Critical Globalization Studies: An Empirical and Theoretical Analysis of the New Imperialism

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Abstract: Affirmative globalization studies stress positive aspects of global capitalism, while critical globalization studies use notions such as “Empire” and “new imperialism” to analyze the global economy’s negativity. Critical globalization studies, however, frequently lack a precise theoretical notion of imperialism. This absence can be corrected by connecting the notion of a “new imperialism” to the classical theory of imperialism, as found in Lenin’s canonical work. Empirical analysis of data from recent decades shows that Lenin’s approach remains broadly correct, and that adaptation of his method to new realities strengthens the theoretical foundation of recent work on global capitalism.

This paper seeks to contribute to the reconsideration of Lenin for analyzing and criticizing contemporary capitalism, by using his notion of imperialism (Budgen, Kouvelakis and Žižek, 2007; Lih, 2005; Žižek, 2004a) to determine whether contemporary capitalism can be seen as a new form of imperialism. The method for doing this will be, primarily, macroeconomic statistical analysis. For each characteristic of imperialism that Lenin identified, an empirical analysis of contemporary capitalism will be provided. I hope by this means to show the importance of Lenin’s theory for contemporary globalization studies.

Globalization has been one of the most discussed topics of the past decade. It has been defined in various ways: “an increasing number of social processes that are indifferent to national boundaries” (Beck, 2000, 80); the “capacity to work as a unit on a planetary scale in real time or chosen time” (Castells, 2000, 10); the “intensification
of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa” (Giddens, 1990, 64); the “widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life . . . the growing extensity, intensity and velocity of global interactions” (Held, et al., 1999, 2, 15; see also Held and McGrew, 2007, 2f); “the compression of the world as a whole” (Robertson, 1995, 40); “circumstances where territorial space is substantially transcended” (Scholte, 1999, 12); and “the rapid developing and ever-densening network of interconnections and interdependencies that characterize modern life” (Tomlinson, 1999, 2).

These definitions have in common not only emphasis on the increasing quantity, scale, and speed of social interactions, but also characterization of globalization as a general phenomenon. If, for example, one considers world religions, the Roman empire, the empire of Han China, the British Empire, the world market, colonialism, migration flows that resulted from the Irish potato blight, the system of submarine cables established in the middle of the 19th century that formed the first global system of communication, or the Internet, then it becomes clear that globalization indeed seems to have general aspects. However, general definitions pose the threat of constructing mythologies that see only positive sides of globalization and ignore the negative consequences of contemporary globalization processes. This can create the impression that society neither needs change nor can be altered by collective political action.

It is therefore no wonder that some of the abovementioned authors are fairly optimistic about the effects of contemporary globalization. They speak of globalization resulting in the acceleration of the “consciousness of the global whole in the twentieth century. . . . the intensification of consciousness of the world as a whole” (Robertson, 1992, 8), “emergent forms of world interdependence and planetary consciousness” (Giddens, 1990, 175), the creation of “a growing collective awareness or consciousness of the world as a shared social space” (Held and McGrew, 2007, 3), or argue that “human beings assume obligations towards the world as a whole” (Albrow, 1997, 83). Such formulations imply that contemporary globalization is bringing about increasing freedom and equality, despite the fact that we live in a world of global inequality. One compelling example is the ratio of the average salary of Chief Executive Officers (CEOs) of large
U. S. corporations to that of an average U. S. worker, which currently stands at 245 to 1 (Sutclifff, 2007).

The developed world accounts for approximately 25% of the world’s population, but has accounted for more than 70% of the world’s wealth on a continuous basis since 1970 (Fuchs, 2008). The least developed countries’ share of wealth has dropped from above 3% to just over 1% since 1980 (Fuchs, 2008). In 2008, the total sales of the ten top-selling worldwide companies (US$2533.5 billion) were 2.3 times as large as the total gross domestic product (GDP) of the 22 least developed countries (US$1081.8 billion) (Fuchs, 2008). These data indicate that we live in a world of persisting inequality that is a global phenomenon, and that therefore people are not moving closer together, but tend to be more separated. Class divisions have been widening, not closing. Wealth and its distribution are objective foundations of global consciousness. If there are widening class divisions, then focusing on positive concepts such as global consciousness for describing the contemporary world turns into an ideology. One can therefore conclude that uncritical optimism regarding globalization can easily turn into mythologizing. To refer to and to reload Lenin for explaining contemporary globalization is a demythologizing move that counters the globalization optimism advanced by bourgeois thinkers. It furthermore serves the political task of repeating “in the present global conditions, the ‘Leninian’ gesture of reinventing the revolutionary project in the conditions of imperialism, colonialism, and world war” (Budgen, Kouvelakis and Žižek, 2007, 3).

1. Theoretical Foundations

For Hardt and Negri, Empire is a system of global capitalist rule that is “altogether different” from imperialism:

Imperialism was really an extension of the sovereignty of the European nation-states beyond their own boundaries. . . . in contrast to imperialism, Empire establishes no territorial center of power and does not rely on fixed boundaries or barriers. It is a decentered and deterritorializing apparatus of rule that progressively incorporates the entire global realm within its open, expanding frontiers. . . . First and foremost, then, the concept of Empire posits a regime that effectively encompasses the spatial totality, or really that rules over the entire “civilized” world. (Hardt and Negri, 2000, xii, xiv.)
This system is dominated by the United States, which sees itself as possessing a global right of military intervention and as the world’s most powerful actor. Further actors in this network are international organizations, such as World Trade Organization (WTO), International Monetary Fund (IMF), the United Nations, Group of Eight (G8), transnational corporations, nation-states, and civil society organizations (Hardt and Negri, 2000, 309–324).

Harvey argues that various forms of continuous primitive accumulation based on colonizing spaces are needed for overcoming capitalist crises of overaccumulation. This takes on the form of spatio-temporal fixes, that is, “temporal deferral and geographical expansion” (Harvey, 2005, 115). Overaccumulation produces capital surpluses that cannot be invested within existing boundaries; as a result, “profitable ways must be found to absorb the capital surpluses” (Harvey, 2005, 88) by “temporal displacement through investment in long-term capital projects or social expenditures (such as education and research) that defer the re-entry of capital values into circulation into the future” and/or “spatial displacements through opening up new markets, new production capacities, and new resource, social and labor possibilities elsewhere” (Harvey, 2005, 109). Capital accumulation, therefore, in search of profitable spheres, produces spaces and thereby creates uneven geographical development. The new imperialism is for Harvey a specific form of primitive accumulation that developed after 1970: neoliberal imperialism (ibid., 184, 188, 190), or “imperialism as accumulation by dispossession” (137–182).

Accumulation by dispossession employs four strategies for turning assets into profitable use, that is, the commodification of everything (Harvey, 2005, 165ff): the privatization and commodification of public assets and institutions, social welfare, knowledge, nature, cultural forms, histories, and intellectual creativity (the enclosure of the commons); financialization that allows the overtaking of assets by speculation, fraud, predation, and thievery; the creation, management, and manipulation of crises (for example, creation of debt crises that allow the intervention of the IMF with structural adjustment programs so that new investment opportunities, deregulations, liberalizations, and privatizations emerge); and state redistributions which favor capital at the expense of labor (Harvey, 2005, 160–165; Harvey, 2006, 44–50). For Harvey, new imperialism is a revisiting of
For Harvey, the main goal of the U.S. war against Iraq is the transformation of Iraq into a neoliberal capitalist economy (Harvey, 2005, 214f). This allows the United States to have geopolitical influence in the Middle East so that it can control the global oil spigot, which is necessary for controlling the global economy (Harvey, 2005, 19). “What the U.S. evidently seeks to impose by main force on Iraq is a full-fledged neoliberal state apparatus whose fundamental mission is to facilitate conditions for profitable capital accumulation” (Harvey, 2006, 11). For Harvey, the seizure of Iraq is a form of military-enforced accumulation by dispossession. Opening up new spaces could either be achieved by military force and commercial pressure or voluntary opening (Harvey, 2006, 108). 9/11 was used as an opportunity for mobilizing patriotism and creating an American nationalism that tolerates and supports imperialist expansion (Harvey, 2005, 15, 193). Iraq should also serve as powerful geostrategic position for the United States in Eurasia (Harvey, 2005, 85).

In line with Harvey’s thesis, Christian Zeller (2004a) argues that the new imperialism is based on a global economy of dispossession. Methods of dispossession for him are war, privatization, mergers and acquisitions, subcontracting and alliances, and the commodification of nature and knowledge with the help of patents and intellectual property rights. New imperialism is, in this context, permanent primitive accumulation. Another feature is the emergence of an accumulation regime dominated by finance capital (Zeller, 2004b, 82ff).

Ellen Meiksins Wood uses the term “imperialism” in the sense of the military creation of a global economic and political hegemony of the United States. For her, globalization means the “opening of subordinate economies and their vulnerability to imperial capital, while the imperial economy remains sheltered as much as possible from the obverse effects” (Wood, 2003b, 134). Worldwide U.S. militarism shows that globalization does not bring about an end of the nation-state, but that “the state continues to play its essential role in creating and maintaining the conditions of capital accumulation” (ibid., 139). Imperialism today depends more than ever on a system of multiple nation-states, dominated by the United States. “The new imperialism we call globalization, precisely because it depends on a
wide-ranging economic hegemony that reaches far beyond any state’s territorial boundaries or political domination, is a form of imperialism more dependent than any other on a system of multiple states” (154).

Characteristics of the new imperialism that Wood mentions are: war without temporal end, geographic limits, and specific aims; preemptive military strikes, and universal capitalism. She argues that the new imperialism has been created after World War II (Wood, 2003b, 131, 151). The primary motivation for the war against Iraq is for Wood not oil supply, but securing the global hegemony of the United States. For Wood, the new imperialism means the global unilateral rule of the United States, “unilateral world domination” (ibid., 164). “In all cases, the overriding objective is to demonstrate and consolidate U. S. domination over the system of multiple states” (167).

William I. Robinson (2007) argues that Wood’s account lacks empirical evidence and suggests that contemporary capitalism can best be characterized as global capitalism that is based on a transnational capitalist class, a transnational state apparatus, and transnational capital that diffuses the whole Marxian circuit of capital — Money-Commodity . . . Production . . . Commodity´-Money´ (M–C . . . P . . . C´–M´) — all over the globe. In this circuit, money is invested for buying the commodities labor power and means of production. In the production process, labor transforms the means of production and creates a new commodity that contains surplus labor. This transformed commodity is sold on the market so that surplus value is realized in the form of profit that is controlled by capitalists. In the early 20th century, according to Robinson, only the selling of commodities took place at a transnational level (see also Robinson, 2004). Imperialism is for Robinson not a recent re-emerging phenomenon, but means “the relentless pressures for outward expansion of capitalism and the distinct political, military and cultural mechanisms that facilitate that expansion and the appropriation of surpluses it generates” (Robinson, 2007, 90). Robinson is interested in new qualities of global capitalism, such as information and communication technologies that allow capital to go global, global mobility of capital, the global outsourcing of production, subcontracting, or new management philosophies.

Leslie Sklair (2002) employs the notions of global capitalism and capitalist globalization in a manner that is comparable to Robinson.
Sklair conceptualizes globalization with the concept of transnational practices, by which he means “acting within specific institutional contexts that cross state borders” (Sklair, 2002, 84) in economy, polity, and culture–ideology. The global system works in three spheres: economic, political, and cultural–ideological.

In order to work properly the dominant institutions in each of the three spheres have to take control of key resources. Under the conditions of capitalist globalization, the transnational corporations strive to control global capital and material resources, the transnational capitalist class strives to control global power, and the transnational agents and institutions of the culture–ideology of consumerism strive to control the realm of ideas. (Sklair, 2002, 115.)

The transnational capitalist class consists of executives of transnational corporations (TNCs); bureaucrats, politicians, professionals, merchants, and consumerist elites that have global perspectives and lifestyles and identify with “the interest of the capitalist global system” (Sklair, 2002, 9, 98–105, Robinson, 2004, 36).

Contemporary theories of imperialism, empire, and global capitalism can be categorized on a continuum that describes the degree of novelty of imperialism. On one end of the continuum there are authors who argue that imperialism no longer exists today; that a post-imperialistic empire has emerged. The stress is on discontinuity (e.g., Panitch and Gindin, 2004, 2005; Robinson, 2004, 2007; Hardt and Negri, 2000, 2004, Negri, 2008; for discussions of Hardt and Negri, Buchanan and Pahuja, 2004; Callinicos, 2007, 345; Laffey and Weldes, 2004; Žižek, 2004b). On the other end of the continuum there are authors who argue that contemporary capitalism is just as imperialistic as 100 years ago, and that there is a new imperialism. The stress is on continuity (e.g., Callinicos, 2003, 2005, 2007; Harvey, 2003, 2005, 2006, 2007; Wood, 2003; Zeller, 2004a, b). A middle ground is the assumption that imperialism has reemerged and been qualitatively transformed, that through capitalist development and crisis new qualities of capitalism have emerged and others been preserved, and that the new qualities on the one hand constitute a return to capitalist imperialism, but that on the other hand there are aspects of imperialism today that are different from the imperialism that Lenin, Luxemburg, Kautsky, and Bukharin described 100 years ago (e.g., Sklair, 2002; O’Byrne, 2005). Some of the most important theories of new
imperialism, empire, and global capitalism will now be discussed, with a view to which concepts of imperialism underlie these theories and what role Lenin’s theory of imperialism plays in this context.

Theories of a new imperialism, empire, and global capitalism have brought about discussions of the economic and political strategies of capitalism and their limits. They therefore have an important public and political function. But in many cases the notions of imperialism employed in these discussions remain rather imprecise (Castree, 2006) or unexplained (Brenner, 2006). This might be related to a lack of grounding in classical theories. The discussion of Lenin’s notion of imperialism remains rather superficial. It is therefore important to review this concept, in order to see if it can be applied today.

For Lenin, there are five characteristics of imperialism:

1) The concentration of production and capital developed to such a stage that it creates monopolies which play a decisive role in economic life.
2) The merging of bank capital with industrial capital, and the creation, on the basis of “finance capital,” of a financial oligarchy.
3) The export of capital, which has become extremely important, as distinguished from the export of commodities.
4) The formation of international capitalist monopolies which share the world among themselves.
5) The territorial division of the whole world among the greatest capitalist powers is completed. (Lenin, 1917, 237.)

Lenin’s work, *Imperialism, the Highest Stage of Capitalism*, is not, as suggested by some authors, only a very rough definition (Zeller, 2004b, 88, 111) and not “pamphleteering” instead of theorizing (Harvey, 2007, 59). In the first six chapters, Lenin gives a detailed empirical account of economic developments that he then summarizes in the well-known definition, given in chapter seven. It is therefore an interesting task to observe which empirical indicators for the existence of imperialism Lenin used. Bob Sutcliffe (2006, 74) describes the works by Hardt and Negri, Harvey, and Wood on new imperialism as “empirico-phobic.” In contrast, Lenin gave close attention to the empirical data that was available at his time. He undertook “enormous preparatory work” (Labica, 2007, 223) for his study, work that is documented in his 21 *Notebooks on Imperialism* (Lenin, 1912–1916), which contain notes on 150 books and 240 articles. To re-engage with Lenin’s theory of imperialism today, one should therefore update his theoretical argu-
ments and his support of these arguments by data, using the same rigorous empirical method — a feature that contemporary works unfortunately frequently lack. Updating Lenin can be undertaking by substituting “for the data he presented what we have available today” (Labica, 2007, 232). To repeat and reload Lenin today means “to retrieve the same impulse in today’s constellation” (Žižek, 2004a, 11; cf. Budgen, Kouvelakis, and Žižek, 2007, 1–4). This also means to take Lenin as a theoretical and methodological model for contemporary critical globalization studies.

2. The Concentration of Capital

“The enormous growth of industry and the remarkably rapid process of concentration of production in ever-larger enterprises represent one of the most characteristic features of capitalism” (Lenin, 1917, 178). Lenin identified an antagonism between competition and monopoly as an immanent feature of capitalism (180, 185, 236, 260f). The formation of monopolies and the concentration of capital are for Lenin not an exception to the rule of competition, but a necessary outcome of capitalist competition.

Concentration indicators that Lenin used included: the development of the number of large enterprises, the share of workers in the economy that are employed by large enterprises, and the share of output in an industry that is produced by large enterprises.

In order to assess if there is a new imperialism, one has to find out if capital concentration is a feature of contemporary capitalism. Within such a framework, one can analyze concentration in the information sector. Concentration generally means that a small number of enterprises controls a large share of assets (such as capital, workers, infrastructure). Data from Eurostat tell the story: Large companies in the EU27 countries (those with more than 250 employees) account for only 0.2% of the total number of enterprises, but for 32.9% of all employees, 42.5% of total turnover, and 42.4% of total value added.

Industries have become more concentrated through mergers and acquisitions (M&A). So a sharp rise in the total number and value of mergers and acquisitions is likely to indicate increasing concentration. The total value of annual worldwide mergers and acquisitions has sharply increased, from US$74.5 billion in 1987 to 880.5 billion in 2006 (Table 1).
In total numbers of M&A this means an increase from 863 annual M&A in 1987 to 6974 in 2006 (Table 1).

Figure 1 shows that the finance sector accounted for the largest share of these M&A in 2006: 24.6% (1717) of all M&A, whereas the transport, storage and communication sector accounted for 5.4% (379) of all M&A and the printing and publishing industries accounted for 2.0% (142). All of these sectors have experienced dramatic rises in the

<table>
<thead>
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<th>Year</th>
<th>Number</th>
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<tr>
<td>1988</td>
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<td>1989</td>
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<tr>
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<tr>
<td>1993</td>
<td>2835</td>
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</tr>
<tr>
<td>1994</td>
<td>3494</td>
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<tr>
<td>1995</td>
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<td>1999</td>
<td>6994</td>
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<tr>
<td>2000</td>
<td>7894</td>
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<tr>
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<td>6035</td>
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<tr>
<td>2002</td>
<td>4493</td>
</tr>
<tr>
<td>2003</td>
<td>4562</td>
</tr>
<tr>
<td>2004</td>
<td>5113</td>
</tr>
<tr>
<td>2005</td>
<td>6134</td>
</tr>
<tr>
<td>2006</td>
<td>6974</td>
</tr>
</tbody>
</table>

Source: UNCTAD

Figure 1  Total Number of Mergers and Acquisitions in Selected Industries

Source: UNCTAD
number of M&A, but the largest and most rapid increase is in finance, which is an indication that finance is the most heavily concentrated sector (finance is excluded from the Eurostat data cited above).

The data presented in this section suggest that the first characteristic of Lenin’s definition of imperialism, capital concentration, is valid today. Manufacturing, services, and finance are highly concentrated industries.

3. The Dominance of Finance Capital

Finance capital “is the bank capital of the few big monopolist banks, merged with the capital of the monopolist combines of manufacturers” (Lenin, 1917, 237). Under imperialism, finance capital commands “almost the whole of the money capital of all the capitalists and small businessmen and also a large part of the means of production and of the sources of raw materials of the given country and of a number of countries” (Lenin, 1917, 190). The banks’ control of the flow of investment money that is used for operating corporations gives them huge economic power for controlling the capitalist economy (194). Lenin mentioned that banks are influential in accelerating technical progress (202). Capital concentration and the formation of finance capital are connected developments (203). Finance capital aims at generating extraordinarily high rates of profit (210). A finance oligarchy consisting of rentiers emerges in the imperialist stage (213).

The indicators that Lenin used for verifying this second characteristic of imperialism included: the percentage of total deposits controlled by banks of a certain size (measured by total controlled capital); the number of holdings and establishments of certain banks; the number of letters received and dispatched by certain banks; the amount of capital held by certain banks; the capital invested by certain banks in a country; the profit rate of certain banks; and the total securities issued by certain banks.

I have analyzed the Forbes 2000 list of the world’s 2000 biggest companies in 2008, by sector. The results are presented in Figure 2. Finance companies and financial service corporations together accounted for the vast share of capital assets in 2008 (75.96%). The second largest sector was oil, gas, and utilities (5.82%). The third largest sector was the information sector (4.63%), comprised (for
The data in Figure 2 are for the year 2007. Data for 2008, the year a new worldwide economic crisis started, show that the financial sector suffered tremendous losses: The world’s biggest 176 diversified financial corporations had combined losses of $46.27 billion, the world’s 92 largest insurance companies had losses of $61.8 billion. Nonetheless, the financial sector still accounted for 74.9% of all assets of the world’s 2000 largest corporations, oil, gas & utilities for 6.2% and the information economy for 4.6%. This are only minor changes in comparison to 2007, which shows that the economic crisis did not undermine the intra-capitalist hegemony of financial capital.

Figure 3 shows the growth of financial asset transactions by investment funds, insurance corporations, and pension funds for two selected countries, the United States and Japan. The value of financial transactions by U. S. insurance corporations and pension funds
increased from 51.7% of the U. S. GDP in 1980 to 122.92% of GDP in 2007; the value of financial transactions by U. S. investment funds increased from 5.3% of GDP in 1980 to 85.9% of GDP in 2007. In Japan, insurance and pensions corporations and pension funds increased the value of their financial transactions from 21.6% of GDP in 1980 to 75.6% of GDP in 2006; investment funds from 16.0% to 72.7%.

The perception that speculative finance capital dominates contemporary economies has in recent years resulted in the emergence of concepts such as finance market capitalism (Bischoff, 2006; Huffschmid, 2002) or financial accumulation regime (Aglietta, 2000; Chesnais, 2004; Zeller, 2004b) for describing contemporary society.

Statistical data confirm that today the second criterion of Lenin’s definition of imperialism is valid. Finance capital has grown tremendously in the past 30 years and commands “almost the whole of the money capital” (Lenin, 1917, 190). Its assets are so large that it has the power to influence all other economic sectors. Since the beginning of the 1980s, finance capital has increased its influence, importance, and concentration after it was subsumed under industrial capital in the 60 years preceding 1980. The emergence of liberalized global financial markets has enabled these developments. There are new qualities of finance capital today that were not present at the time of Lenin.
Today, the financial market is more than stocks and bonds: there is the powerful influence of insurance companies, pension funds, investment funds, and there are new financial instruments such as finance derivates (exchange-traded futures, exchange-traded options, over-the-counter swaps, over-the-counter futures, over-the-counter options), insurance markets, foreign exchange markets. These mechanisms have increased short-term financial profits, but simultaneously advanced the gap between financial values (what Marx termed fictitious capital) and actually accumulated values (between finance and economic commodity production) so that finance markets have become highly volatile. Excellent examples are subprime lending and mortgage-backed securities, high-risk financial mechanisms that have been at the heart of the financial crisis that originated in the financialization of the U. S. housing market and hit the world economy in 2008.

Finance capital is the dominant fraction of capital, which shows that an important characteristic of imperialistic capitalism is present today.

4. The Importance of Capital Export

“Under modern capitalism, when monopolies prevail, the export of capital has become the typical feature” (Lenin, 1917, 215). The goal is to achieve high profits by exporting capital to countries where “capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap” (Lenin, 1917, 216). Indicators that Lenin used for verifying the third characteristic of imperialism included the absolute amount of capital invested abroad by certain nations, and the geographical distribution of foreign direct investment.

Foreign direct investment (FDI) as an indicator for capital export represents only a fraction of total investment in overseas production (Held, et al., 1999, 237; Held and McGrew, 2007, 91; these authors mention a share of 25%). Hirst and Thompson (1999, 77, 79, 87) argue that FDI measures only what companies invest in their foreign affiliates, but not what they invest in their home countries. Although FDI might not be fully reliable as the only indicator, it nonetheless gives an indication of the level of global activities of corporations. Tables 2 and 3 show that FDI flows have increased from approximately 0.5% of world GDP at the beginning of the 1970s to a share between 2% and 4.5% since the end of the millennium. FDI stocks have increased from
a level of about 5% of world GDP at the beginning of the 1980s to 25% of world GDP in 2006. This does not prove that capital accumulation is global, but it is an indication that in comparison to the phase of Fordist capitalism, capital export through global outsourcing of production in order to reduce labor costs and fixed costs has become more important. The economy has become more global in the past 30 years in comparison to the years 1945–1975.

### TABLE 2

**World Foreign Direct Investment (FDI): Inflows and Outflows, % of World GDP**

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflows</th>
<th>Outflows</th>
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<tbody>
<tr>
<td>1970</td>
<td>0.51</td>
<td>0.47</td>
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<tr>
<td>1975</td>
<td>0.51</td>
<td>0.48</td>
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</tr>
<tr>
<td>1990</td>
<td>0.91</td>
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<tr>
<td>1995</td>
<td>1.15</td>
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<tr>
<td>2000</td>
<td>4.43</td>
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<td>1.86</td>
</tr>
<tr>
<td>2006</td>
<td>2.69</td>
<td>2.50</td>
</tr>
</tbody>
</table>

*Source: UNCTAD*

### TABLE 3

**World Foreign Direct Investment (FDI) in Stock, % of World GDP**

|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|

*Source: UNCTAD*
The transnationality index provided by the United Nations Commission on Trade and Development (UNCTAD) is calculated as the average of four shares: FDI inflows into a country as a percentage of gross fixed capital formation for the past three years; FDI inward stocks as a percentage of GDP; value added of foreign affiliates as a percentage of GDP; and employment of foreign affiliates as a percentage of total employment in 2005. The simple average for developed countries for the year 2005 is 24.4%, for developing countries 21.8%, and for transition countries 19.6% (World Investment Report, 2008). These data seem to confirm calculations by Hirst and Thompson (1999, 79–87) that show that “between 65 and 70 per cent of MNC value-added continues to be produced on the home territory” (Hirst and Thompson, 1999, 95). In the EU27 countries, 16% of the companies engage in international sourcing, 4% plan to engage in it, and 80% do not engage and do not plan to engage in it (Eurostat). In 2006, the top 100 TNCs listed in the World Investment Report had an average transnationality index of 61.6% (WIR, 2008, 28), which shows that large multi- and transnationals indeed do have transnational value sources.

The biggest 2000 TNCs had sales of $1414.95 billion in 2007 (calculation based on Forbes 2000, 2008). In 2007, world GDP was $54,347,037,614,014 current $US. Worldwide company revenues made up 27% of world GDP, which is approximately $14,673 billion (World Development Indicators). So the biggest 2000 TNCs accounted for 9.6% of the worldwide revenues in 2007. These data show that we do not fully live in a globalized economy, but that transnational corporations have become very important economic actors that manage to centralize a significant share of worldwide value generated to a large degree not in their home economies, but at the transnational level. Transnationalization is an important tendency in the contemporary capitalist economy. The most important reason for international sourcing for European companies is the reduction of labor costs: 45% of EU27 companies with sourcing activities say that this is an very important motivational factor, 28.5% say it is an important one, and only 9.9% say it is an unimportant factor (Eurostat). The two other most important reasons mentioned are reduction of costs other than labor costs and access to new markets. This confirms that transnational sourcing should be conceptualized within a theory of imperialistic capitalism.
Foreign direct investments have significantly increased in the past 30 years, as production has become more global. The world economy is still significantly rooted in national economies, but transnational corporations engage in global outsourcing of labor in order to save labor and other costs and to increase profits. By transnational production and investment activities, they have managed to centralize a significant share of worldwide economic value. Capital export, the third characteristic of imperialism mentioned by Lenin, has in comparison to the period 1945–1975 become far more important, perhaps qualitatively so.

The growth of FDI inflows and outflows shows that the economy has become more global in the past 30 years in comparison to 1945–1975. The largest TNCs in the world have operations that are predominantly global, i.e., located outside the home bases of these firms. This applies for sales, assets, and employees of these companies. The data confirm the presence of Lenin’s third characteristic of imperialism today.

5. The Economic Division of the World Among Big Corporations

Lenin argued that under imperialism, big companies dominate the economy. They divide among themselves spheres of influence and markets and make use of cartels, syndicates, and trusts. Finance capital struggles “for the sources of raw materials, for the export of capital, for ‘spheres of influence,’ i.e., for spheres of good business, concessions, monopolist profits, and so on; in fine, for economic territory in general” (Lenin, 1917, 266).

Lenin used the following indicators for the fourth characteristic: the number of sub-companies of certain corporations, the development of turnover, number of employees, and net profits of specific big companies. Whereas the third characteristic focuses more on economic activities that cross nation-state borders and the economic benefits that derive from them, the fourth characteristic covers the spatial dimension of these activities. This distinction is indicated by the term “division of the world among capitalist combines” (characteristic four) in contrast to the term “the export of capital” (characteristic three). The two characteristics are nonetheless certainly closely linked.

Figure 4 shows that the share of developed countries in total FDI inflows has fluctuated between 55% and 90% and the share of
developing countries between 10% and 45%. Overall, capital export has remained an unequal affair. The vast bulk of transnational investments stays within developed countries. Developing countries remain marginalized, although there are times when they achieve significant increases.

In 1970, the developing economies accounted for 28.7% of FDI inflows, in 2006 for 29.0%. So overall, there has not been much change. FDI outflows have continuously been very unequal since the 1970s, although the developing countries have increased their overall share (Table 4). The preponderance of investment comes from developed countries. The developed countries’ share in FDI outflows has dropped from 99.6% in 1970 to 84.1% in 2006. There is a more significant change in FDI outflows than in inflows. Lenin (1917, 217) cited a statistic that displays the distribution of the total foreign direct investments of Great Britain, France, and Germany in 1910: 32.1% were invested in Europe, 36.4% in America, and 31.4% in Asia, Africa, Australia. This shows that capital export was at the beginning of the 20th century, just as at the beginning of the 21st, shaped by global inequality.

Figure 5 shows that Europe is the most important receiver of FDI. In 2006, it accounted for 44% of all FDI inflows, North America for 19.2%.

The most important change in FDI since the 1970s has been the increase of FDI inflows in Asian developing economies (Figure 6).
The FDI inflow share of developing economies in Asia increased from 6.4% in 1970 to 19.9% in 2006; the inflow share of Latin America changed from 11.9% in 1970 to 12.7% in 2004 and 6.4% in 2006; the inflow share of Africa decreased from 9.4% in 1970 to 2.7% in 2006. Africa and large parts of Latin America are excluded from capital investment. Asia has attracted significant inflows. This is an important qualitative change in the landscape of capital export. China is the most important developing location for FDI inflows; it increased its share from 0.000187% in 1970 to 13.3% in 1994, which then again dropped to 9.5% in 2003 and 5.3% in 2006. Nonetheless, the data

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<tr>
<td>2006</td>
<td>84.13</td>
<td>14.34</td>
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</table>

Source: UNCTAD
show that China has become an important location for capital exports. Another significant change in capital export has been the decline of the United States as leading investor and the rise of Europe as leading investing region.

In 2006, Europe accounted for 55.0\% of FDI outflows and North America for 21.9\% (see Figure 7). North America’s leading position
at the beginning of the 1970s has vanished; its capital exports have decreased by 40 percentage points, from a 60% share to a 20% share.

Developing economies in Asia have become more important in capital export (Figure 8): They accounted for only 0.007% of FDI outflows in 1970 and for 9.6% in 2006. China (including Hong Kong, Macao, and Taiwan) accounted for 5.6% of these 9.6% in 2006. The rise of China as important capital exporter and importer has been the most significant change in the past 30 years in the world economy. In terms of capital export, China is now more important than Japan, which accounted for 3.8% of capital exports in 2006. Latin America increased its share in world capital exports from 0.2% in 1970 to 4.0% in 2006. Africa’s share changed from 0.21% to 0.7%. Africa is de facto excluded from capital export and import.

The world economy has remained in the past 50 years a geographically strongly divided class system. Lenin’s fourth characteristic of imperialism, the asymmetric spatial division of the world economy, is valid today. However, some important qualitative changes have taken place, especially the rise of China as important actor in the world economy and the deterioration of North America’s position that benefitted both Europe and Asia. FDI inflows are stratified in a relation of 70:30 between developed and developing economies, world imports in a relation of 65:35, world exports in a relation of

Figure 8
Share of FDI Outflows - Developing Regions

![Graph showing share of FDI outflows for different regions from 1970 to 2006.](image)

Source: UNCTAD

- Africa
- Latin America
- Asia
- Eastern Asia
Europe is the most important source and drain of FDI. Africa and large parts of Latin America are excluded from capital investment. Asia has attracted significant inflow growths. China is the most important developing location for FDI inflows. In 2006, developing Asia’s share of FDI inflows was larger than that of North America. North America’s position as leading capital export region has since the 1945 deteriorated significantly (from a share of 60% to 20%), Europe accounted for more than 50% of world capital exports in 2006. Latin America and Africa are essentially excluded from capital export, whereas Asia, due to the economic rise of China, has become important and now accounts for almost 10% of all capital exports.

In international commodity trade, Europe has remained the leading import region in the past 50 years, Asia has become a more important import region than North America, Latin America and Africa are both essentially excluded from world trade (imports and exports). World exports is an area that has undergone very significant changes in the past 50 years: Europe became the most important export region, North America’s position vastly deteriorated (decrease from a 30% share to one slightly above 10%), developing Asia became the second largest export region. China has become the most important developing and Asian trade nation and is in this respect now even more important than Japan. The most significant changes of the spatial structure of the world economy in the past 50 years has been the deterioration of North America in the areas of capital exports and commodity exports and the rise of China as important location for FDI inflows and important trading country, especially in exports. Capitalist production and world trade are spatially stratified, although China is gaining importance, there is a continuous huge predominance of corporations from Western countries both in capital export and world trade.

Giovanni Arrighi (2005) argues that there are two new elements of the capitalist world system: the divergence between military (U. S.) and financial (China, East Asia) dominance, and shift of the epicenter of the global economy to East Asia, especially China). Our data show that while it is overdrawn to consider East Asia as epicenter of the world economy, it has nonetheless become an important economic region with China as a powerful economic actor. “The fundamental point is that China is important for the OECD countries not only as a source of cheap, and potentially disruptive imports, but also
as an increasingly important market for exports” (Glyn, 2007, 96). Andrew Glyn’s analysis is certainly right, but it should be added that China has itself become one of the leading export nations. David Harvey (2003, 2005) argues that investment of OECD countries in East Asia, especially China, is a spatio-temporal fix for the overaccumulation crisis of capitalism. This interpretation makes sense, but it should be added that China in addition has become an important export nation.

6. The Political Division of the World as Completed Process

Lenin defined the fifth characteristic of imperialism as the “monopolistic possession of the territories of the world which have been completely divided up” (Lenin, 1917, 237). Each dominant state exploits and draws super-profits from a part of the world. “Each of them, by means of trusts, cartels, finance capital, and debtor and creditor relations, occupies a monopoly position on the world market” (253). Lenin argues that under imperialism, all territories on the globe have come under the influence of capitalist countries. A re-division would be possible at any time, but not a new seizure. In imperialism, there are not just simply colonies and colony-owning countries, but also semi-colonies, politically independent countries, which are “enmeshed in the net of financial and diplomatic dependence” (234). Formal dependence under imperialism becomes “a link in the chain of operations of world finance capital” (235).

Indicators that Lenin uses for the fifth characteristic include: the development of the percentage of territories that belong to the European colonial powers, and the area and population under the control of certain colonial powers.

Panitch and Gindin (2004, 2005) argue that the failure of classical theories of imperialism was their focus on inter-imperial rivalry and a reduction of state power to the economy (a similar critique of Lenin is made by Ahmad, 2004). Lenin never spoke of “inter-imperialist rivalry” as a characteristic feature of imperialism, but he did say that the division of the world has come to an end under imperialism (226f). This means that there is a global rule of capitalist structures. Whether one, two, or more countries dominate, whether they enter military conflict or economic conflict — these circumstances can all be explained as specific historical expressions of this characteristic. Lenin
stressed the dynamic character of this division and therefore speaks of possible re-divisions (Lenin, 1917, 227). The only time Lenin mentioned rivalry in chapter VI of *Imperialism* was when he said that capitalist corporations try to “make it impossible for their rivals to compete” (232). He wrote that finance capital is the driving force of territorial conflicts: “Finance capital strives to seize the largest possible amount of land of all kinds and in any place it can” (233). This does not mean that there is necessarily an inter-imperialist military rivalry between countries. But it is wrong to conclude that there is no rivalry today. So for example the European Union sees the United States as its biggest economic competitor and has therefore set itself the goal to become “the most competitive and dynamic knowledge-based economy in the world” until 2010 (Lisbon Agenda). There certainly is economic rivalry, although no major military rivalries between the major countries are present today. However, military interventions such as in Afghanistan and Iraq on the one hand and global terrorism on the other hand show that today there is military rivalry among great powers concerning world influence and in certain parts of the globe. Both economic rivalry and military conflicts are indicative of what Lenin described as conflicts for hegemony between great powers (which must not necessarily be nation-states because “great powers” are powerful actors, which can also be corporations, not only nation-states) that constitute “an essential feature of imperialism”: “rivalry between a number of great powers in the striving for hegemony, i.e., for the conquest of territory, not so much directly for themselves, as to weaken the adversary and undermine his hegemony” (239).

The United States certainly is the dominant global military power today and has been successful in imposing its will by military means without much resistance by Europe, Russia, China, or other countries. The difference in military power can be gauged, for example, by government expenditures. In 2006, the EU25 countries devoted 10.8% of their total government expenditures to defense, 12.9% to education, and 18.8% to health. By contrast, the corresponding shares for the United States in 2008 were 17.1% on defense, 3.2% on education, and 11.2% on health. That the United States is a dominant global military power means only that it has been successful in being hegemonic, which does not mean that it will never again be challenged by others with military means.
Finance capital today is the dominant form of capital. If there were really a fully American Empire, as Panitch and Gindin say, then finance capital would have to be fully dominated by U. S. institutions. However, of 495 companies that are listed under the categories banking and diversified financials in the Forbes 2000 list of the world’s biggest companies in 2008, 100 (20.2%) are from the United States, 114 from the European Union (23.0%), and 178 (36.0%) from countries in East Asia/Southeast Asia/South Asia (China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Taiwan, Thailand). This shows that there is not an American finance empire, as claimed by Panitch and Gindin (2005), but that U. S. capital stands in fierce competition with European and Asian capital.

There are several competing explanations for the U. S. invasion of Afghanistan and Iraq (see Callinicos, 2003a, 2005, 2007; Harvey, 2005, 2006; Panitch and Gindin, 2004, 2005; Wood, 2003b): securing access to oil as economic resource, securing worldwide geopolitical hegemony, the expansion of U. S. economic power in the face of deterioration of the U. S. position in export of capital and commodities and the strong position of Europe and China, the conquest of strategic countries in the Middle East in order to be better equipped for limiting the influence of Islamic nations and groups that challenge Western world dominance, or the struggle for the extension of neoliberal capitalism all over the world. It is imaginable that the these wars are caused by a combination of some or all of these elements.

No matter which factors one considers important, the war against Afghanistan and Iraq, global terrorism, and potential future wars against countries like Iran, Pakistan, Syria, Lebanon, Venezuela, or Bolivia, shows that war for securing geopolitical and economic influence and hegemony is an inherent feature of the new imperialism and of imperialism in general. Although investment, trade, concentration, transnationalization, neoliberalization, structural adjustment, and financialization are economic strategies of imperialism that do not resort to military means, it is likely that not all territories can be controlled by imperialist powers and that some resistance emerges. In order to contain these counter-movements, overcome crises, and secure economic influence for capital, in the last instance warfare is the ultimate outcome, a continuation of imperialism by non-economic means in order to foster economic ends.
Statistical data show *ex post* that economic ends can be important influencing factors for the wars in Iraq and Afghanistan. Table 5 shows that foreign investments have boomed in Afghanistan since 2002 and in Iraq since 2003. Oil is the main economic resource in Iraq. In 2002, 99.3% of all exports from Iraq were fuels. In 2006, this level remained at a high level of 93.9% (UNCTAD). In 2006, the value of annual Iraq oil exports was 2.3 times the 2002 value.

Table 6 shows the increase of Iraq fuel exports in absolute terms.

In the same period (2002–2006), as fuel exports from Iraq climbed, the value of oil imports by the US increased by a factor of 2.8 and the value of oil imports by the UK by a factor of 3.8 (Table 7). These data suggest that investment opportunities and resource access are important, but certainly not the only factors in the invasions of Iraq and Afghanistan by the US and the UK.

In 1988, the annual military expenses of the United States were $484 billion. There was a drop in spending after the end of the Cold War (1998: $329 billion). The new wars in Afghanistan and Iraq resulted in a rise to $441 billion in 2003 and $547 billion in 2007 (all values in constant US$) (SIPRI Military Expenditure Database). In 2007, the United States accounted for the largest share of world military spending (45%), followed by the UK and China (each 5%) (*SIPRI Yearbook 2008*). Comparing annual U. S. military spending for the years 2001 and 2006 shows a growth of 30% for overall expenditure, 47% for military operations and maintenance, and 58% for research, development, test and evaluation (*SIPRI Yearbook 2007*, 276). In 2006,

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<td>2006</td>
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*Source: UNCTAD*
41 U. S. companies accounted for 63% of the sales of the top 100 arms-producing companies in the world (ibid.). In the period 1998–2007, annual world military expenditures increased by 45%. These data show that the new imperialism is based on U. S. military hegemony in military outlays and activities.

The U. S.–led war in Iraq and Afghanistan is the practical validation of the presence of the fifth characteristic of imperialism today. Military conflicts that aim at territorial control and global hegemony and counter-hegemony are immanent features of the new imperialism. Lenin (1917, 264) argues that imperialism is leading to annexation and increased oppression and consequently also to increased

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Source: UNCTAD
resistance. 9/11 and the rise of global terrorism can be interpreted as a reaction to global U. S. economic, political, and cultural influence. This has resulted in a vicious cycle of global war that creates and secures spheres of Western influence and global terrorism that tries to destroy Western lifestyles and Western dominance. At the time of Lenin, there was an organized labor movement that resisted imperialism and culminated in the October Revolution. Under the new imperialism, the political left is marginal and hardly influences world politics, which are dominated by Western imperialists and Islamic hardliners. Therefore today there seem to be much less political grounds for emancipatory transformations than at the time of Lenin. In the early 21st century, the formula no longer is “socialism or barbarism,” but rather “barbarism or barbarism.”

**Conclusion**

In this paper, I have tried to show that Lenin’s notion of imperialism is important for analyzing contemporary capitalism. Contemporary capitalism is characterized by a new imperialism, in Lenin’s meaning of the term. There has been a return to the fundamental characteristics of imperialism identified by Lenin, but at the same time these characteristics take on new forms.

The data suggest that contemporary capitalism is an imperialistic capitalism in Lenin’s sense, and that Lenin’s five characteristics of imperialism can be reformulated for contemporary capitalism:

1. **Capital concentration:** Capital concentration remains an important characteristic of industry, services, and finance. 2. **Finance capital:** Finance capital is still the dominant form of capital today. There are, however, more than stocks and bonds on financial markets, as insurance companies, pension funds and investment funds have gained in influence, and there are new financial instruments such as finance derivatives. Neoliberalism has created volatile global deregulated financial markets. The 2008–09 financial crisis has resulted in losses in all parts of the economy, not only of finance, but finance is still predominant.

3. **Capital export:** this third characteristic of imperialism mentioned by Lenin, has in comparison to the period 1945–1975 become far more important; transnational corporations are in fact a qualitatively new development of this feature. 4. **Economic division:** The
asymmetric spatial division of the world economy remains valid today. The new aspects are the increased weight of Europe in FDI and the emergence of Asia, especially China, as a major importer and exporter of capital. Finally, 5. Political division. The U. S.–led war in Iraq and Afghanistan is the practical validation of the continuing presence of this fifth characteristic of imperialism. Military conflicts that aim at territorial control and global hegemony and counter-hegemony are immanent features of the new imperialism. The USA is a global military hegemon, but not a global economic hegemon. It faces economic challenges by Europe and China.

Lenin observed on the First World War and the imperialism of his time:

Capitalism has grown into a world system of colonial oppression and of the financial strangulation of the overwhelming majority of the population of the world by a handful of “advanced” countries. And this “booty” is shared between two or three powerful world plunderers armed to the teeth (America, Great Britain, Japan), who are drawing the whole world into their war over the division of their booty. (Lenin, 1999, 28.)

Lenin described the First World War as “war for the division of the world” (Lenin, 1999, 27). The War was the expression of the political–economic conflict between what Lenin termed imperialism’s “great powers” (Lenin, 1917, 239). Imperialism is necessarily a system of political–economic competition between great powers. In present-day conditions, military conflicts and economic conflicts do not coincide. Arab nations question Western hegemony with military means and Asian nations such as China with economic means. Lenin spoke of conflict between great powers, but this did not necessarily mean that these powers must be nation–states, or that economic and military conflicts must always coincide. Military conflicts have economic dimensions and economic rivalries can, and in many cases do, result in wars, but if and when this happens is not predetermined, but a matter of the contingent complexity of societal power struggles. We simply do not know for example if in the future there will be a war between China and the Western nations for political–economic hegemony. To assume that this will necessarily be the case would reveal a deterministic understanding of history, something that is unfortunately not alien to Marxism and has proved to be a failure in the past.
The future cannot be predicted; we can, however, say that, unless alternatives to the global rule of capitalism emerge in the 21st century, it will be another century of violence, with new territorial wars waged for political-economic reasons.

REFERENCES


