United States, kept in check over the past half century through the necessities of the Cold War. The Clinton administration's drive toward financial liberalisation and its double standards towards Israel and other strategic allies were themselves destabilising and the source of international insecurity. Nevertheless, there was genuine movement toward a more multilateralist position under the Democratic administration in the 1990s, rather than an outright assault on the organisations of the United Nations and the principles of international law, undertaken by the Republican administration since the turn of the new century.<sup>41</sup>

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<sup>41</sup> Former Vice-president Al Gore expressed the multilateralist argument in the lead up to the attack on Iraq. He was not necessarily opposed to military action, but he was opposed to the Bush administration's unilateralist approach and its "doctrine of preemption", under which he said the "rule of law will quickly be replaced by the reign of fear" (Dan Balz, 'Gore Challenges Bush on Iraq Policy' *Washington Post*, 23 September 2002).

More fundamentally, if the bubble of US prosperity explodes, the depth of crisis in the international economy that would almost certainly ensue, could give countries of the South more room to manoeuvre much as international crisis in the 1930s opened up possibilities for significant change and development among the poorer countries. This brings us to some extent back to Polanyi and the double movement. There are signs in the South of rising resistance to the models imposed by the centres of wealth, for instance at the last trade conference in Cancun. Economically, the most promising prospects for growth in the South depend on developing the complementarities within major regions in South America, Africa and Asia, whose possibilities for trade within regions and between the regions of the South look more promising than their individual prospects dealing with the most developed countries. This could have significance in the realm of military power as well.

## Conclusion

The possibilities for peaceful coexistence depend on the promotion of multilateralism and credible organisations, and instances of global governance *and* regional governance. The US has never been committed to multilateralism. Joseph Nye articulates the most liberal version of multilateralism based on a plea for the US to look after its 'soft power', essentially referring to the manner in which it projects its power in the global community.<sup>42</sup> Multilateralism needs to be based on acceptance of diverse systemic approaches to development – peaceful coexistence between divergent national capitalisms in Dani Rodrik's Polanyian terms.

Somewhat paradoxically, the route to establishing a more multilateral international community lies through the reinforcement of both national states and regional instances of governance. Silver and Arrighi, in discussing the crises of our times compared to those of the past, draw attention to Polanyi's understanding of sovereign state power as a precondition for "the effective self-protection of society".<sup>43</sup> This is an insight that often appears lost on today's anti-capitalist movement, in its critique of states and idealisation of 'civil society'.

The Bush NSS should provide pause to theorists of 'globalisation' – both those who see processes of international integration in overwhelmingly benign terms, like Tony Giddens, as well as those, like Hardt and Negri who see these processes as giving birth to an amorphous supranational capital where the nation state is an artefact and transnational corporations are pre-eminent.<sup>44</sup> Hardt and Negri's ideas about 'empire' have more resonance in the anti-capitalist movement. They assume that there is no longer a role for international law – the product of mediation between nation states – but rather, imperial law reigns. For much of the world, however, capitalism has only begun to sink its roots. International law is in its infancy and by seeing it as *passé*, one is only catering to the power of the strongest centres of capital – the richest countries and particularly, today, the United States. The commanding position of the US can, and needs to, be checked by other nation-states and groups of nation-states. It is not 'global society networked' that can challenge amorphous Empire, but determined, strategically led, political communities that can carve out the room for citizens to improve

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<sup>42</sup> Joseph Nye, *The Paradox of American Power: Why the world's only superpower can't go it alone*, Oxford: Oxford University Press, 2002.

<sup>43</sup> Beverly J. Silver & Giovanni Arrighi, 'Polanyi's "Double Movement": The Belle Époques of British and U.S. Hegemony Compared', *Politics and Society*, 31:2 (June 2003), pp.325-355.

<sup>44</sup> Michael Hardt & Antonio Negri, *Empire*, Cambridge, Mass: Harvard University Press, 2000.

their lives and step into the *modern* world. Hardt and Negri disarm people by throwing to the wind the nation-state as an instrument of development and empowerment.

I suggest that what we see reflected in the Bush NSS is the declaration of 'empire', but one which is firmly rooted in a still modernist era of nation states, an era that for the time being is characterised by the overwhelmingly dominant position of a single superpower. This moment in international history is distinct from both the nineteenth century era of competing 'great powers' and much of the twentieth century, which saw a facing off of two emergent superpowers, the US and the USSR.

Whether or not the position of US pre-eminence, so boldly articulated in the unilateralist philosophy of the NSS, will be long or short-lived remains an open question. It depends on the extent to which, on the one hand, the European nation-states can further their economic integration and develop an effective European security establishment; and, on the other hand, the People's Republic of China can continue its rapid economic development and the modernisation of its security establishment without succumbing to the disintegrative pressures that economic development under an authoritarian political regime may foster. In other words, the possibilities for the evolution of a truly 'multi-polar' world, with an enlarged Western Europe, and China within Asia, able to check and counterbalance US supremacy, remains an open issue. In the short-term, the face-off between multilateralists and unilateralists in the US is the most hopeful site for an immediate challenge to the prevailing imperialist posture. In the medium term, it may well be the nations of the South that offer an alternative route in a time of crisis.

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- 1 We will assess how constellations of power at local, national and global levels drive processes of institutional change, collapse and reconstruction and in doing so will challenge simplistic paradigms about the beneficial effects of economic and political liberalisation.
- 2 We will examine the effects of international interventions promoting democratic reform, human rights and market competition on the 'conflict management capacity' and production and distributional systems of existing polities.
- 3 We will analyse how communities have responded to crisis, and the incentives and moral frameworks that have led either toward violent or non-violent outcomes.
- 4 We will examine what kinds of formal and informal institutional arrangements poor communities have constructed to deal with economic survival and local order.



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