

Chapitre/Chapter 8

L'hégémonie américaine n'est plus ce qu'elle était/U.S. hegemony ain't what it was between 1944 and 1965

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Summary

"Hegemony" must be built on a basis of economic resources and economic power. Its existence may be judged by the ability of a hegemonic power to stabilize the world economy and manage the trade, investment, and financial regimes of the era. By this standard, American hegemony began during the Second World War and reached its peak by 1968-1970. The decline of U.S. power has not been a matter of some states gaining what the United States has lost; the power lost by the United States has been recouped by the globalizing economy, an external coercive force that itself is circumscribing the power of nation-states in the economic and political realms. The unusual situation at the beginning of the new millennium is the dichotomy between economic and military power. Since the end of the Cold War in 1989-1991, the United States is using its one clear advantage—military supremacy—to revitalize Cold War-type institutional structures that reinforce its own power relative to other industrial nations and deter them from seeking a larger regional or global role. Thus, there is less economic logic in American militarism than there was 50 years ago, as it now becomes a growing threat to international stability

L'hégémonie doit être fondée sur des ressources économiques et des pouvoirs économiques, et elle se traduit par la capacité d'une nation d'organiser, régler, et stabiliser l'économie mondiale autant qu'on pourrait s'attendre à une époque particulière de l'histoire.

Pour une puissance hégémonique, il y a cinq fonctions à exercer pour mettre en place un système à l'échelle internationale:

1. une production nationale, avec les technologies de pointe, en quantités suffisamment grandes pour fournir une étendue de ressources à des fins privées et publiques.
2. des excédents au compte courant de sa balance des paiements;
3. conversion de ces excédents en flux d'investissements à l'étranger;
4. acceptation d'une proportion indue des charges du système, surtout en absorbant la surproduction d'autres pays en période de ralentissement économique, et en se comportant comme autorité centrale pour stabiliser les marchés financiers et monétaires
5. maintien et, quand il faut, utilisation de force militaire pour préserver l'ordre et faire respecter les droits de propriété.

Quand l'empire britannique régnait, entre 1850 et 1914, il a bien exercé ces cinq fonctions. Entre les deux guerres il n'y avait pas d'ordre international. Les États-Unis s'emparaient déjà du rôle industriel, commercial, et financier de la Grande Bretagne, mais ils n'avaient pas encore l'esprit de refondre leur politique extérieure pour assumer

cette nouvelle réalité. L'hégémonie américaine a commencé pendant les dernières années de la deuxième guerre mondiale et a atteint son apogée moins de vingt-cinq ans plus tard, vers la fin des années soixante. Pour quatre des fonctions sur cinq, la nostalgie hégémonique n'est plus ce qu'elle était—en argot américain, "it ain't what it used to be." Ce n'est que dans le domaine militaire que l'Amérique retient son hégémonie—et sa suprématie militaire est d'une valeur douteuse pour la préservation et l'expansion de l'ordre économique global ainsi que les intérêts du capital américain dans cet ordre.

On peut se faire une idée du déclin relatif de la puissance américaine à partir de ces données:

- En 1950, les E-U étaient responsables de la moitié du produit brut du monde, 32 % en 1960, et environ 24% à présent. Soixante pour cent de la production manufacturière provenait des E-U en 1950, 27 % en 1994. Pour les exportations de produits manufacturés, la part des E-U est tombée d'un maximum de 29 % du total mondial à 12 % en 1995.
- Parmi les 200 plus grandes sociétés industrielles en chiffre d'affaires, le nombre de firmes américaines a diminué, entre 1960 et 1986, de 127 à 90. Il paraît que la baisse continue, bien que les chiffres ne soient pas tout à fait comparables: dans les 200 sociétés les plus grandes en 2000, y compris banques et entreprises publiques, 82 étaient américaines, 35 japonaises, 19 allemandes, 14 britanniques et 14 françaises. Pour les 200 banques géantes en 2000, il y avait 35 américaines, 32 japonaises, 14 allemandes, 11 britanniques, 7 canadiennes et 7 françaises.
- Au classement des 100 grandes sociétés du monde par actifs possédés à l'étranger, 26 étaient américaines en 1999. Ensemble, la France, l'Allemagne, le Royaume Uni, et les Pays Bas, qui ont un produit brut égal à 70 % de celui des E-U, en avaient 38. Le Japon en avait 18. Pour le chiffre d'affaires réalisé à l'étranger par les cent multinationales les plus grandes dans les années 90, la part des américaines est tombée de 30 à 25 %, celle des multinationales de l'Union Européenne est montée de 41 à 46 %.
- En 2000, les entreprises américaines détenaient 21 % du stock mondial d'investissements directs à l'étranger, par rapport à 47 % en 1960. La production internationalisée par des sociétés en dehors de leur propre pays (c'est à dire par leurs filiales) est passée de 5 % de la production mondiale en 1977 à 7 ou 8 % en 1995, et pendant ces années la part des multinationales américaines s'est réduite de 3 à 2 %.
- Dans le secteur "nouvelle économie"—information, informatique, télécommunications—le capital étranger empiète sur le territoire américain. Des firmes françaises et allemandes ont racheté 20 % du géant américain Sprint, et trois studios de film hollywoodiens sur six sont aux mains étrangers.

L'impressionnant mouvement de fusions-acquisitions transfrontalières s'amplifie de part et d'autre de l'Atlantique: pour les 25 plus grands rachats aux E-U en 1998-2000, cinq ont été effectués par des multinationales européennes (trois britanniques, deux allemandes).

Dans le domaine de la finance globale, la position des E-U s'affaiblit. Les E-U étaient débiteurs au compte d'investissement international jusqu'à la première guerre mondiale, durant laquelle ils sont devenus, en volte-face, créanciers—avec solde positif qu'ils ont entretenu jusqu'en 1986. Le changement depuis les années 80 est frappant: le solde débiteur des E-U au compte d'investissement international s'approche de 2 trillions de dollars, ce qui équivaut à 19 % du produit brut du pays, un revirement énorme dans une période de 15 ans. Les multinationales américaines continuent à investir à l'étranger mais, à la différence de l'empire britannique pendant les soixante ans avant la première guerre, les E-U n'arrivent plus à financer leurs investissements au moyen de leur compte

courant de la balance des paiements. Ce dernier est en déficit depuis 1984. En 1991 seulement il y avait un excédent, quand les E-U ont demandé à leurs "partenaires de coalition" de bien vouloir payer la note pour la guerre contre l'Iraq. Le compte courant de la Grande Bretagne, lui, était en solde positif toutes les années entre 1850 et 1913, puisque les revenus provenant de ses placements à l'étranger et de ses exportations de services (principalement financiers) était largement plus grands que sa balance commerciale déficitaire.

Certes, les E-U restent capables d'attirer un volume de capital étranger suffisant pour compenser le déficit de leur balance commerciale (de biens) et de soutenir la valeur du dollar aux marchés d'échange. Il faut néanmoins se demander ce qui se passerait au moment d'une crise financière quelconque. Et s'il y a une ruée pour liquider de la part des détenteurs de dollars? C'est possible que si l'économie américaine ou les valeurs au New York Stock Exchange dégringolaient, le capital étranger verrait toujours les E-U comme "le dernier bastion"—l'endroit le plus sûr pour la garde de leurs avoirs, de sorte qu'il est aussi probable que le capital vienne aux E-U que de se retirer. Pourtant, la situation actuelle est marquée par la vulnérabilité des E-U—la possibilité d'un état de siège financier que les E-U seraient incapables de lever de leurs propres moyens.

Au cours des deux hégémonies, britannique et américaine, il existait un pays industriel dominant, une autorité politico-militaire sensiblement plus forte que n'importe quelle autre, et un ensemble d'institutions financières et monétaires qui soutenaient l'opération des marchés. Peut-être les E-U ont-ils l'apparence de la "seule superpuissance encore debout" ("the only superpower still standing"), mais cette image ne correspond plus au poids économique du pays: sa prééminence industrielle n'est plus, la finance internationale est notoirement instable et il lui manque un régulateur de recours, et la puissance militaire et politique des E-U semble incapable de garantir la stabilité caractéristique des "trente glorieuses" (1945-1975).

En tant qu'organisateur et promoteur de "globalisation," l'Amérique ne pourrait plus mener le jeu toute seule, comme elle le faisait dans les années 60—quand son diktat était déjà contesté. En termes historiques, le soleil américain ne brillait pas longtemps. Il a vraiment débuté à la conférence de Bretton Woods en 1944, qui a mis en place le système monétaire basé sur le dollar comme "monnaie clef"—la monnaie unique de réserve pour le commerce et le système bancaire internationaux. Et il s'est terminé au mois d'Août 1971, avec la décision de Richard Nixon de détacher le dollar de sa référence à l'or—donc, les E-U n'étaient ni capables ni disposés à défendre le prix fixe du dollar ou à servir comme banque centrale pour le monde entier. Bien que le dollar reste la première devise du monde, ses forces et faiblesses sont bien reconnues, et depuis 30 ans sa valeur ne cesse d'osciller au marché des changes. Dans les années à venir, l'euro pourrait se doter d'un rôle plus important comme monnaie internationale—s'il survit aux troubles sociaux et politiques que son "Pacte de Stabilité et de Croissance" imposera sur les citoyens de l'Union Européenne.

Le déclin de l'hégémonie américaine a commencé vers la fin des années 60, précisément quand elle a été déclarée absolue—par, entre autres, Jean-Jacques Servan-Schreiber (Le défi américain, 1967). En ce temps-là, les E-U se trouvaient pris dans une guerre commerciale avec la Communauté Européenne, dès sa naissance en 1958, aboutissant à la "guerre des poulets" qui a traversé plusieurs étapes jusqu'en 1971. Résultat: match nul. Depuis 30 ans, peu de changement, sauf qu'aujourd'hui les disputes commerciales sont souvent négociées et réglées au niveau d'organisations internationales comme l'OMC (WTO) ou aux comités établis dans ce but par des organisations régionales (NAFTA, UE).

L'histoire des trente dernières années se résume en agressivité croissante de la part des E-U et en rendement diminuant (diminishing returns). La fameuse "Section 301" du code commercial américain, datant de 1974, permet au Président des E-U de demander des

réparations à tout gouvernement étranger pour violation "des droits des E-U inhérents dans n'importe quel accord commercial et d'user de représailles contre toute action qui restreint ou nuit au commerce américain."

Entre 1974 et 1990, plus de cent enquêtes ont été lancées sous la Section 301, avec des résultats mélangés. Un nouvel effort, de grande envergure, s'est introduit en 1993, en forme d'avertissement au Japon: les E-U appliqueraient des tarifs de 100 % ad valorem sur 13 catégories de voitures exportées aux E-U si le Japon n'ouvrait pas ses marchés domestiques aux voitures, camions, pièces et équipements véhicules manufacturés en Amérique. Malgré des pourparlers "parfois acrimonieux" et le "manque de franchise" des Japonais (selon l'administration Clinton), un accord a été conclu en 1995. C'était une défaite pour les E-U—suivie de trois de plus en 1998 (concernant Fuji Photo du Japon, exportations de crevettes aux E-U, et hausse de tarifs par l'UE sur l'équipement télécommunication et ordinateur). Aux E-U eux-mêmes, la part du marché automobile tenue par les "trois grandes" américaines—GM, Ford, Daimler-Chrysler (peut-être deux et demi...) est toujours en baisse, en dessous de 60 % en 2001. Pour la première fois, Toyota vend autant de voitures aux E-U que Daimler-Chrysler, le numéro trois, et le dépassera certainement en 2002.

La riposte américaine ne tardait pas. Les cibles: les bananes et le boeuf aux hormones.

En fait, la guerre des bananes s'étendait de 1993 jusqu'à 2001, et les Américains ont remporté la victoire—mais pas totale. Ils ont accepté une réduction de 63 % des tarifs punitifs qu'ils avaient réclamés, mais ils ont bien obtenu un accès plus large aux marchés européens pour les bananes exportées par les multinationales américaines, à partir de leurs plantations en Amérique centrale et dans les Caraïbes.

En 1999 les E-U ont attaqué l'embargo sur le boeuf aux hormones décrété par l'UE, et ils ont appliqué des mesures de rétorsion douanières (Roquefort, foie gras, moutarde etc taxés à 100 %). Dénouement pareil: l'OMC décide que les dommages aux exportateurs américains ne valent que \$128 millions—14 % de ce qu'avaient demandé les E-U. La lutte continue, pendant que les effets des hormones sur la santé des consommateurs sont déterminés par la recherche scientifique.

Cette fois c'est l'UE qui a contre-attaqué. Depuis 1972, les plus grandes entreprises américaines ont bénéficié, via les paradis fiscaux, d'un système baptisé "Foreign Sales Corporation" (FSC), qui permet à ces compagnies d'établir des filiales outremer uniquement pour leurs exportations, tout en profitant d'une exonération des impôts fédéraux sur 15 % du revenu exportateur. C'est clairement de l'évasion fiscale; et en 1999 les FSC sont condamnées par l'OMC au motif qu'elles sont des subventions illicites aux exportations. Plus de 5,000 FSC ont été formées; à la liste des bénéficiaires on trouve GM, Eastman Kodak, Boeing, Microsoft, General Electric, pour qui les abattements fiscaux valent \$200 millions par an, et plus pour certaines. L'OMC constate que cette subvention, dans l'ensemble, remonte à \$4 milliards de dollars par an—ce qui rend toute autre dispute commerciale entre les E-U and l'UE "insignifiante," comme l'a remarqué Anthony Gooch, porte-parole de l'UE. En suivant la formule américaine, l'UE demande à l'OMC la permission de taxer à 100 % des produits américains au total de \$4 milliards de dollars. Le député de commerce américain Robert Zoellick déclare que cette revendication ferait détoner "une arme nucléaire sur le système de commerce."

C'est possible que la bagarre autour des FCS est elle-même "insignifiante" en comparaison avec "un marché du siècle" que les Américains ont déjà perdu—Boeing contre Airbus Industrie (AI). Créé en 1970 par un consortium de quatre pays européens, AI s'est bâtie sur une base de subventions et emprunts publics. Bref, après 20 années de combat commercial et juridique, l'accord "Airbus" de 1992 donne raison à l'AI: les subventions sont désormais plafonnées, donc en même temps légitimées. En 1998, AI

arrive à devancer Boeing, en gagnant plus de 50 % du marché mondial pour les avions commerciaux.

La bataille Boeing-Airbus se rapporte à la politique industrielle, un autre aspect de la concurrence économique où les E-U sont obligés de traiter avec l'EU au lieu de faire tout ce qu'ils veulent. En particulier, ce sont les fusions qui prennent une importance internationale, et l'UE examine soigneusement toute fusion ou acquisition qui donnerait lieu à une position dominante sur le marché européen, quelque soit la nationalité des compagnies en question.

En 1997 Karel Van Miert, le commissaire européen chargé de la concurrence, n'approuvait pas la fusion, en Amérique, de Boeing et McDonnell Douglas, avant que celles-ci n'acceptent quatre réquisitions de l'UE, dont l'abandon de leur contrats aux termes de 20 ans de fournisseurs uniques pour Delta, Continental, et American Airways. En 1998 M. Van Miert ouvre une investigation d'un plan de fusion aux E-U de deux cabinets nationaux d'agents comptables (Ernst & Young et KMPG Peat Marwick); un mois plus tard Ernst & Young y renonce. En l'an 2000, le successeur de M. Van Miert, M. Mario Monti, a carrément bloqué deux projets aux E-U: la fusion de WorldCom et Sprint (\$116 milliards de dollars) et l'acquisition, au prix de \$45 milliards, de Honeywell par le gigantesque conglomérat General Electric, vue comme menace grave pour la concurrence dans le secteur aérospatial. C'est la première fois que l'UE fait échouer à elle seule des rapprochements autorisés par le gouvernement américain entre deux groupes américains. À vouloir montrer aux Américains qu'il ne s'agissait pas d'un problème entre les E-U and l'UE, M. Monti a coopéré avec le Département de Justice américain pour la revue judiciaire de la fusion AOL-Time Warner et l'action antimonopoliste contre Microsoft.

À la dernière série de négociations internationales au forum de l'OMC à Doha en Novembre 2001, les E-U n'ont pas réussi à regagner ce qu'ils ont perdu depuis des années. Pour obtenir leur objectif—un nouveau round de négociations en vue de réduire les barrières protectionnistes à travers le monde—le commissaire américain, M. Zoellick, a dû céder du terrain, notamment pour les dossiers de la propriété intellectuelle, le droit d'intervenir sur les prix des médicaments pour les pays en voie de développement, et les règlements américains "anti-dumping" qui infligent des pénalités aux pays accusés de déverser leur produits sur le marché américain à des prix en dessous de leur coûts de production. Ces concessions ont provoqué une vive opposition au Congrès américain et dans l'industrie d'acier en Amérique. La réponse de M. Zoellick—qu'il n'a pas touché à la protection de l'industrie domestique de textile—a causé, à son tour, une réaction de colère de la part du Pakistan, partenaire majeur de la "coalition contre le terrorisme." Evidemment, la nouvelle avance économique que les E-U ont affichée depuis 1995, dans la croissance économique et le domaine des nouvelles technologies par rapport aux pays de l'UE et au Japon, n'a pas arrangé les choses pour les Américains. Et au moment de Doha, ils ont appris, s'ils ne le savaient pas, que la "nouvelle économie" avait sombré en récession huit mois avant.

Depuis 1971 il n'y a plus de stabilisateur dans le monde comme celui des années 40, 50, et 60. La conséquence est le désordre international qui n'a pas l'air de se calmer: chaque nation, chaque multinationale manipule le marché global pour tirer quelque avantage. Partout la concurrence devient acharnée, et la masse de finance mobile renforce les nouvelles règles du jeu, avec l'aide des organisations internationales comme l'OMC et le FMI qui reflètent, naturellement, les inégalités de pouvoir entre pays. La puissance militaire américaine, peut-elle être employée pour le bien-être du capital global? Pourrait-elle agir comme stabilisatrice? A quel degré peut-elle conférer l'hégémonie économique?

Depuis plus de 50 ans, le complexe militaro-industriel sert d'appui au capital multinational, ainsi qu'au réseau d'alliances militaires dont la logique économique est de préserver un système de commerce et d'investissement ceinturant la terre. Cette logique

économique a moins de force depuis la disparition du communisme comme ennemi idéal, mais la présence militaire américaine protège encore des intérêts économiques, en Arabie Saoudite et autres satrapies pétrolières.

Depuis la fin de la guerre froide en 1989-1991, les États-Unis profitent de leur seul avantage net—la suprématie militaire—pour revitaliser les structures institutionnelles genre guerre froide qui renforcent leur propre puissance relativement aux autres nations industrielles et les empêchent de chercher un rôle régional ou global plus important. Mais en ce moment les E-U se trouvent face à leur plus forte menace—l'UE, une unité économique et monétaire grande comme l'Amérique, et qui est en train de créer ses propres institutions politiques supranationales comme déclaration d'indépendance des E-U. La pax americana a toujours porté des bénéfices ambigus à l'Europe, et elle a été entretenue "en partie par le comportement musclé, ce qui a miné les efforts des alliés d'établir des politiques extérieures indépendantes . . . il y a la perception de plus en plus courante que les E-U deviennent une hégémonie prédatrice, se servant de leur puissance pour avancer leurs propres intérêts" [David Gibbs]. Révélatrice à cet égard est la vitesse avec laquelle l'aura de triomphe des guerres contre l'Iraq et la Yougoslavie s'est dissipée. On pourra prévoir la même issue de la "guerre contre le terrorisme" du 11 Septembre 2001, surtout si les E-U l'étendent aux autres "états voyous."

La puissance des E-U est toujours formidable, mais moins contraignante. Les E-U deviennent plus imbriqués dans l'économie mondiale et moins capables de dicter le cours des affaires internationales. L'Amérique ne peut plus régler l'économie mondiale unilatéralement—elle ne fera que la déstabiliser tout en laissant des dégâts collatéraux. Et elle peut empêcher d'autres règles du jeu de se réaliser si elle le veut, bien que le prix devienne plus cher pour tous les intéressés.

Quant au déclin de la puissance américaine, il n'est pas question de certains états qui ont gagné ce que les États-Unis ont perdu; la puissance perdue par l'Amérique a été récupérée par l'économie globalisante, force extérieure et coercitive qui circonscrit elle-même la puissance des états dans les domaines économique et politique. La situation peu commune au commencement du nouveau millénaire est la dichotomie entre le pouvoir économique et le pouvoir militaire.

La globalisation aggrave l'instabilité économique et financière dans le monde, elle élargit les inégalités de revenu et de propriété, et elle renforce les tendances à la stagnation économique. Le nouveau militarisme américain post-1989 (et le Président des E-U vient de déclarer la guerre aux terroristes et à "tous les états qui les abritent") est la deuxième source systémique de déséquilibre des années 2000. On se demande laquelle posera le plus grand danger pour nous tous.

English Version (January 2002)

"L'hégémonie" doit être fondée sur des ressources économiques et des pouvoirs économiques. Son existence peut être vérifiée par la capacité d'une puissance hégémonique de stabiliser et de diriger les régimes de commerce, d'investissement, et de finance. À cet égard, l'hégémonie américaine a commencé pendant la deuxième guerre mondiale et a atteint son apogée vers 1970. Quant au déclin de la puissance américaine, il n'est pas question de certains états qui ont gagné ce que les États-Unis ont perdu; la puissance perdue par l'Amérique a été récupérée par l'économie globalisante, une force extérieure et coercitive qui circonscrit elle-même la puissance des états dans les domaines économique et politique. La situation peu commune au commencement du nouveau millénaire est la dichotomie entre le pouvoir économique et le pouvoir militaire. Depuis la fin de la guerre froide en 1989-

1991, les États-Unis profitent de leur seul avantage net-la suprématie militaire-pour revitaliser les structures institutionnelles genre guerre froide qui renforcent sa propre puissance relativement aux autres nations industrielles et les empêchent de chercher un rôle régional ou global plus important. Il y a moins de logique économique dans le militarisme américain qu'il y a 50 ans, puisqu'il devient, en ce moment, une menace grandissante à la stabilité internationale.

"Hegemony" may be defined as the ability of one nation to organize, regulate, and stabilize the world economy as much as might be expected in a given historical era. For the concept of "hegemony," there is a direct link between economic means and structured inequalities of power and control, although the dimensions of "hegemony" cannot all be reduced to economics. Nonetheless, within a social totality economic processes have paramount importance, and no history-making force like hegemony can be understood outside of this context.

For a hegemonic power, there are five functions that it must carry out to create an integrated international system:

1. A national output of goods and services produced with up-to-date technologies, in volumes large enough to supply a wide array of resources for private and public (state) purposes;
2. generation of surpluses in the current account of its balance of payments;
3. conversion of these surpluses into a steady flow of investment capital abroad;
4. assumption of an undue share of the burdens of the system, by accepting its surplus production—keeping an open door for imports during periods of economic stress—and by acting as a central authority to stabilize financial and money markets;
5. maintenance, and when necessary, use of military power to preserve order and enforce contracts.

When Britannia ruled the waves from 1820 to 1914, it exercised these five functions. Between the two world wars there was no international order. The United States was already taking over Great Britain's industrial, commercial, and financial role but was not ready to support the new reality with an appropriate foreign policy. In terms of the five stabilizing and enforcing functions, American hegemony began during the last years of the Second World War and peaked less than 25 years later, at the end of the 1960s. By four of the relevant measures, American hegemony "ain't what it used to be." Only in the military realm is the United States still a hegemon—and its military supremacy is now of questionable value in preserving and expanding the global economic order and the stake that U.S. multinational capital has in it.

The Decline of Economic Hegemony, 1970 —

An idea of the relative decline of American economic power can be formed from these facts:

- In 1950 the United States supplied nearly half the world's gross product, but only 32 percent in 1960, and around 23 percent at present.(1) Sixty percent of the world's manufacturing production came from the United States in 1950, 40 percent in 1963, and 27 percent in 1994. Of total world exports of manufactured goods, the U.S. share fell from a peak of 29 percent in 1953 to 12 percent in 1995.(2)

- Of the world's top 200 industrial corporations in gross sales, the number of U.S. firms fell, between 1960 and 1986, from 127 to 90.(3) The shrinkage appears to have continued, although the figures are not completely comparable: of the 200 largest corporations in the world in 2000 including banks and government enterprises, 82 were American, 35 were Japanese, 19 were German, 14 were British and 14 French.(4) Of the 200 largest banks in 2000, 35 were American, 32 Japanese, 14 German, 11 British, 7 French and 7 Canadian.(5)

- Of the top 100 corporations in the world in 1999 ranked by foreign-held assets, 26 were American. Together, Germany, France, the United Kingdom, and the Netherlands, with a combined gross domestic product (GDP) seven-tenths that of the United States, had 38; Japan had 18. During the 1990s, the share of U.S. multinationals in the foreign sales of the world's 100 largest multinationals decreased from 30 to 25 percent; the share of European Union-based companies increased from 41 to 46 percent.(6)

- In 2000, 21 percent of the world's stock of outward foreign direct investment was American, compared with 47 percent in 1960.(7) The share of U.S. multinationals in internationalized production (by companies outside their home countries) peaked in 1977 at 3 percent, then fell to 2 percent in the mid-1990s; during this period, internationalized production by all multinational companies was rising, from 5 percent of world output to more than 7 percent.(8)

- In the information sector, where U.S. companies have been the leaders, foreign capital has made inroads. French and German firms own 20 percent of Sprint, the third largest telecommunications operator, and non-U.S. firms own half of the six major Hollywood film studios, several leading record distributors, and a number of book and periodical publishers. In 1998 the purchase of Random House alone gave the German media giant Bertelsmann A.G. 10 percent of the U.S. book market.(9) French conglomerate Vivendi-Universal owns Houghton-Mifflin and is the number two seller of computer games.(10) Of the 25 largest mergers and acquisitions in the United States in 1998-2000, five involved takeovers by foreign multinationals (three British, two German); foreign firms were also active in the U.S. merger movement of the 1980s.(11)

In the realm of global finance, the position of the United States has been weakening. The United States was a net debtor in its international investment position until the First World War, during which it executed a rapid about-face to become a creditor nation by 1917—a position it maintained until 1986. The change since the 1970s is visible in the international investment position of the United States (in billions of dollars, valued at current cost).(12)

	<u>1980</u>	<u>1990</u>	<u>2000</u>
U.S. Assets owned Abroad	\$ 929.8	\$ 2,179.0	\$ 6,167.2
<i>Direct Investment Abroad</i>	<i>336.3</i>	<i>616.7</i>	<i>1,445.2</i>
Foreign Assets in U.S.	\$ 569.0	\$ 2,424.3	\$8,009.9
<i>Direct Investment in U.S.</i>	<i>127.1</i>	<i>505.3</i>	<i>1,369.5</i>
NET INTERNATIONAL INVESTMENT POSITION	+ \$ 360.8	— \$245.3	— \$ 1,824.7

The negative investment balance of the United States is approaching \$2 trillion, equivalent to nearly 19 percent of the nation's GDP, a huge swing in a period of 15 years. U.S. companies are continuing to invest abroad, but unlike the British Empire in the decades before the First World War, the United States is unable to finance those

investments from its current account, which has registered large deficits since 1984; only in 1991 did the United States have a current account surplus—when it prevailed upon its “coalition partners” to pay for its war against Iraq.(13) By contrast, Great Britain’s current account was in surplus every year from 1850 to 1913, when income from foreign investment earnings and invisibles was larger than its merchandise trade deficits.(14)

The United States has been able to attract sufficient volumes of foreign capital to offset its trade deficit and maintain the value of the dollar on foreign exchange markets. But what might happen during a future international crisis—financial, economic, or military? What if there is a run on the dollar, with foreign investors trying to liquidate dollar holdings? It is possible, to be sure, that even if the U.S. economy itself falters, foreigners would still see the United States as the safest place for their funds, so that capital would be as likely to flow into the United States as leave. But the new situation now is the vulnerability of the United States—the possibility of a financial siege that the United States would be unable to relieve by itself.

In the long century leading up to the First World War, British hegemony provided stability, and in the quarter-century following the Second the United States followed suit. In both eras there existed a clear industrial leader, a relatively unchallenged political-military authority, and a set of financial and monetary institutions that supported the operation of markets. The United States may now look like “the only superpower still standing,” but the image no longer corresponds to the nation’s economic weight: the relative size of the U.S. economy has contracted over the past 30 to 40 years. It is no longer the supreme industrial leader, international finance is notoriously unstable and lacks a regulator of last resort, and the political and military power of the United States appears incapable of guaranteeing the kind of stability that reigned during the “golden age” (“les trente glorieuses”).

As chief organizer and promoter of globalization, the United States no longer is able to run the show alone, as it was through the 1960s, when its diktat was already under challenge. By historical standards, America’s day in the sun was not a long one, lasting from the Bretton Woods Conference of 1944, which established the dollar-based international monetary system, to August 1971 when the United States was no longer willing or able to defend the dollar’s “key currency” status and serve as the world’s central banker. Although the dollar is still the world’s leading currency, its dominant position has been eroding since 1971, although irregularly and with periodic revivals; it is used for 50 to 60 percent of commercial transactions internationally, and about 75 percent of financial market transactions. Between 1981 and 1995, the share of private world savings held in European currencies increased from 13 percent to 37 percent, while the dollar’s share fell from 67 to 40 percent.(15) The full changeover to the euro in 2002 may strengthen these trends, if the euro survives the social and political unrest that its Stability and Growth Pact (requiring low inflation and fiscal constraints) imposes on the citizens of European Monetary Union countries.

Multinational Rivalry—un défi toujours Américain. . . ?

The decline of American economic hegemony began in the late 1960s precisely when it was proclaimed to be absolute—by, among others, Jean-Jacques Servan-Schreiber.(16) By then, the United States had been locked in trade war with the emerging European Economic Community since its beginning in 1958, culminating in the “chicken war” that continued through several stages until 1971.(17) The outcome was a draw—and over the past thirty years little has changed except that now trade-related disputes are more likely to be mediated through international institutions like the World Trade Organization (WTO) and “panels” like those established by the North American Free Trade Agreement (NAFTA), that represent the interests of member nations but are closed to public access. The new General Agreement on Tariffs and Trade (GATT) rules that emerged from the

Uruguay Round of 1986-1993 also stipulated that during procedures for resolving disputes, "panel deliberations shall be secret."

With U.S. hegemony under challenge and slipping, U.S. trade policy turned more aggressive with the Trade and Tariff Act of 1974 and its now-celebrated "Section 301." Amended in 1979, 1984, and 1988, it allowed the President to seek redress against any foreign government violating "the rights of the United States under. . . any trade agreement" and to retaliate against any foreign activity that is "unjustifiable, unreasonable or discriminatory . . . and burdens or restricts United States commerce." The United States in effect set itself up as prosecutor, judge, and jury, making Section 301 an instrument for waging trade warfare against those countries deemed guilty. It reflected growing concern over American industrial decline, a mounting trade deficit with Japan (and now China), and the deepening economic regionalization in Western Europe. When a GATT ministerial meeting in 1982 was adjourned without agreement on a new round of trade negotiations because of European resistance to American proposals, the United States introduced an even more parochial and nationalistic foreign economic policy: it announced that henceforth it would seek to expand trade on a "two-track" approach, rather than through multilateral negotiations to achieve an open and nondiscriminatory trading system. This turn toward preferential trade agreements (PTAs) led to the 1984 Caribbean Basin Initiative, which extended unilateral trade preferences to 21 beneficiary countries in the region. A bilateral agreement with Israel quickly followed.(18) Two years later Canada and the United States opened the talks that led to the Canada-United States Free Trade Agreement (1988), and in 1991 negotiations began with Mexico when it indicated its desire to join a North American PTA.

By 1990 more than 100 investigations were initiated under Section 301. The results were, at best, mixed. A major Section 301 effort began in October 1993—a threat to impose 100 percent ad valorem tariffs on 13 Japanese-made automobile models unless Japan deregulated its auto parts market, imported more U.S.-made auto parts, and increased the number of Japanese dealerships selling U.S.-made models, with the American Automobile Manufacturing Association proposing a sales target of 100,000 annually. Despite what the Clinton administration called the "occasional acrimony" of the talks, and the "disingenuous" criticisms of the Japanese,(19) an agreement was reached in June 1995, when punitive tariffs were timed to go into effect. It was a defeat for the United States. No new tariffs or quotas were imposed; in return, Japan made vague promises to change its "keiretsu" system of parts suppliers and to increase numbers of dealers handling American-made cars. "In Tokyo, the agreement was generally seen as not requiring Japan's major auto makers to do much more than they would have done anyway."(20)

America's aggressive unilateralism in the international economy has encountered diminishing returns. In 1998 the United States was stunned by three defeats in the WTO in five months. In January a WTO panel ruled that Japan's attempts to protect Fuji Photo Film from competition by Kodak did not constitute a trade barrier; in May another panel found that the United States could not stop imports of shrimp caught in nets that kill endangered sea turtles; and in June an appeal panel allowed Britain, Ireland, and the European Union (EU) to reclassify computers and parts as telecommunications equipment in order to protect this industry with higher tariffs.(21)

The American riposte was soon delivered, in bananas and hormone-raised beef cattle. The banana dispute started in 1993, just as the EU's Single Market entered into force. U.S. distributors of Latin American fruit (led by Chiquita Brands, whose chief executive, Carl Lindner, was a large financial contributor to both Democratic and Republican parties) claimed that they were denied access to European markets because the EU's quota and licensing system favored bananas grown in former European colonies in the Caribbean and Africa. The WTO upheld the U.S. position in 1997 and the EU reduced some of its quotas—but not enough to satisfy the Americans, who soon threatened to retaliate by

putting 100 percent tariffs on \$520 million worth of EU exports of sweaters, handbags and wallets, chandeliers, sweet biscuits, bath lotions, and other products. In April 1999 the WTO gave the United States a partial victory, holding that the EU measures taken to comply with its 1997 ruling were inadequate, but authorizing only \$191 million in punitive tariffs.(22) The dispute was settled April 2001, with the United States removing its tariffs of \$191 million but gaining larger access to European markets: the EU agreed to modify its licenses and quotas by stages until 2006, when all quotas will be ended and Caribbean and African producers will lose some of their favored status.(23)

While the banana war was being waged, the United States opened up another front in its trans-Atlantic trade offensive. The target was the EU's ban on the use of growth hormones in beef (a ban that applies to domestic EU production as well as imports). In March 1999 the WTO ruled that the ban was illegal and should be ended within two months. The United States, joined by Canada, immediately published a list of \$900 million worth EU goods (Roquefort cheese, foie gras, mustard, truffles, and other foods including Swedish hams) that could be subject to 100 percent tariffs if American farmers were not permitted to export hormone-treated beef to Europe. The \$900 million was ten times the amount of damages the United States itself had calculated three years earlier.(24) In May 1999 the United States and Canada lowered their damage request to \$253 million, but the WTO also found this claim excessive (as it did in the banana case) and awarded \$128 million (\$117 million for the United States, \$11 million for Canada).(25) The dispute remains unsettled while scientific studies evaluate the effects of hormones on human health.

The EU struck back. In July 1999, a WTO panel ruled that U.S. "Foreign Sales Corporations" (FSCs) constituted an illegal export subsidy amounting to \$2.5 billion per year. Established by the Nixon administration in 1971, FSCs allow U.S. exporters to set up offshore subsidiaries as agents for export sales in tax havens like the Virgin Islands and Barbados; the parent company may then exempt up to 15 percent of export earnings from federal income taxes. An estimated 5,000 FSCs exist, with Boeing, Microsoft, Eastman Kodak, General Motors, and United Technologies among the largest beneficiaries with annual tax savings of \$200 million and more.(26) The WTO ordered the United States to abolish the FSC system by October 2000. EU trade officials were jubilant, in view of the reverses they had absorbed in the banana and hormone-fed beef cases.

But the stakes involved in FSCs are enormously higher. In May 2000 the WTO estimated the size of the trade subsidy at \$3.9 billion annually, and the EU spurned a U.S. proposal for revising the FSC. By November 2000 the EU was asking the WTO for 100 percent tariffs on U.S. products worth \$4 billion, which "makes other trade disputes between the EU and the US pale into insignificance," said EU spokesman Anthony Gooch.(27) The dispute goes on; by late 2001 the United States had made four attempts—all rejected by the WTO—to preserve the FSC; the EU remained unsatisfied and stands ready to impose billions of dollars of sanctions on U.S. exports, with U.S. trade representative Robert Zoellick warning that this would detonate a "nuclear weapon on the trading system."(28)

Another U.S. trade subsidy under attack, in an "unprecedented joint action" by the EU, Japan, Australia, Brazil, Chile, India, Indonesia, South Korea and Thailand, is a 2000 law that remits duties collected in "antidumping" cases to U.S. companies in the affected industries, especially steel.(29) The U.S. answer came in the form of new restrictions on steel imports into the United States in June 2001, with the EU at once preparing to retaliate.(30) But this too "pales into insignificance" compared to another long-running trade-related conflict—Boeing versus Airbus.

A four-nation European consortium created in 1970 as a direct challenge to a U.S. monopoly, Airbus Industrie (AI) was built on a base of government subsidies and loans. From the beginning the United States fought it, every step of the way. AI replied that

Boeing itself benefited from considerable government aid, from the development of prototype aircraft for the U.S. military. The 1992 Airbus "accord" was basically a victory for AI, legitimizing the subsidies but putting caps on them—at a time when AI was already capturing 30 percent of new aircraft orders worldwide.(31) The problem facing the Americans was the globalizing world economy: some sectors of the U.S. aircraft industry, such as engine manufacturers like General Electric and airline companies, had a vested interest in seeing AI succeed and did not support trade actions against it; Lockheed Martin was exploring the possibility of becoming a fifth AI partner and has since agreed to unite with Aérospatiale Matra to bid for a strategic tanker plane. U.S. airframe manufacturers feared a loss of business in Europe if they pressed too vigorously on the subsidies issue. (There were also indications that U.S. policymakers, as well as Boeing, did not realize how instrumental the subsidies were going to be in making AI a viable enterprise.) By 1998 AI moved ahead of Boeing, gaining more than 50 percent of the market for commercial jets.(32)

The Boeing-AI battle spilled over into industrial policy, another aspect of economic competition where the United States is now compelled to deal with the EU rather than pursue any policies it chooses. Mergers in particular have become matters of cross-border importance, and the EU now looks carefully at mergers that may create a dominant position in the European market, regardless of the nationality of the companies involved. In 1997 the chief of the EU's Merger Control Regulations, Karel Van Miert, was ready to block the merger of Boeing and McDonnell Douglas, two U.S. companies. Boeing salvaged the deal by capitulating to four EU demands—that it abandon its 20-year exclusive supplier contracts with Delta, Continental, and American Airlines, license patents to other jet aircraft manufacturers, maintain McDonnell Douglas's commercial aircraft division as a separate entity within the expanded company, and issue an annual report to the EU's Competition Commission (EUCC) on military and civilian R&D projects benefiting from public funding.(33) In 1998 Mr. Van Miert announced a probe of the planned merger of two U.S. accounting firms, Ernst & Young and KMPG Peat Marwick; a month later Ernst & Young called off the deal.(34)

In 2000 the EUCC, on the recommendation of antitrust regulator Mario Monti, blocked two U.S. mergers outright: WorldCom's \$116 billion combination with Sprint and General Electric's proposed \$45 billion takeover of Honeywell.(35) Mr. Monti also forced Sweden's two big truck manufacturers, Scania and Volvo, to drop their merger plans and effectively stopped a \$17 billion merger of three of the world's biggest aluminum companies—Alcan of Canada, Pechiney of France, and the Alusuisse Lonza Group of Switzerland. The EUCC also cooperated with the U.S. Justice Department in the review of the AOL-Time Warner merger and the U.S. antitrust action against Microsoft. After the Bush administration decided to settle the Microsoft case by dropping several of the proposed penalties against the company, the EUCC announced that it would continue its own investigation of the software giant, for illegally dominating the new market for server software and tying its own music and video software to the monopoly Windows products.(36)

In the latest WTO meetings in Doha (Qatar) in November 2001, U.S. trade representative Zoellick was seeking agreement to launch a new round of trade negotiations—the first since the Uruguay Round. To achieve this goal, he was forced to allow a review of America's hated "anti-dumping" laws, which penalize countries that "dump" products on the U.S. market at below cost. The concession infuriated several members of the U.S. Congress, especially those from steel-producing states: anti-dumping laws are the industry's chief weapon against imports of low-priced steel; but they are important for U.S. textile makers too. Mr. Zoellick also gave ground on the issue of drugs needed to fight AIDS, malaria, and tuberculosis in Africa and other poor regions, moving away from the categorical right of the U.S. pharmaceutical industry to patent protection. But he also rejected demands by India and Pakistan that the United States import more clothing.(37)

It should also be noted that U.S. economic sanctions against other countries, another manifestation of unilateralism, no longer work: their success rate, measured in terms of intended effect, was 60 to 70 percent through the 1960s, then dropped below 10 percent by the 1980s.(38) The U.S. boycott of Cuba is universally ignored, even by its British allies, who also led the angry, and successful, opposition in 1982 to the U.S. embargo on exports of turbines and other equipment by U.S.-affiliated firms in Europe to the Soviet Union for its gas pipeline to West Germany. In 1998 the United States was compelled to waive sanctions (under the Helms-Burton Act of 1997 and the Iran-Libya Sanctions Act of 1996) against European firms that use "confiscated property" in Cuba or invest in energy projects in Iran and Libya; in return, the European Union agreed to tighten exports of weapons technologies to Iran and Libya. Left out in the cold, U.S. companies had protested to their own government that their European competitors were reaping monopoly profits from trade with these countries.(39)

... and Multinational Solidarity in the Face of Disorder.

In the age of globalization, competing capitals—even while waging in life-and-death struggles in the world's markets—have common interests that override allegiance to any state. For multinational corporations, the cutting edge of capital, there are important elements of solidarity based on accepted rules of the game and interpenetration of business interests. The unity of competing capitals against labor, and against government intervention in behalf of labor and other progressive forces, is hardly a new phenomenon. Stephen Hymer commented in 1971 that the most important aspect of free international capital mobility was that "it helps forge an identity of interests between competing national capitals, a vital ingredient for the survival of the multinational corporate system."(40)

International economic rivalries among nations are ever present and reach occasional boiling points, but they have not yet caused anything like the breakdown of the 1930s. Decades of trade and investment have spawned a complex and mutually profitable integration of economies on two sides of the Atlantic. At the time of the 1997 flare-up involving the Boeing-McDonnell Douglas merger and European state support for the rival Airbus, it was pointed out in both Europe and the United States that each company does a large volume of business in the other's lair. Boeing purchases nearly \$2 billion in supplies from European countries, generating 60,000 jobs in Europe; for AI, roughly 30 percent of its typical aircraft is made by U.S. companies or their European subsidiaries.(41) Obviously, the establishment of foreign-owned "transplants" inside both markets, North American and European, has made protectionism a less viable strategy for domestically oriented firms everywhere.

In Europe and elsewhere, there is mounting resistance to what is perceived as the Americanization of commercial law, financial regulation, and management of telecommunications and the internet. But these changes in business operations are taking place in a world no longer controlled by the United States. In some respects, like economic and financial policy, EU nations are becoming more like the United States. But in an era of weakened U.S. hegemony, American-type laws and regulations can be used against the United States when they are lodged in international organizations like the EU, WTO, and International Monetary Fund (IMF). The floating foreign exchange rate system that took hold by 1973 is the symbol, and institutional enshrinement, of the decline of U.S. economic and financial power and the emergence of a "system" which nobody controls. This is globalization as an external diseconomy, a destabilizing force driven by "its constant flinging of capital and labor from one sphere of production into another, and its newly-created connections with the markets of the whole world."(42) By contrast, for capitalism to function in a relatively stable way, "there has to be a stabilizer, one stabilizer." This is "the main lesson of the inter-war years [1919-1939]," when the British were unable to continue "their role as underwriter to the system" and the United States was reluctant to take it on until it was too late.(43)

Since 1971 there is no stabilizer, at least no American stabilizer as there was from the 1940s through the 1960s. Without the hegemony of one state, there is no final arbiter in conflicts among states, no international lender of last resort in the event of a world liquidity crisis, no basis for enforcing generally accepted rules of international behavior. The consequence is growing international disorder: each nation state and each multinational corporation manipulate the global market to gain some kind of advantage and the system spins out of control. At present, fiercer competition spreads all over the globe, and the mass of highly mobile finance is now enforcing the new rules of the game, supported by international bodies like the IMF and WTO, which do of course reflect imbalances of power among nation-states.

The United States is still the most powerful member of the G-7 (also including Japan, Canada, Great Britain, Italy, Germany, France). Individual nations like Italy or Belgium, or especially Canada which is not part of a larger entity like the EU, may still be dwarfed by American economic power. But for the United States, the propensity to act unilaterally is no longer backed up by the resources necessary to enforce its writ all over the planet. In the midst of Russia's financial collapse in 1998, the "winner" of the Cold War, the United States, "emerges as the world's only superpower yet finds itself less powerful than before, not more so—if one measures power in terms of capacity to influence the course of events abroad."(44)

Nation-states are still rivals: they advance the interests of "their own" multinationals, upon which they depend for a "strong economy." The U.S. government will not openly promote the interests of Unilever, Siemens, Vivendi, or Toyota (although Japanese automakers do produce large numbers of automobiles inside the United States as well as in Europe, an internationalization of production and finance which helps explain why the "Japanese invasion" of the 1970s is no longer a burning issue). But nations do not seem to be rivals in defending the interests of their own workers, or in promoting social and economic reform on an international basis. The impact of globalization so far has been to induce governments to work together to scale back the welfare state and demobilize popular forces.

Can America's military might be used for the common good of global capital? Can it be a stabilizer? To what degree can military hegemony confer economic hegemony?

In 1990-1991 the United States cobbled together a coalition for the Gulf War, but could not pay for it and complained when its allies started to renege on pledges of \$37 billion. At the same time the United States was searching for ways to keep the North Atlantic Treaty Organization (NATO) alliance alive, even though the rationale for its founding in 1949—the Soviet Union—had collapsed. According to a 1992 Pentagon Defense Planning Guidance document: "It is of fundamental importance to preserve NATO as the primary instrument of Western defense and security, as well as the channel for U.S. influence and participation in European security affairs . . . we must seek to prevent the emergence of Europe-only security arrangements which would undermine NATO, particularly the alliance's integrated command structure . . . we must maintain the mechanisms for deterring potential competitors from even aspiring to a larger regional or global role."(45) Seven years later the United States used the Kosovo crisis as an instrument for furthering these goals. It exploited Europe's disunity and its grossly inferior military capacity to launch an air war on Yugoslavia for refusing Washington's terms for settlement of ethnic and territorial disputes in Kosovo—a province of Yugoslavia. Thus was NATO used to bypass the United Nations and keep Europe bound to the United States, in a demonstratively subordinate role: a commanding American presence could be reinforced inside the European Union, a major pole of global capitalism, and a rival one. The U.S. action perpetuated the old saw about NATO's purpose being "to keep the Russians out, the Germans down, and the Americans in." In October 2001, the United States mounted a major military intervention in Afghanistan to find and eliminate the Al

Qaeda network it held responsible for the terrorist attacks on New York and Washington on 11 September. In this instance too the “demonstration effect” was preeminent: the United States was demonstrating to the world that it can deploy military power whenever and wherever it wishes, and that its “coalition partners” are totally dependent upon the United States to deploy their own military forces in any mode.

The U.S. military establishment enjoys the same level of funding that it had at the height of the Cold War. In 2000, its \$343 billion of expenditures was 69 percent greater than those of the next five nations combined (Russia, Japan, China, Great Britain, France) and six times higher than second-place Russia. Iraq, Libya, North Korea, Cuba, Sudan, Iran, and Syria spent \$14 billion combined.(46) Few of the weapons procurement programs that began during the Cold War have been cancelled, and the “war against terrorism” will bring renewed increases in spending on a range of military and closely related counter-intelligence programs. For 50 years and counting, the military-industrial complex has been a major source of economic and political support for American multinational capital—and for the structure of military alliances whose economic logic is to preserve an open trade and investment system throughout the world. That economic logic loses some of its force since the demise of communism as the ideal enemy, but the U.S. military presence still protects economic interests, notably in Saudi Arabia and other oil satrapies.

With the end of the Cold War, however, U.S. hegemony is facing its most potent threat—the EU, an economic unit as large as the United States and one that is now creating its own supranational political institutions as a declaration of independence from the United States. Pax Americana has always been of ambiguous benefit to U.S. allies, and it has been “maintained partly through forceful behavior, which has undercut efforts by U.S. allies to establish independent foreign policies. These challenges to U.S. hegemony were present even during the Cold War, but with the end of the Cold War they have increased considerably. There has been a concomitant increase in U.S. efforts to resist these challenges . . . [and] there is the increasing perception that the United States has become a predatory hegemon, using its power to advance its own interests.”(47) American military action abroad, in almost any context imaginable, is bound to strengthen these perceptions. Revealing in this respect is how quickly the aura of U.S. triumph in the wars against Iraq and Yugoslavia evaporated; the same may be expected from the “war on terrorism” following 11 September 2001, especially when the United States tries to extend it to other “rogue nations.”

In addition, the actual use of American military force is limited almost entirely to unopposed air power—to destruction of life and physical infrastructure with no risk to American personnel from enemy ground forces. It impairs the ability of the United States to impose political outcomes which are the goals of any military campaign. But this too reflects a decline in U.S. political power, as the United States enjoys less freedom of action in foreign affairs than it had 30 years ago.(48)

The “New Economy” of the 1990s: Resurgence or Reflux?

From 1994 through 2000, the U.S. economy (real GDP) expanded at the annual rate of 4.1 percent, considerably faster than the other industrial economies. Great Britain grew at a rate of 2.7 percent, France 2.4, Germany 1.8, Japan 1.1.(49) A “new economy” was said to be developing in the United States, as the “information technology” revolution began to drive economic growth to permanently higher levels. In the last few years, the American economy has again been depicted as the “wonder of the world,” promising a new wave of U.S. hegemony.

In fact, the superior economic performance of the United States is a recent phenomenon. Japan and the EU outgrew the United States until the early 1990s, and U.S. economic growth since 1994 is not extraordinary in historical terms; from 1960 through 1967, the annual growth rate was 4.8 percent. Furthermore, it turns out that *worker productivity*—

the quantity of goods and services produced per hour of labor—grew only 2.5 percent per year from 1995 through 2000, pulling the rate for the entire decade of the 1990s up to 2 percent, which is close to, or slightly below, the historical average since the 1870s.⁽⁵⁰⁾ The surge in investment in information technology of 1995-2000 was unsustainable and has now gone into reverse, as the U.S. economy entered its tenth postwar recession in March 2001. Perhaps the outstanding feature of the “new economy” was the bubble economy—a stock market spree of record proportions, which ended in 2000 with a huge evaporation of paper wealth. The stock bubble had also bolstered the economy by allowing “dot.coms” to obtain billions of dollars of capital in exchange for now-worthless shares of stock.

U.S. economic power remains formidable, but less constraining. The United States has become more involved in the world economy and less able to dictate the course of international affairs. The United States can no longer regulate international economic relations through unilateral action; it can only destabilize them and create collateral damage. And it probably can prevent any other rules of the game from materializing if it so chooses, although the cost is becoming higher for all concerned. The United States still possesses more power and influence in the world economy than any other nation. In effect, the power that it has lost has not necessarily accrued to any rival nations or group of nations: the lost power has been recouped by an increasingly globalized economy, an external coercive force that itself is circumscribing the power of nation-states in the economic and political realm.

In a haphazard way, a number of international institutions— the WTO, IMF, World Bank, Organization for Economic Co-operation and Development, and others— are stepping into the gap by attempting to impose order in certain economic situations on an *ad hoc* basis. But they are not yet capable of providing the kind of economic and political institutions for global capitalism to function smoothly, and one wonders whether they will ever be able to assume hegemonic functions. Globalization is increasing instability in the world economy and financial markets, widening inequalities of income and wealth, and reinforcing the tendency toward slower economic growth and stagnation. War, terrorism, fear, and repression are now threatening a crisis-prone system, along with the systemic dangers of corporate capital and American military adventurism. Which will further disrupt peace, prosperity, and tranquillity cannot be predicted.

NOTES

1. World Bank, *World Development Indicators 2001* (Washington, 2001), Table 1.1 and earlier data, “gross national income” (GNI) series; the GDP series puts the U.S. share of global output in 2000 at 31 percent, but it is calculated at current exchange rates which are subject to large distortion from forces having little to do with changes in real output. GNI uses purchasing power parity and closely tracks the world GDP series in the Penn World Tables (at pwt.econ.upenn.edu), which cover 1950 through 1992 in 1985 international dollars.
2. William Branson, “Trends in U.S. International Trade and Investment since World War II,” Tables 3.8 and 3.13, in Martin Feldstein, ed., *The American Economy in Transition* (Chicago, 1980); Peter Dicken, *Global Shift, third ed.* (New York, 1998), 26-34.
3. R. B. Du Boff, *Accumulation and Power. An Economic History of the United States* (Armonk, NY, 1989), 158.
4. Data from “The World’s [500] Largest Corporations,” *Fortune*, 23 July 2001.
5. Data from “1000 World Banks,” *The Banker*, July 2001. Bank size is measured by shareholders’ equity (in common stock, reserves, and retained earnings) available to cover actual or potential losses—“tier one capital” as defined by the Bank for International Settlements (Basel).
6. United Nations Conference on Trade and Development, *World Investment Report 2001* (New York, 2001), 90-94.
7. UNCTAD, *World Investment Report 2001*, Table B.4 and earlier data.

8. R. E. Lipsey, *Internationalized Production in Developed and Developing Countries and in Industry Sectors*. National Bureau of Economic Research Paper 6405 (Cambridge, MA, 1998), Table 1.
9. German Media Giant Buys Random House for \$1.4 Billion," *New York Times*, 24 March 1998, A1.
10. Seth Schiesel, "Becoming a New Yorker In a Hurry," *New York Times*, 4 December 2001, C1.
11. R. B. Du Boff and E.S. Herman, "Mergers, Concentration, and the Erosion of Democracy," *Monthly Review*, May 2001, 15; Du Boff, *Accumulation and Power*, Table 7.5.
12. Data from *Survey of Current Business*, July 2001, 14-15.
13. Balance of payments data: *Economic Report of the President January 2001*, 392-393.
14. Imports of goods exceeded exports every year except 1870. B. R. Mitchell, *British Historical Statistics* (New York, 1988), 869-870.
15. Data from *Eurecom*, May 1997, at www.eurunion.org.
16. In *Le défi américain* (Paris, 1967).
17. See R. B. Du Boff, "Dollar Devaluation and Foreign Trade," *Monthly Review*, March 1972.
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