

Chapter 13

American Military Power—Global Public Good or Competitive Advantage?

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This chapter argues that the resistance the United States has encountered in applying its huge military power in Iraq, to a considerable degree results from continental European allies and Russia's suspicion that American 'private' interests lay behind the decision to go to war. Instead of providing defence as an international, indeed global 'public good', the United States appears to have used its military capability to gain a competitive advantage over others. However, the consent given by the original dissenters to Anglo-American control of Iraq's oil revenues in the United Nations Security Council in May, 2003, suggests that in fact, US unilateralism remains embedded in a Transatlantic bloc of states. The United States under Clinton and Bush has succeeded in bolstering American preponderance within this bloc in security matters, whilst linking them more closely to neo-liberal globalisation. Global governance thus is applied by a hierarchical, transatlantic bloc of states, able to absorb temporary disagreements in the interest of longer-term common goals.

First, the chapter maps the conflation of economic and security issues under globalisation and after the collapse of the USSR. A distinction is drawn between those who argue that the defence of property rights in an unequal world fuels war, and those that assert the essentially pacific and beneficial effects of Western military pre-eminence, democracy, and free markets. Second, the notion of a global public good, which has become the object of growing interest for multilateral organisations, will be explicated (Kaul *et al.* 1999, Kaul and Mendoza, 2003). A public (or collective) good is a concept familiar to economists; defence represents a 'pure' public good. The chapter¹ then examines issues raised by the transformation of defence from a national into an international or global public good. While the US is at the fulcrum of finance-driven globalisation, the case can be made that it has taken a new posture of 'global public good enforcer' in defence and security matters, which in turn has encouraged it to act in a unilateral, 'imperial' way. However, the United States alone is unwilling and unable to shoulder the burden of managing and ameliorating the disorder that accompanies globalisation. Other Western states, not resigned to accept US unilateralism, are in the end willing subjects to a hierarchical, transatlantic bloc, as emergent in the 1990s.

The Conflation of Economic and Security Issues in Globalisation

There is little doubt that World War II marked a turning point in world governance. The adoption of the UN Charter, the backbone of international regulation after World War II, challenged the underlying 'Westphalian state' model, which for centuries had served as the linchpin of international relations.

Of course, the post-war system had its basic rules frequently violated. Hopes for a world body, endowed with powers able to exert a constraining effect on all countries, were soon dispelled. Some states were obviously more equal than others, thanks to the veto power accorded to the Permanent members of the UN Security Council. . Indeed, the sovereign state model is better understood as an example of 'organized hypocrisy' (Krasner, 2001: 42).

Power asymmetry in international (economic and politic) relations has been the rule ever for centuries. In addition, the ‘balance of terror’ was indeed, a real exercise of terror by the superpowers during the Cold War, complemented by repression in their own sphere of influence. To some, therefore, the system that emerged in 1945 was not so much a new system, as the culmination of the old (Cooper, 2002).

The nineties saw further dramatic changes in international relations, as the USSR collapsed and finance-led globalisation loosened the grip of governments on national economies. As a result, economic and security issues have become more intertwined. This is not to argue they had not been linked practically before the 1990s. However, in academic research during the Cold War, a sharp distinction had been observed between international political economy, or economy per se, and security studies. The bipolar struggle, which dominated the security agenda was seen as having few interfaces with political economy issues. Notably, this ‘false distinction’, led students of political economy to minimise their interest in security issues (Kirshner, 1998). This changed as globalisation of economic and political relations put security-related problems on a new foundation. With the apparent transformation of the world into a ‘global village’, new threats have arisen. Concretely, these emerge from the multiplication of non-state agencies representing a threat, and the fact that civilian devices are now used (e.g. transforming a jet into a piloted cruise missile, paralysing computer networks, etc.) in addition to traditional military means.

There are two contrasting ways in which the current academic literature addresses the relations between economic globalisation and security matters.

One is to posit that, in a context of deep inequalities in revenue and wealth distribution, the protection and enforcement of private property rights on a global scale (as a result of privatisation, liberalisation of trade and financial flows) increases the possibility of conflict. As new security challenges arise from globalisation, the focus should be on ‘human security’, a concept introduced by the United Nations Development program (UNDP). ‘Human security describes a condition of existence in which basic needs are met, and in which human dignity, including meaningful participation in the life of the community can be realised’ (Thomas, 2000: 6). However, globalisation has aggravated economic and social inequalities, and contributed to growing insecurity. Structural adjustments programs (SAP) promoted by the World Bank, have reduced state revenues and forced dramatic cuts in social spending. Such programs pushed many less developed countries in a downward spiral involving the loss of legitimacy, growing disorder and military fragmentation. ‘New wars’ occur in this context (Kaldor, 1999).

These ‘new wars’ often feed on ‘predatory economies’, as local elites and segments of failed states’ apparatuses finance their activities through loot, extortion, or the pillage of natural resources. The proceeds are recycled (laundered) in global commodity and financial markets. In some places, like Africa’s Grand lakes’ region, ‘ethnic wars’ (the ‘ethnic’ element itself often seen as an explanatory factor for war), coincided with the uninterrupted exploitation of oil and other mineral resources by transnational corporations—this includes the genocide in Rwanda. Such ‘new wars’ should be considered not only a consequence, but also an active component of economic and financial globalisation, as they are integrated into global financial and trade systems (Serfati, 2001a). Globalisation has not only failed to produce convergence between countries; the universalization of capitalism (‘commodification of the world’) proceeded in tandem with increasing differentiation of surplus and wealth appropriation (Serfati, forthcoming). If the devastation of social and economic life by the laissez-faire capitalism of the 1920s required, in Polanyi’s phrase, a Great Transformation to avoid humanity’s self-destruction, today humanity may be perceived as undergoing a ‘reverse great transformation’.

The contrasting approach to the relation between economic globalisation and security asserts that the expansion of markets, implementation and enforcement of property rights, and promotion of free trade generate prosperity and welfare for all. Threats in consequence decline. 'Peace, democracy, and free markets... have become the world orthodoxy' (Mandelbaum, 2002: 62). Such claims are clearly in keeping with mainstream Economics, which sees free trade and free-markets as the route to prosperity and peace. This of course was the idea of the founding fathers of liberal political economy, although Adam Smith was quite mindful that the 'invisible hand of the market' needed a government defending the rich against the poor. These three themes—peace, democracy, and free markets—have been synthesised in arguments such as those concerning 'the end of history', to the point where they have become 'the triplets of the post-modern era'. As they are considered global public goods, the question arises; who will provide them? The answer seems obvious: 'The principal use for American power: to defend, maintain, and expand peace, democracy, and free markets', (*Ibid.*: 62). Before returning to this question, it is necessary to outline the argument on public goods more generally.

From National to International Public Good

As every Economics textbook explains, a public good possesses two central characteristics: non-rivalry or indivisibility (the consumption of a unit of the good by one agent does not diminish the opportunities for others to consume the same unit) and non-excludability (if it is provided to one person, it is provided to everyone).² Since markets will not function for non-excludable and non-rival goods, there is an incentive to 'free-ride' on the efforts of others to provide them. To prevent under-provision of the good, the general solution is for the state to step in. In this way, the collective good truly becomes a 'public' good. There are of course other ways: contractual (based on the Coase theorem), the creation of a market allowing for internalisation of externalities (the creation of pollution permits is an example of a collective 'bad' being marketed), or the management of the public good by a private authority, generally acting as monopoly, under the supervision of a (public) regulator.³

Defence, as a 'pure' collective good, obviously must be managed by the state. By defence is meant the provision of the 'service' of protecting citizens and their property. This leaves unresolved the issue of the level of production of material means of protection, e.g., arms production, R&D activities, etc. The proposed solution is to distinguish between an input and output in defence. 'In principle, NATO is providing collective defence output in the form of peace, protection and security. Defence expenditure is an input which purchases air, land and sea forces designed to provide final output in the form of peace and protection' (emphasis in the original, Hartley and Sandler.1999.668). To paraphrase Joan Robinson, the challenge for a defence Economics that draws upon neo-classical principles, is to resolve the absence of a bridge between national defence on the one hand, and its monetary representation in the form of arms produced, personnel wages, etc on the other. The classical problem of trying to put a price on a good for which there occurs 'market failure' remains. The price cannot be generated by the market mechanism (Smith, 1995). This leads to the estimate that the price of security can be derived from the level of defence spending. This seems a tautology; the level of security demanded by consumers to maximise utility equates to the supply of security measured by the level of defence spending.

The theory of Public Goods was initially formulated within a nation-state framework. Its extension to the international (or global) level raises complications. At the national level, it

is often sufficient to assert that the very existence of government guarantees the provision of the collective good, defence.⁴ However, who is to provide defence at the world level?

There are obvious methodological problems in equating the national and international realms. For example the provision of free trade has relied on the willingness of one state to use resources and influence to establish an international economy based on free trade, monetary stability, and freedom of capital movements (Gilpin, 2001). A hegemon is necessary if the world economy is to benefit from economic stability and peace. The movement from a state acting as provider of public goods within national boundaries, to a hegemon guaranteeing economic stability and peace, is not one to take lightly.⁵ Whilst states might be assumed to act as a benevolent agent for their citizens, the same does not apply automatically to a hegemon. The free rider problem remains unresolved and the former national provision of the public good continues to complicate its provision at the global level. This leads to the creation of clubs or alliances between countries. In this case, private or ally-specific benefits are an outcome of joint products. 'These ally-specific benefits may assume a variety of forms: quelling domestic unrest, pursuing territorial expansion, threatening a neighbouring state, managing domestic terrorism, controlling drug trafficking, responding to national disasters, and patrolling coastal waters' ((Sandler and Hartley, 1999: 35).

The complexity of the distinction between private and public benefits, may be illustrated by claim that 'Although these defence outputs are private to a specific ally, they are public within the ally doing the providing' (*Ibid.*, emphasis in the original). Would every citizen of a colonising country benefit from the pursuit of territorial expansion? Likewise, what benefits accrue to those protesting against governmental policy? Additionally, it is conceded 'that the proponents of the theory of hegemonic stability... are fully aware that the hegemon can exploit its position for its own nationalistic ends' (Gilpin, 1987: 88). Hegemonic Stability Theory and the correlated hypothesis of defence as a global public good, obscure more than clarify. Based on a summary of mainstream approaches to international public goods, one study concluded 'NATO as a defence alliance is a complex good: it can be classified as an international public good ... [but] it can also be classified as a partially private good... In addition, some aspects of the good NATO provides can be viewed as a common-resource pool good (rival but non excludable), yet also as a club good (non-rival for members but excludable to non-members) (Brauer, 2000: 303). The observer is left reflecting once more on the role of the United States.

The United States as a Public Good Enforcer

Globalisation is widely considered to represent the 'highest stage' of economic liberalism, and the defence of the process as such, would qualify as a public good—a claim obviously reinforced by the collapse of the USSR. The order of the day is not to defend the free world, which has been 'realised', but to spread the triplets of the post-modern era. In September 2002, a report entitled The National Security Strategy of the United States of America, and reputedly authored by Bush's National Security Adviser, Condoleezza Rice, proclaims the right of the United States to exercise 'our self-defence by acting pre-emptively'. Significantly, this argument rests strongly on another, economic argument. Thus the struggle against the 'Axis of Evil' is viewed from the perspective of free markets and free trade, which, according to the report, 'arose as a moral principle even before it became a pillar of economics'. This places free markets and free trade at the very core of the Bush national strategy

These claims are not new. In July 2000, a bipartisan panel including Rice and Paul Krugman released an earlier report, which although little noted at the time, eventually proved highly influential. This report identified a hierarchy of US national interests, going from 'vital', 'extremely important' to 'important' and 'less important or secondary' interests (The Commission, 2000: 5).⁶ Vital national interests means those 'conditions that are strictly necessary to safeguard and enhance America's survival' (*Ibid.*: 6) . Among the five types of vital interests listed, and besides preventing and deterring the threat of nuclear, biological and chemical attacks on the United States, one reads: 'Ensure the viability and stability of major global systems (trade, financial markets, supplies of energy, and the environment)' (*Ibid.*) .

The Clinton and Bush administrations may have differed on many issues, but as far as international (economic and political) relations are concerned, a clear continuity can be observed.⁷ The 1991 military operations against Iraq, while authorised by a UN resolution, were not actually conducted by the UN, but by a broad, US-led coalition. The war in Kosovo was a NATO operation, and whatever may be claimed concerning its new security role, NATO from a global governance standpoint obviously remains a 'private' organisation. Indeed for many years now, the US has reneged on their commitments to international conventions and treaties. In 1999, Madeleine Albright, Clinton's Secretary of State, announced the US refusal to allow inspections under the Bio-weapon convention on the basis that such inspections endanger American companies' industrial competitiveness. The Bush administration propelled the abandonment of international law further. Arms control related treaties have been shrugged off and the creation of the International Criminal Court rejected, while countries keen to pursue it, have been threatened with a suspension of their privileged links with Washington. Finally, the 2003 war against Iraq was led by a 'coalition of willing', with no UN mandate, and indeed, in actual violation of the UN charter.

The US role has been interpreted by some as that of a midwife assisting the birth of the triplets of the post-modern era. If peace, democracy and free markets are to spread across the globe, the threat posed by 'pre-modern' forces has to be countered by US imperialism. Of course, given the strong emotional content, the 'I-word' is couched in soothing terms, such as human rights and cosmopolitanism (or, 'new liberal and post-modern' (Cooper, 2002), 'democratic' (Kurtz, 2003) 'reluctant' (Mallaby, 2002)). The US, then, should not be the only country to bear the burden, but will always be able to use its power as an empire in and of itself. This empire, however, is not as a coercive system of domination, but one essentially benevolent. 'If empires are understood as inclusive systems or order organized around a dominant state—and its law, economy, military, and political institutions—[then] the United States has indeed constructed a world democratic-capitalist empire' (Ikenberry, 2001: 192). Certainly not all observers are as delicate in their choice of words. Richard Perle, long-time hawk and close adviser of the Pentagon, actually 'thank[ed] God for the death of the UN', since 'its abject failure gave us only anarchy. The world needs order'.⁸ While some recognise that the war in Iraq is a breach of the prior practice of global governance. (Ikenberry, 2002: 53, 48;), others think that Europe is 'the most developed example of a postmodern state' and hence the better suited to implement a "postmodern imperialism" (Cooper, 2002: 15;). America's Iraq adventure may even have brought the European Union into a position where it will have to pursue that required by 'new liberal imperialism'

The question, then, is how American unilateralism still fits into the multilateral institutional architecture of the 1990s. The 2003 war against Iraq led by the US, raises only further concerns as to the stability and coherence of the international order. However, it is worth considering the extent to which the institutional architecture of global governance, centred on the Bretton Woods institutions and the WTO, have been shattered by the war. Does for instance the UN Security Council resolution of 22 May, 2003, giving the United States

and the United Kingdom control over the country's oil revenues through the (already established) 'Iraqi Assistance Fund', square with WTO rules? Mainstream Economics is of little help in interpreting US muscle-flexing to further its 'private' economic interests. To practitioners of International or Global Political Economy, this connection is less exotic. At the close of the 19th century and early into the 20th, free trade was effectively suspended for colonised and mandate areas, without destruction of the liberal principles on which the world economy supposedly rested. In that sense, the UN resolution of May 2003 on Iraq, might be interpreted as a repetition of colonialism and the mandate policy of the League of Nations as it was applied to the former Ottoman (including Iraqi provinces), German and Russian colonies, whose indigenous populations were not considered ready for independence.

There are at least two major differences between current developments and those of one century ago. At that time, a handful of big powers were contestants for global primacy, and as a result, no multilateral governance structure to deal with trade and investment existed. The Bretton Woods institutions have changed this picture, and some argue that the WTO might even become a truly supranational (and not just inter-national) institution, thanks to its dispute settlement mechanism ruled by a panel of independent experts. What particularly exasperates countries, such as France and Germany, is not the use of military force proper. After all, in 2003, with diplomatic arm-twisting in the UN Security Council at its' most intense, over 4000 French soldiers were deployed in Ivory Coast, in a move to secure a country in the French sphere of influence. Rather, some European countries are frustrated with the Bush administration's use of military might as a tool for gaining a competitive economic edge over its military allies (e.g., by marginalizing French interests in Iraq). What if the prime 'enforcer of global-economy liberalism' (Cox, 1993: 285) abandons the rules adopted within the multilateral global governance framework for a set of rules of its own?

This leads to the second substantial distinction to be made with processes in the 19th century. That is, the 'bifurcation of military and financial capabilities that has no precedent in earlier hegemonic transitions' (Arrighi and Silver, 1999: 275). The current 'hegemon' wields its military might while it is no longer able to exert dynamic effects on the world economy.⁹ Having been at the centre of economic globalisation for two decades, the United States has benefited to such an extent that some observers claim, while in the 1990s, a range of countries were drawn into a dramatic recession,¹⁰ the American economy had in fact become 'crisis-proof' (the 'new economy'). The irrational exuberance pervading Wall Street from 1997 was in part engendered by the 'flight to quality' of foreign money capital. It was already clear from a variety of main economic indicators that US economic growth was 'unsustainable'.¹¹

Recession in the world economy is not propitious for the success of WTO trade negotiations, which in principle is to be wrapped up by 2005. The dominant mood among governments is one of protecting constituents' interests. The US, which has been crucial in the institutional design of the WTO and which underwrote its free-trade orientation, now threatens its very existence. The WTO 'no longer mirrors the domestic political needs of American central decision makers' (Goldstein, 2000: 268). This, along with the mandate-style policy of the Bush administration in Iraq, increases the threat to the global governance architecture established in the nineties to promote free trade and an open world economy. Yet it may still be premature to consider the multilateral institutional architecture doomed to fail in consequence of US unilateralism or/and economic crisis. What the US can do in security matters is more difficult to achieve in terms of the economy. The US after all is highly dependent on the rest of the world in this sphere. The ever-increasing volume of money capital it needs to attract to finance its massive trade and budget deficits are ample evidence of this. Additionally, American institutions are drawing revenues from the rest of the world—

debt payments, royalties and fees from intellectual property rights, etc. Is the United States tied to multilateralism after all?

A Hierarchical Transatlantic Bloc of States

The existence of multilateral institutions with financial, trade, and macroeconomic responsibilities, is a significant and distinct feature of the current era. In the aftermath of World War Two, it was felt that multilateral intergovernmental organisations had become indispensable to the growing interdependence of national economies, and the prevention of ‘normal’ economic competition degenerating into wars between industrialised capitalist countries. Even when American hegemony reached its climax, the multilateral infrastructure never became a ‘toy’ of the US (Murphy, 1994). Its existence reflected both the prevailing inter-state balance of power (between industrialised countries) and the underlying economic forces driving the internationalisation of capital. There is no need to stress here, that interdependence dramatically grew from the eighties onwards—not least as a result of governmental policies which freed financial capital flows from tight regulatory controls.

These transformations of the global political economy require reconsideration of the system of governance at the world level. What emerged in the nineties, then, may be characterised as a ‘hierarchical transatlantic bloc of states’. ‘Transatlantic’ here refers to a geopolitical and geo-economic complex including key political and economic allies of the US, such as those in Asia and the Pacific (e.g., Japan, Australia, New Zealand). The Transatlantic area encompasses the very countries, which ‘matter’ in capital-driven globalisation, whilst also being military allies.¹²

The identification of the system of multilateral, global governance as based upon a transatlantic bloc of states can be supported on several grounds. First, is the fact that states have not allowed their ‘monopoly of legitimate coercion’ to unravel in the process of globalisation. The use of legitimate violence, as the *ultima ratio* of world politics, has not been privatised. Certainly there has been a shift of the boundary between public and private realms. Defence roles long considered the prerogative of states, are now taken on by private companies (Markusen, 2002). Yet, such companies are acting under a delegation of authority, which ultimately remains a public authority. The analysis here is far removed from those which either see the nation-state as an anomaly that has become ‘economically unnatural’ (Ohmae, 1995), or alternatively, predict its replacement by ‘an Empire [which] establishes no territorial centre of power and does not rely on fixed boundary or barriers’ (Hardt and Negri, 2000: xii-xiii). The notion that state authority and control are in retreat in the face of an all-powerful market is now the orthodoxy in mainstream International Political Economy.

In contrast, if the present system is undergoing a profound transformation, it is rather in the location and forms of authority, both within and outside states (Cutler, 2000). The term ‘hierarchical’ in this connection emphasises that the United States still occupies the summit of this new configuration.

Secondly, the proposed characterisation challenges the state-centred, hegemony-based classical approach and underlines the growing economic interdependence of national economies. That the US at the turn of the new century retains a hegemony, for which no equivalent can be found in past centuries, is difficult to dispute. However, the unique status of this single superpower, does not mean that the country is free of constraints, and can act as an absolute hegemon. The US, as a producing and consuming country, is increasingly dependent upon other industrialised countries, and this is further extenuated by its mounting external

indebtedness. Strong integration between the two regions either side of the Atlantic took place throughout the 1990s. Aggregate US and European Union GDP accounts for 40% of world GDP between 1990 and 2001. Over 70% of Foreign Direct Investment and cross-border Mergers and Acquisitions, two key indicators of globalisation used by economists, transpired between the two (including Canada, UNCTAD, 2002).

Thirdly, 'bloc' here means more than a provisional or short-range coalition of interests. It refers to a durable alliance between social forces and states which share similar objectives and 'values', something like the 'historic bloc' envisioned by Gramsci and taken up by the critical stream in the International Political Economy literature (Gill, 1993). Neo-liberal policies based on the 'Washington consensus' have been thriving in all industrialised countries, although different social traditions and levels of resistance constrain the scope and the pace of neo-liberal regulation.¹³ In the two last decades, the multilateral financial institutions have been instrumental in imposing these policies on non-industrialised countries. They have acted effectively as representatives of financial capital located in the industrialised countries, while elites in the Third World have behaved as rentiers, rather than as industrial capitalists, reaping advantage from structural adjustment programs and concomitant conditionalities. That American finance capital was the main beneficiary of globalisation, whilst the US government was in the driver's seat of the multilateral institutions,¹⁴ is evident. Yet, European finance capital also relied on the IMF or World Bank to deepen their hold on Third World countries' resources.¹⁵ Benefits from neo-liberal policies and the return to primacy of finance capital (see Duménil and Lévy in chapter 2) were the outcome of interactions between governments of leading countries and multilateral organisations. In geopolitical terms, there may have been strong discontent on the part of some European countries about the war on Iraq, but the United Nations has nevertheless begun a step-by-step process of legalising the occupation of Iraq.¹⁶ NATO, again notwithstanding real tensions, is not on the verge of disappearance, and might eventually be given a role in Iraq.

In conclusion, this chapter has asserted that the increased role of the US as global public good enforcer in defence and security matters represents a challenge to a 'multilateralist' mode of governance in international relations. Multilateralism means, if anything, the existence of a bloc in which the dominant Western states and the major multilateral organisations (the IMF, World Bank, and NATO) coalesce, in harmony with the economic and social forces guided by capital (The problematic of the articulation between transformations of inter-state relations and capitalist relations of production are taken up by the Neo-Gramscian or transnational historical materialist approach, see (Overbeek, 2000)).

Reluctantly or not, European governments continue to accept US leadership as they adhere to similar fundamental values (opening up markets, privatisation, free trade policies, and even in security matters). This does not preclude strong competition, exacerbated by endemic economic crisis. The European Union represents an institutional attempt to resolve problems of competitiveness. Therefore, EU members forge common interests vis-à-vis the US through, for instance, the single currency, technology policy, and regulation. This, in turn, requires a European Security and Defence Policy (ESDP) which might engender a 'self-reinforcing' and cumulative character in the development of European military through increasing defence budgets, growing military capabilities, and a broader scope to missions (Serfati, 2003) Its implementation, however, reflects tensions between the need for Europe, while acting as a 'soft power', to have strong autonomous military capabilities on the one hand, and the 'Transatlantic factor' (on defence issues, NATO) on the other. Ultimately, the result will be the increased use of military leverage in international relations.

¹ The chapter borrows from Serfati, 2003

² Different views on what is a public good exist. Some consider that the existence of indivisibility is sufficient to characterise a good as a public or collective one. For others, externalities (when the action of one agent influences the well-being of another agent and no means of compensation exists) as a 'market failure' is germane to a public good.

³ Telephone communications, seen as a collective good, has been long managed by ATT in the US territory.

⁴ For a strong criticism of 'national defence', as a public good, in reality representing some special interests, and the ensuing threat to the lives, property and liberty of the state's subjects put by the domestic military establishment, see Hummel and Lavoie, 1990.

⁵ As implicitly recognised by Kindleberger: 'In the international sphere where there is no world government, the question remains how public goods are produced' (1986: 8)

⁶ In passing, 'preventing genocide' and 'preventing the use of nuclear, biological, or chemical weapons anywhere' (my emphasis) are not in the category 'vital', but 'extremely important' (page 16) .

⁷ For a different view, see F. Halliday who considers that the multilateral approach was favoured by Clinton and quite tenaciously pursued by his administration (2002).

⁸ The Guardian, March 21, 2003.

⁹ That the US economy has accounted for a significant share of the world economic growth since the second half of the nineties is in part attributable to the weak growth in most regions of the world. Far from having dynamic world-level effects, the US economy appears to act more as a drain on world resources.

¹⁰ The turning point was probably 1997 with the so-called Asian crisis, which was followed by severe recessions in Latin America, Central and Eastern European countries. The last shock hurt Argentina in late 2000 after its governments followed a decade of IMF-led policy.

¹¹ Including the decline in the non-financial corporate rate of return from the 1998 first quarter on. This 'fundamental' was discarded by financial markets because of fascination for trendy financial indicators (Economic Value Added, Market Value Added, etc.) and somewhat masked by cooked accounting books (Enron etc). More surprisingly, the decline was ignored by students of the US economy.

¹² It is obvious that China, which gained huge momentum in recent years through its transformation into a capitalist economy, is not a member of this bloc. Instead, it is targeted by US strategy as the main economic competitor in the next decades and the country against which, in reality, the Missile Defence has been designed

¹³ Strictly speaking, one should speak, not of deregulation, but of neo-liberal regulation. It is not only in France that state institutions play a critical role in supporting business. As further evidenced in the Enron and other corporate swindles, the so-called deregulation of financial markets (here energy trading futures contracts), privatisation of energy utilities, self-regulation of auditing and SEC, three key ingredients of the 'Enroneconomy', required the action of strong social coalitions between 'private' and 'public' institutions (Roturier and Serfati, 2003). These public-private coalitions were at least as mighty and influential as those, with quite a different composition and objectives, which were set up during the Keynesian era, through public procurement, nationalisation, etc. between big companies and state institutions.

¹⁴ The quite different treatment of the debt issue in Pakistan and Turkey and in Argentina by the IMF in the last few years is evidence of its politically-biased agenda.

¹⁵ In the nineties top French companies, including France Telecom and Vivendi, were strongly involved in the privatisation of telecommunications and water supplies system carried out to facilitate Argentina's continued payment of interest on its (perpetual) debt.

¹⁶ At the time of writing, UNSC 1483 resolution, 2003, UNSC 1511 resolution (October 16, 2003).