

Imperialism and Revolution



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Program 9

The militarization of US economy and society

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In our programs to this point, we have been exploring the reasons for the spectacular ascent of the United States from 1776 to 1968. We have found that the economic development of the United States was built on a foundation of slavery, which involved two moments. First, the trading relation between farmers of the English colonies and the slaveholders in the Caribbean, which facilitated the accumulation of capital in the Northeastern and Mid-Atlantic region of what would become the United States, capital that was invested in industry in the first half of the nineteenth century. Secondly, the trade between the manufacturing North and the slave South in the nineteenth century, promoting the economic development of the North and the socio-economic underdevelopment of the South. In addition, the economic development of the United States was built on a foundation of conquest, particularly the conquest of the indigenous nations, societies, and peoples of a great part of the North American continent; as well as the military invasion of Mexico, resulting in the ceding of significant territory to the United States. This forced acquisition of land expanded the territorial base for U.S. economic expansion and development.

Moreover, as we have seen, the spectacular U.S. ascent was further fueled by the concentration of industry and banking, a process led by a generation of men who came of age in the 1860s, the “Robber Barons,” which led to the transformation of social institutions, as they adapted to the new economic reality of monopoly capitalism. In addition, as we have seen, the ascent was fueled by imperialist policies, particularly toward Latin America and the Caribbean. Continuously during the twentieth century, U.S. foreign policy was successful in providing U.S. industrial and agricultural corporations and banks with access to the markets, raw materials, and labor of the region, further accelerating the U.S. ascent. The means included military occupations, military interventions, military threats, bribery, economic rewards, economic sanctions, political maneuverings, and diplomacy.

Today, we look at another factor that fueled U.S. ascent, namely, the economic benefits to the nation of World War I and World War II, and the conversion of the post-World War II economy into a permanent war economy.

The United States profited enormously from World War I. The belligerents in the war needed to borrow money in order to purchase food and arms. Responding to this need, U.S. banks provided credits and floated loans to warring nations on both sides of the conflict, although 90% of it went to the allied powers. The United States was converted from being one of the world’s greatest debtor nations in 1914 to one of the largest creditor nations by the end of the war. As Walter LaFeber wrote in his book *The American Age*, “This huge, quick movement of money between 1914 and 1918 helped turn the United States into the world’s economic superpower of the twentieth century.”

During World War II, the United States converted its industries into the service of war needs, and in the process, experienced rapid economic growth. As LaFeber notes, “between 1940 and 1944, U.S. industrial production shot up 90 percent; agricultural output 20 percent, and the total gross national production of all goods and services 60 percent.”

The United States emerged from World War II with unchallenged dominance. Its territory had not been affected by the war, and thus it did not experience the violent destruction of its industrial infrastructure, as occurred with Germany, Japan, and even Great Britain, whose industrial production had been surpassed by the US ascent. The Soviet Union had successfully converted its industries to a war economy during the war, utilizing highly effective state planning. But the Soviet Union, in spite of an impressive industrial growth after 1917, was still significantly less advanced than the United States.

Following World War II, rather than reconvert to a peacetime economy, the USA embarked on an expansion of its war industry, converting its economy into a permanent war economy. Military expansionism was justified by the Cold War ideology, which maintained that the strengthening of the U.S. military was necessary as a counterweight to the expansionist tendencies of the Soviet Union. This was an ideological distortion, because in reality, Soviet foreign policy was not expansionist. The Soviet Union sought peaceful co-existence with the United States, in which the Soviet area of influence close to its borders in Eastern Europe and Asia would form a secure cordon of security around its territory, implicitly leaving to the United States vast areas of Latin America, Africa, and South East Asia to U.S. neocolonial exploitation, in competition with the European colonial powers, which had to accept the process of decolonization and the transition to a neocolonial world-system. The extraordinary success of the Cold War ideology, in spite of its mischaracterization of Soviet foreign policy, is explained by the fact that it legitimated an arms race, thereby serving the interests of the arms industries.

Militarism came to dominate the US political system. The Cuban scholar and former diplomat Jesús Arboleya writes, “In a kind of militarist application of Keynesian theory, defense expenses replaced public spending as the principal driving force of the economy and the scientific development of the country.” Arms production became central to the economy. Arboleya writes that “arms capital merged with other branches of the economy and served the expansion of the large conglomerates and transnational companies of the country. Such was the warning of President Eisenhower, that a military-industrial

complex had been consolidated.”

The militarization of the US economy shaped the cultural and ideological formation of the people. Arboleya notes that “militarism required U.S. policy to be based on the fabrication of a climate of fear and insecurity, because this was required for the arms market. Communism was presented as a ghostlike force that intended the domination of the world.”

The real threat to the United States, however, was not from communism, but from the Third World revolutions, which challenged the basic structures of the neocolonial world-system. In response to this global challenge from below, the militarization of economy and society was functional. The United States possessed a capacity for military intervention anywhere, and military presence everywhere. It continually threatened any nation or social movement that sought true sovereignty beyond the formal independence permitted by the neocolonial world-system. With its enormous military capacity, the United States became the “global policeman,” claiming to act against “communism” and in defense of “democracy,” when in reality it was defending its neocolonial interests.

Anti-communism was an enormously powerful ideological tool, enabling the USA to present a distorted image of Third World anti-colonial and anti-neocolonial movements as manifestations of the spreading menace of communism, thus justifying imperialist interventions throughout the world. Interventions in defense of neocolonial interests were presented as the defense of democracy, and this Orwellian inversion was widely accepted by the people.

The world wars of the twentieth century and the conversion to a permanent war economy were central to the continuation of the spectacular U.S. economic ascent during the period 1914 to 1965. Ironically, however, the dependency of the U.S. economy on the arms industry would undermine its economic advantage and its capacity to direct the neocolonial world-system, a phenomenon that began to express itself in various ways beginning in 1965. In the first place, its overinvestment in the military and underinvestment in new forms of sustainable development would undermine its competitive position vis-à-vis other advanced economies, and it also would lead to state budget and balance of trade deficits. In addition, its increasing application of military force, beginning with Vietnam and continuing after 1980 with various wars of aggression, would undermine its prestige, in the world, which in conjunction with its relative economic decline, would reduce its capacity to influence events in the neocolonial world order.

These are themes that we will explore later in the program, when we will look at the period of the relative decline of the United States and the entrance of the neocolonial world-system into a period of sustained structural crisis.

For the present, our focus has been on understanding the spectacular economic ascent of the United States from 1776 to 1968. In next week’s program on Imperialism and Revolution, we will explore the global neocolonial structures that function to sustain the economic advantage acquired during that spectacular ascent.

This is Charles McKelvey, speaking from Cuba, the heart and soul of a global socialist revolution that struggles for a world more just, democratic, and sustainable.

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