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Harry Magdoff and John Bellamy Foster

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The Rediscovery of Imperialism by John Bellamy Foster

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Lynne Stewart
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This essay was originally written as the introduction to *Essays on Imperialism and Globalization* by Harry Magdoff, forthcoming from Cornerstone Publications in India.

The concept of “imperialism” was considered outside the acceptable range of political discourse within the ruling circles of the capitalist world for most of the twentieth century. Reference to “imperialism” during the Vietnam War, no matter how realistic, was almost always a sign that the writer was on the left side of the political spectrum. In a 1971 foreword to the U.S. edition of Pierre Jalée’s *Imperialism in the Seventies* Harry Magdoff noted, “As a rule, polite academic scholars prefer not to use the term ‘imperialism.’ They find it distasteful and unscientific.”

Today this is suddenly no longer true. U.S. intellectuals and the political elite are warmly embracing an openly “imperialist” or “neoimperialist” mission for the United States, repeatedly enunciated in such prestigious print media as the *New York Times* and *Foreign Affairs*. This imperialist fervor owes much to the Bush administration’s War on Terrorism, which is taking the form of the conquest and occupation of Afghanistan and—if its ambitions are fulfilled—also Iraq. According to the Bush administration’s National Security Strategy, there are no recognized limits or boundaries to the use of military power to promote the interests of the United States. In the face of this attempt to extend what can only be called the American Empire, intellectuals and political figures are not only returning to the idea of imperialism, but also to the view of it propounded by its earlier nineteenth century proponents as constituting a grand civilizing mission. Comparisons of the United States to Imperial Rome and Imperial Britain are now common within the mainstream press. All that is needed to make it completely serviceable is to rid the concept of its old Marxist associations

of economic hierarchy and exploitation—not to mention racism.

According to Michael Ignatieff, Professor of Human Rights Policy at the Kennedy School of Government, Harvard University, writing in the *New York Times Magazine* (July 28, 2002), “[I]mperialism used to be the white man’s burden. This gave it a bad reputation. But imperialism doesn’t stop being necessary because it is politically incorrect.” In referring to U.S. war operations in Afghanistan he writes: “Yet the Special Forces aren’t social workers. They are an imperial detachment, advancing American power and interests in Central Asia. Call it peacekeeping or nation-building, call it what you like, imperial policing is what is going on in Mazar. In fact, Americaentire war on terror is an exercise in imperialism. This may come as a shock to Americans, who don’t like to think of their country as an empire. But what else can you call America’s legions of soldiers, spooks and Special Forces straddling the globe?” G. John Ikenberry, Professor of Geopolitics and Global Justice at Georgetown University and a regular contributor to *Foreign Affairs*, published by the Council on Foreign Relations, writes in that publication (September/October 2002):

In the shadows of the Bush administration’s war on terrorism, sweeping new ideas are circulating about U.S. grand strategy and the restructuring of today’s unipolar world. They call for American unilateral and preemptive, even preventative, use of force, facilitated if possible by coalitions of the willing—but ultimately unconstrained by the rules and norms of the international community. At the extreme, these notions form a neoimperial vision in which the United States arrogates to itself the global role of setting standards, determining threats, using force, and meting out justice.

For Ikenberry, this is not meant as a criticism: “America’s imperial goals and modus operandi,” he tells us, “are much more limited and benign than were those of age-old emperors.”

Other influential mainstream political and intellectual figures are no less fashionably forthright in their support for neoimperialism. Sebastian Mallaby, a *Washington Post* columnist and self-styled “reluctant imperialist,” writing in *Foreign Affairs* (April 2002), explains “the logic of neoimperialism is too compelling for the Bush administration to resist.” Max Boot, a *Wall Street Journal* columnist, observes in “The Case for American Empire,” *Weekly Standard* (October 15, 2001), “America now faces the prospect of

military action in many of the same lands where generations of British colonial soldiers went on campaigns. These are all places where Western armies had to quell disorder. Afghanistan and other troubled foreign lands cry out for the sort of enlightened foreign administration once provided by self-confident Englishmen in jodhpurs and pith helmets.” *Atlantic Monthly* essayist Robert Kaplan’s latest book, *Warrior Politics*, argues for a U.S. crusade “to bring prosperity to distant parts of the world under America’s soft imperial influence.” President Carter’s National Security Advisor Zbigniew Brzezinski contends that the main task of the United States in the preservation of its empire is “to prevent collusion and maintain dependence among the vassals, keep tributaries pliant and protected, and to keep the barbarians from coming together.” Stephen Peter Rosen, head of the Olin Institute for Strategic Studies at Harvard University, has written in the *Harvard Review* (May–June 2002): “Our goal [that of the American military] is not combating a rival, but maintaining our imperial position, and maintaining imperial order.” Henry Kissinger opens his *Does America Need a Foreign Policy?* with the words “[T]he U.S. is enjoying a preeminence unrivaled by even the greatest empires in the past.”*

There are rules, however, to this re-engagement with the concepts of “empire” and “imperialism” within establishment discourse. The uniquely benevolent motives of the United States must be emphasized. Proponents of the new imperialism must carefully confine themselves to the military and political concepts of empire and imperialism (avoiding any sense of economic imperialism). And they must eschew all radical notions that connect imperialism to capitalism and exploitation.

The Economic Basis of Imperialism

The birthplace of the notion of economic imperialism, as opposed to imperialism more generally, was the United States a little more than a century ago. In his essay, “The Economic Basis of Imperialism,” first published in the *North American Review* in 1898, at the time of the Spanish-American War, Charles A. Conant argued that imperialism was necessary to absorb surplus capital in the face of a shortage of profitable investment outlets—in other words, to relieve what he called the problem of “congested capital.” For Conant,

Whether the United States shall actually acquire territorial possessions, shall set-up captain-generalships and garrisons, whether they shall adopt the middle ground of protecting sovereignties nominally independent, or whether they shall content themselves with naval stations

and diplomatic representatives as the basis for their rights to the free commerce of the East, is a matter of detail.... The writer is not an advocate of "imperialism" from sentiment, but does not fear the name if it means only that the United States shall assert their right to free markets in all the old countries which are being opened up to the surplus resources of the capitalist countries and thereby given the benefits of modern civilization. Whether this policy carries with it the direct government of groups of half-savage islands may be a subject for argument, but upon the economic side of the question there is but one choice—either to enter by some means upon the competition for the employment of American capital and enterprise in these countries, or to continue the needless duplication of existing means of production and communication, with the glut of unconsumed products, the convulsions followed by trade stagnation, and the steadily declining return upon investments which a negative policy will invoke.*

Conflict among the great powers at the end of the nineteenth and the beginning of the twentieth century, over the partition of Africa, the Sino-Japanese War (1894–1895), the Spanish-American War, the South African (Boer) War, and the Russo-Japanese War, signaled the rise of a new imperialism, associated with monopoly capitalism, that was qualitatively different from the colonialism that had preceded it. This led to an economic theory of imperialism on the part of the proponents of imperialism—who no longer viewed it as mere "sentiment," as emphasized in Conant's analysis. The changes in imperialism also soon gave rise to a more thoroughgoing critical analysis beginning with John A. Hobson's classic *Imperialism: A Study*, first published in 1902. Hobson was a leading British critic of the Boer War and out of this developed his critique of imperialism. In a famous chapter of his book entitled "The Economic Taproot of Imperialism" Hobson observed:

Every improvement of methods of production, every concentration of ownership and control, seems to accentuate the tendency [to imperialist expansion]. As one nation after another enters the machine economy and adopts advanced industrial methods, it becomes more difficult for its manufacturers, merchants, and financiers to dispose profitably of their economic resources.... Everywhere appear excessive powers of production, excessive capital in search of investment. It is admitted by all business men

that the growth of the powers of production in their country exceeds the growth in consumption, that more goods can be produced than can be sold at a profit, and that more capital exists than can find remunerative investment. It is this economic condition of affairs that forms the taproot of Imperialism.

Hobson's work was not socialist. He believed that imperialism was due to the dominance of certain concentrated economic and financial interests and that radical reforms that dealt with maldistribution of income and the needs of the domestic economy could bring to an end the imperialist impulse. Yet his work was to take on a much larger significance through the influence it exercised on Marxist analyses of imperialism, which were emerging at this time. The most important of these was Lenin's *Imperialism, the Highest Stage of Capitalism*, first published in 1916. The main purpose of Lenin's analysis was to explain the interimperialist rivalry among the great powers that had led to the First World War. But in the process of developing his analysis Lenin linked imperialism to monopoly capitalism, arguing that in its "briefest possible definition ... imperialism is the monopoly stage of capitalism." He explored in that context a set of economic factors that went well beyond maldistribution of income or the profit-seeking goals of particular monopolistic corporations. Monopoly capitalism was seen as a new stage, beyond competitive capitalism, in which finance capital, an alliance between large firms and banking capital, dominated the economy and the state. Competition was not eliminated but it continued mainly among a relatively small number of giant firms who were able to control large parts of the national and international economy. Monopoly capitalism, in this sense, was inseparable from interimperialist rivalry, manifested primarily in the form of a struggle for global markets. The resulting division of the world into imperial spheres and the struggle that this entailed led directly to the First World War. Lenin's more complex perspective on imperialism went beyond an argument that focused simply on the necessity of finding investment outlets for surplus capital. He also placed emphasis on the impetus to gain exclusive control of raw materials and tighter control of foreign markets that arose out of the globalizing conditions of the monopoly stage of capitalism.

Later Marxist (and radical, non-Marxist) analyses were to focus more than Lenin himself had on some of the more general features of imperialism, characteristic of capitalism in all of its stages, such as the division between center and periphery, an issue that had been broached by Marx. But Lenin's sense of a new, more developed, form of imperialism, associated with the concentration and centralization of capital

and the birth of the monopoly stage, has retained much of its significance in our age—characterized by monopoly capitalism at an advanced phase of globalization. Indeed, it was the very success of Marxist theories of imperialism, which uncovered capitalism’s systematic exploitation of the periphery and the conditions of interimperialist rivalry in great detail—so that the emperor was seen in all of his nakedness—which resulted in the term “imperialism” becoming beyond the pale within mainstream discourse. As long as the Soviet Union existed and a strong tide of anti-imperialist revolutions was evident in the periphery, there was no possibility of capitalism openly embracing the concept of imperialism in the name of the promotion of civilization. U.S. military interventions throughout the third world to combat revolutions or to gain control of markets were invariably accounted for within official discourse in the United States in terms of Cold War motives, not in terms of imperial ends.

The Age of Imperialism

The Age of Imperialism by Harry Magdoff, published in 1969, had the distinction of being the most influential direct attempt to counter the dominant view of U.S. foreign policy during the Vietnam War period through an empirical treatment of the economics of U.S. imperialism.*

Magdoff’s work could not be effectively dismissed as mere ideology, because it aimed at stripping away the clothing of U.S. imperialism by looking at its economic structure in the most straightforward manner possible—using U.S. economic statistics. It therefore drew considerable fire from the establishment as well as giving inspiration to many of those protesting against the war.

The Age of Imperialism represented the return to prominence of the critique of imperialism within the U.S. left. Addressing what was widely viewed as an anomaly in the U.S. relation to the rest of the world, arising from the existence of an interventionist foreign policy accompanied by a seemingly “isolationist economy,” Magdoff demonstrated that the U.S. economy was in fact anything but isolationist. Here he emphasized the flow of foreign direct investment abroad and its effect in generating a return flow of earnings. He criticized the common error of simply comparing exports or the foreign investments of multinational corporations to GDP. Rather the importance of these economic flows could only be gauged by relating them to strategic sectors of the economy, such as the capital goods industries; or by comparing the earnings on foreign investment to the profits of domestic non-financial business. In this connection, Magdoff provided data showing that earnings on foreign investments had risen from about 10 percent of all after-tax profits for U.S. domestic nonfinancial

corporations in 1950 to 22 percent in 1964.

This work was also notable for its arguments on the international financial expansion of U.S. capital, based on the dollar's hegemonic position in the world economy and on the growth of a debt trap in the third world. It was here that Magdoff provided his first explanation of the "reverse flow process" inherent in the continuous reliance on foreign debt. "If a country borrows, say, a \$1000 a year," he wrote, "before long the service payments on the debt will be larger than the inflow of money each year." Assuming the simple case of an annual loan of \$1000 at 5 percent interest "to be repaid in equal installments over 20 years," it follows that in the fifth year almost fifty percent of the annual loan will go to servicing the debt; in the tenth year approximately ninety percent of the loan will be devoted to debt service; in the fifteenth year, the outflow for interest and amortization will be greater than the loan itself; and in the twentieth year "the borrower is paying out more than \$1.50 on past debt for every \$1.00 of new money he borrows."

Would it not be possible, Magdoff asked, for a country to avoid this trap by not borrowing year after year, but instead using the borrowed money to develop industry to provide the revenue to dispense with borrowing and even pay off the debt? A large part of the answer was to be found in the reality that since the repayment has to occur in the currency of the creditor nation, the debt could only be repaid (irrespective of the rate of growth) if there were enough exports to provide the needed foreign exchange. Even as early as 1969, long before the third world debt problem was deemed critical, Magdoff observed that "the growth in service payments on the debt of the underdeveloped world has increased more rapidly than has the growth in its exports. Hence the burden of debt has become more oppressive and the financial dependency on the leading industrial nations and their international organizations such as the World Bank and the International Monetary Fund has increased accordingly."

The essence of imperialism as it manifested itself in the late twentieth century, according to Magdoff, was the globalization of monopoly capital under conditions of U.S. hegemony. The closing pages of *The Age of Imperialism* stated:

The typical international business firm is no longer limited to the giant oil company. It is as likely to be a General Motors or a General Electric—with 15 to 20 percent of its operations involved in foreign business, and exercising all efforts to increase this share. It is the professed goal of these international firms to obtain the

lowest unit production costs on a worldwide basis. It is also their aim, though not necessarily stated, to come out on top in the merger movement in the European Common Market and to control as large a share of the world market as they do of the United States market.

Most of the essays in Magdoff's 1978 book, *Imperialism: From the Colonial Age to the Present* dealt with misconceptions about the history of imperialism. Of chief importance in this respect was Magdoff's response to the question: "Is Imperialism Necessary?" In answer to the common contention that capitalism and imperialism were completely separate categories, and that the latter was not necessarily an attribute of the former, he argued that capitalism had been from the start a world system and that imperialist expansion in the broad sense was just as much a part of the system as the search for profits itself. He also argued against those on the left who sought to generate an analysis of modern imperialism through a particular theory of economic crisis or the necessity of the export of capital, rather than recognizing that imperialism was intrinsic to capitalism's globalizing tendencies from the very start. Despite the importance of economic laws of motion of capitalism in generating the reality of modern imperialism, any simple, mechanical, narrowly economic explanation (separated off from political, military, and cultural factors) was to be avoided. Rather the ultimate sources were to be found in the historical development of capitalism since the sixteenth century. "The elimination of imperialism," Magdoff concluded, "requires the overthrow of capitalism."

Policing the Concept of Imperialism

The mainstream responded to these and related arguments by placing the term "imperialism" (insofar as it was linked to capitalism) more and more outside the realm of acceptable discourse—characterizing it as a purely ideological term. At the same time there were attempts to isolate the concept of "economic imperialism" specifically, by disassociating it, in the narrow, compartmentalizing method of mainstream social science, from political imperialism, cultural imperialism, etc., and setting it up for special criticism.* This attack on Marxist and radical approaches to imperialism succeeded so effectively that, by November, 1990 Prabhat Patnaik wrote an article for *Monthly Review* entitled "Whatever Happened to Imperialism?" that raised the question of the almost complete disappearance of the term from left analysis in the United States and Europe. It was particularly astonishing that this had occurred in the face of U.S. military interventions (both overt and covert) in countries such as Nicaragua, El Salvador, Guatemala, Grenada, and Panama and despite the rapacious

role of multinational corporations around the world (for example in India, where Union Carbide killed thousands).

“Younger Marxists,” Patnaik wrote, “look bemused when the term is mentioned. Burning issues of the day...are discussed but without any reference to imperialism.... The topic has virtually disappeared from the pages of Marxist journals, especially those of a later vintage.” The history and theory of imperialism, he noted, is no longer discussed.

The historical significance of this can be seen in an ideological split that occurred in response to the struggle over globalization and the new Balkan Wars, and later in relation to the September 11 attacks on the New York World Trade Center and the Pentagon and the subsequent War on Terrorism. On the one hand, mainstream intellectuals, particularly in the face of the widening military operations of the United States and NATO but also in response to such issues as U.S. support of the World Trade Organization (WTO), became more willing to reappropriate the concept of imperialism as a way of putting a larger gloss on what was presented as the beneficial hegemony or “soft imperialism” of the world’s only superpower. On the other hand, post-Marxist and erstwhile radical thinkers often took on the role of criticizing any use of the concept of imperialism in its classical Marxist sense, detaching it from capitalism, global exploitation, and economic imperialism, and arguing that since the term was unacceptable in polite discourse it should be discarded.

An example of the latter is an article by Tom Barry, entitled “A Return to Interventionism,” appearing online in *Foreign Policy in Focus* <http://fpif.org> on March 11, 2002, ostensibly responding to the September 11 attacks and the War on Terrorism. Barry, who in his earlier writings in the 1970s had not hesitated to embrace the concept of imperialism, argued in “A Return to Interventionism,” that,

For some, especially in the new and old Left this [the Vietnam era] was the “Age of Imperialism,” an era when the U.S. was securing its hold on the resources and the states of the “developing” world. There were analytical weaknesses with this anti-imperialism critique, mainly because it didn’t explain well why the U.S. was so deeply involved in places of seemingly so little economic consequence, such as South Vietnam. Nor was the imperial America critique helpful in explaining the idealist side of America’s interventionism—the Wilsonian compulsion to bring freedom and democracy to the rest of the world. If the aim was to reform U.S. foreign

policy, criticizing the U.S. as a runaway imperial power just didn't fly, either with U.S. policy makers or the public. What did seem to work as a way to filter out the tendencies in U.S. foreign policy that supported repression and military intervention in the third world was the human rights critique.

In this view, the fact that “U.S. policy makers,” that is, the representatives of the dominant system of power, were not drawn to the concept of imperialism (plus the fact that an indoctrinated population saw the term as having no relation to U.S. history—partly because they had no knowledge of the hundreds of military interventions in which the United States had engaged, or the larger meaning of the term imperialism) was reason enough to dismiss the concept altogether. After all did not the United States primarily seek, except for a few lapses here and there, to “bring freedom and democracy to the rest of the world”? Yet, at the very time that this article appeared, the U.S. military was engaged in war operations in Afghanistan, building bases throughout Central Asia, and launching interventions in the Philippines and elsewhere. At the same moment that the notion of the “Age of Imperialism” was being criticized on the U.S. left, mainstream pundits and political figures were extolling a new age of imperialism led by the United States.

A more influential left criticism of the notion of imperialism was launched by Michael Hardt and Antonio Negri in their book *Empire* (2000), published by Harvard University Press. According to Hardt and Negri imperialism ended with the Vietnam War. The 1991 Gulf War, in which the United States unleashed its military power on Iraq, was, according to these authors, carried out “*not as a function of [the United States] own national motives but in the name of global right....*” The U.S. world police acts not in imperialist interest but in imperial interest [that is in the interest of Empire without a center and without boundaries]. In this sense the Gulf War did indeed, as George Bush [senior] claimed, announce the birth of a new world order.” Elsewhere in their book they declared: “*The United States does not, and indeed no nation-state can today, form the center of an imperialist project.*” It was precisely this position—that denied a relationship between the United States and imperialism in the classical, exploitative sense, but which also saw the extension of U.S. sovereignty and power as reflective of “empire” and a civilizing “imperial” role (the extension of the U.S. Constitution to the global stage)—that was emphasized in the unstinting praise of Hardt and Negri’s book that poured out in such places as the *New York Times*, *Time* magazine, the *London Observer* and *Foreign Affairs*.*

More recently, Todd Gitlin, a former president of the Students for a Democratic Society and now Professor of Journalism and Sociology at Columbia, wrote in an op-ed piece for the *New York Times* (September 5, 2002):

The American left...had its version of unilateralism. Responsibility for the [September 11] attacks had, somehow, to lie with American imperialism, because all responsibility has to lie with American imperialism—a perfect echo of the right’s idea that all good powers are and should be somehow American. Intellectuals and activists on the far left could not be troubled much with compassion or defense.... Knowing little about Al Qaeda, they filed it under Anti-Imperialism, and American attacks on the Taliban under Vietnam Quagmire. For them, not flying the flag became an urgent cause.... Post-Vietnam liberals have an opening now, freed of our 60’s flag anxiety and our reflexive negativity, to embrace a liberal patriotism that is unapologetic and uncowed.

For Gitlin—writing in an establishment media outlet that had been publishing pieces straightforwardly extolling a supposedly benign American “imperialism,”—the whole charge of “American imperialism” was some sort of extreme distortion introduced by the left.” Never mind that it was the location of U.S. military bases permanently in Saudi Arabia as a result of the U.S. war against Iraq in 1991 that induced the Islamic fundamentalists coming out of Saudi Arabia (including al-Qaeda itself) to turn on the United States. Never mind that Osama bin Laden got his terrorist training through the U.S.-sponsored war of Islamic fundamentalists against the Soviets in Afghanistan. Never mind that Saddam Hussein was a former U.S. imperial client at the time of the Iran-Iraq War (and indeed up to the very moment of his invasion of Kuwait). And never mind that Saudi Arabia and Iraq are first and second in the world in their known oil reserves, or the fact that Afghanistan is the doorstep to Central Asia, one of the richest areas of petroleum and natural gas reserves in the world. Finally, never mind that the United States now has military bases throughout Central Asia and intends to stay. Somehow, despite all of this and despite the fact that America’s supposed imperialism” is now being praised widely within the mainstream, the left is not allowed to raise the issue of American imperialism as part of a critique of U.S. foreign policy. If imperialism is being rediscovered it is only within certain circumscribed ideological limits.

The Global Rich Get Richer, the Global Poor Get Poorer

An essential aspect of the rediscovery of imperialism within the mainstream is to justify U.S. military and political dominance while removing this from any notion of a rising gap between rich and poor nations—of the kind emphasized in Marxist theories of imperialism and highlighted by the new antiglobalization/anticapitalist movement. A sign of the impact of this new global anticapitalist movement is the extent to which the global establishment and its allies have found it necessary to defend their record. A large part of this defense is the claim that the antiglobalizers don't know what they are talking about. If the American imperium is seemingly more dominant than ever it has nothing to do, we are told, with economic exploitation.

A case in point is an August 15, 2002 article in the *New York Times* by Virginia Postrel, one of its stable of economic columnists. Given the catchy heading, "The Rich Get Richer and the Poor Get Poorer. Right? Let's Take Another Look," this article was timed to appear just prior to the World Summit on Sustainable Development held in Johannesburg in August and September 2002. The object of Postrel's article was to refute Noam Chomsky, who was quoted as saying, "Inequality is soaring through the globalizing period—within countries and across countries." According to Postrel, not only was Chomsky dead wrong, so was the 1999 United Nations *Human Development Report* that reached the same conclusion based on U.N. organized data.

What is wrong with the claims of Chomsky and the United Nations, according to Postrel and other defenders of globalization and liberalization? The data, they insist, are flawed. "The United Nations report and others looked at gaps in income of the richest and poorest countries—not rich and poor individuals. That means that formerly poor citizens of giant countries could become a lot richer and still barely show up in the data."

Here the neoliberal defenders of the global system intermingle and confuse two *separate* questions—the gaps between countries and the unequal distribution in the income of the world's population. There is indeed a legitimate difference between the two. Country size is irrelevant in examining the gaps between countries. The world economy works through different states. The history of capitalism is distinguished by a growing gap between rich and poor states—a gap distinguished by the fact that the rich states grow in large part by exploiting other nations. Sometimes, it is a large state exploiting a group of smaller states. In other cases, it is a small state extracting the surplus of much larger states. Think of the present U.S. Empire and the former British Empire.

The ideologists of global capitalism, dedicated to

demonstrating the benign character of American imperialism, insist that globalization and liberalization will lead to economic equality among nations, big and small. The facts shown by the United Nations, however, prove conclusively that this did not happen. On the contrary, the gap between states has widened.

Still the *New York Times* is not interested. It cares about the people. Postrel writes: "Over the last three decades...the world's two largest countries, China and India, have raced ahead economically. So have other Asian countries with relatively large populations. The result is that 2.5 billion people have seen their standards of living rise toward those of the billion people in the already developed countries—decreasing global poverty and increasing global equality. From the point of view of individuals, economic liberalization has been a huge success."

But what examples! Let us look at India's contribution to the decrease in global poverty. According to the latest World Bank report, *86 percent of India's population lives on less than \$2 a day*.^{*} In 1983, the top 10 percent of income earners in India accounted for 26.7 percent of household income/expenditures, by 1992, their share was 28.4 percent, and by 1997, it had risen to 33.5 percent. Hardly a sign of increasing equality! (World Bank, *World Development Report*, 1990, 1996, 2003 editions).^{*}

Now, consider the example of China. Three decades ago China was the most equal nation in the world. Then the political leaders took another road in pursuing their goals. Instead of the earlier priority of equality, the citizens were told that it was good to get rich. Private enterprise was encouraged, the door to foreign investment was widened, the Chinese state became cozy with U.S. multinationals, globalization was welcomed, the World Bank entered, and China recently became a member of the WTO.

The result was exactly the opposite to what the prevailing dogma would lead one to expect, and that Postrel and other defenders of neoliberal globalization simply assume to be true. China, once distinguished by its devotion to equality became increasingly unequal. So much so that by the end of the nineties, China's distribution of income closely resembled the maldistribution of income in the United States (see [Table 1](#)).

There exists, in fact, a solid set of data on the worldwide distribution of income. The information was developed through an exhaustive and highly competent study made by Branko Milanovic, an economist at the World Bank. He burrowed into the incredible amount of statistical data buried

in the World Bank's computers. His study came up with the story on the distribution of the world's income in 1988 and 1993. It demonstrates that, in fact, inequality increased during those years (see [Table 2](#)).

Note that the top 1 percent received a larger share (9.5 percent) of the world's income in 1993 than the bottom 50 percent, while the top 5 percent in 1993 had an income share far exceeding that of the bottom 75 percent and beginning to approach that of the bottom 85 percent. (Milanovic explored the data in greater detail than shown here and concluded that the top 1 percent had the same income as the bottom 57 percent of the people on this earth.) These figures are exactly what one would expect from the whole history of capitalism, which prospers through widening the gap between rich and poor—a law of the system that now has a global field of operation. Such global exploitation is the core of imperialism, which is as basic to capitalism, and as inseparable, as accumulation itself. But this of course is not the whole of imperialism, which represents a complex history with political, military, and cultural (racial) factors tied into it. In the Marxist approach, economic imperialism is not really separate from these other features, which are equally a part of global capitalist development. Just as the search for profits is the mantra of the American imperium, so is its military and political power aimed at extending this search and expanding its sway on a world basis—all the time placing first and foremost the interests of U.S. corporations and the U.S. state.

The rediscovery of imperialism within the mainstream only means that these processes are now being presented, especially by ruling circles in the United States, as inevitable—a reality from which there is no escape. The revolt against this new phase of imperialism, however, has clearly only just begun. Most of the population of the world knows what U.S. pundits conveniently forget, that U.S. imperialism resembles the exploitative empires of the past, and will likely suffer the same fate as past empires—revolt from within and “barbarians” at the gates.

* Boot, Brzezinski, Kaplan, Kissinger, Mallaby, and Rosen are quoted in Philip S. Golub, “The Dynamics of World Disorder: Westward in the Course of Empire,” *Le Monde Diplomatique*, English internet edition (September 2002); see also Martin Walker, “America’s Virtual Empire,” *World Policy Journal* 19 (Summer 2002), pp. 13–20.

* Charles A. Conant, *The United States in the Orient* (Boston: Houghton Mifflin, 1900), pp. 29–30.

*Both *The Age of Imperialism: The Economics of U.S. Foreign Policy* and Magdoff's 1978 book, *Imperialism: From the Colonial Age to the Present* were published by Monthly Review Press. The following discussion of Magdoff's work draws on John Bellamy Foster, "Harry Magdoff," in Phillip Arestis and Malcolm Sawyer, *A Biographical Dictionary of Dissenting Economists* (Northampton, Mass.: Edward Elgar, 2000), pp. 385–94.

* The clearest example of this is Steven J. Rosen and James R. Kurth, *Testing Theories of Economic Imperialism* (Lexington, Massachusetts: Lexington Books, 1974). In a critical essay in that volume, Harry Magdoff concluded that an "analytical framework" that "put into separate compartments key aspects of the imperialist problem that are in fact inseparable" was mistaken. "The attempt at clear-cut differentiation of military, political, and economic issues leads to ignoring what is most essential: the interdependence and mutual interaction of these factors. This way of thinking—including the use of the "national interest" abstraction—is quite traditional in orthodox social science, a fact which goes far to account for its historic inability to face up to either the growth and significance of imperialism or to [the new] imperialism's roots in monopoly capitalism." Magdoff in *Ibid.*, p. 86.

* For a more detailed treatment of Hardt and Negri's book in this respect see John Bellamy Foster, "Imperialism and 'Empire,'" *Monthly Review* 53 (December 2001), pp. 1–9.

* This information is for 1992, the latest year for which this kind of information is available. The \$2 limit is based on purchasing power parity. That means that the data are adjusted so as to determine what amount of a given bundle of consumer goods could be bought for \$2, eliminating to the extent feasible the effect of differences between prices from country to country

* This data is taken from the World Bank's tables on income distribution—in recent editions of the *World Development Report* entitled "Poverty and Income Distribution." In calculating percentage shares of income distribution the World Bank relies on household surveys of income or expenditures compiled by the various countries. In order to ensure that the data is comparable the World Bank staff uses whenever possible household expenditures rather than income data. In the case of India the data referred to is based on per capita household expenditures.