Neoliberal Empire

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The United States will use this moment of opportunity to extend the benefits of freedom across the globe.... We will actively work to bring the hope of democracy, development, free markets, and free trade to every corner of the world. (National Security Strategy of the United States of America, September 2002)

It is difficult to deal with a great power that is both schoolmaster and truant. (Joseph Stiglitz, 2002)

THE WAR on terrorism involves a new round in the worldwide projection of American power and fossil fuel geopolitics and the threat of preventive strikes. A headline sums up the drift in American media: 'American Empire, Not "If" But "What Kind?"' (Daalder and Lindsay, 2003). What then are the characteristics of this empire? In the late 1990s neoliberal globalization was a regime of American economic unilateralism; is this now being succeeded by or combined with political and military unilateralism? This discussion probes the emerging features of a hybrid formation of neoliberal empire, a mélange of political-military and economic unilateralism, an attempt to merge geopolitics with the aims and techniques of neoliberalism. This is examined in relation to government, privatization, trade, aid, marketing and the occupation of Iraq as a case in point. A further, more difficult question is what kind of wider strategy is taking shape amid the turmoil of the new wars.

The Empire of Liberty

Eventually neoliberal globalization began to unravel and faced mounting failures and opposition. Moreover, neoliberal designs may be too multilateral, unpredictable and cumbersome to ensure American primacy. After

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all, the World Trade Organization (WTO) is a 'tariff-trading bourse' with a founding document of 27,000 pages (Finnegan, 2003: 50).

The 2002 National Security Strategy of the United States opens with this sentence: 'The great struggles of the twentieth century between liberty and totalitarianism ended with a decisive victory for the forces of freedom - and a single sustainable model for national success: freedom, democracy, and free enterprise.' Fukuyama's end of history is probably the quintessential statement of Cold War victory and its assimilation into American ideology. Its triumphal refrain echoes endlessly, for instance in President Bush's speech at West Point in 2002: 'The twentieth century ended with a single surviving model of human progress' (in Rhodes, 2003: 133). That the United States has achieved a status of historical infallibility has become an ordinary, unremarkable part of American discourse (cf. Mandelbaum, 2002). Condoleezza Rice argues that 'multilateral agreements and institutions should not be ends in themselves' and American foreign policy should refocus on the national interest. While welcoming relations with 'allies who share American values', she notes in passing that 'American values are universal' (2000: 47, 49).

The code word for this project is 'freedom', the cue to the empire of liberty. Freedom is short for 'American values', 'free enterprise', 'the American way of life' and the freedom to accumulate and consume without restraint (as President Bush I stated, 'the American way of life is not negotiable'). The Bush II administration allegedly takes up empire in the name of liberal internationalism, echoes Wilson's pledge to use American power to create a 'universal dominion of right' and practises 'Wilsonianism with a vengeance' (Zakaria, 2002; see also Rhodes, 2003). As Immanuel Kant observed, 'It is the desire of every state, or of its ruler, to arrive at a condition of perpetual peace by conquering the whole world, if that were possible' (quoted in Mearsheimer, 2002).

If end-of-history is the definition of self, its supplement is Huntington's clash of civilizations, which defines others – for instance in the outlandish theory that claims an Islamic-Confucian alliance is threatening the West. Next, western allies are cut down to size, as in Robert Kagan's analysis of power and weakness (2003), which views multilateralism as the power of the weak; a one-dimensional interpretation that by totally ignoring legitimacy is revealing in its own right.

Nothing defines this period as much as the preoccupation with power in Washington. In Orwellian speak, power too is freedom. For the conservative journalist Robert Kaplan (2002), only power counts because ours are not modern but neomedieval times. With regard to Iraq, the Pentagon declares that 'we are now ten times stronger' than in Operation Desert Storm. But not ten times stronger in soft power, not ten times more legitimate. Mainstream American policy discourse presents multilateralism and international law as no more than 'hot air' (Glennon, 2003). In the process the United States paints itself into a corner of arrogance of power and increasingly views the world through a gun-sight.

The scope of this project, like some classic empires and unlike the Cold War, is universalistic. 'Universalistic empires, in their dominant political culture and/or political practice, do not recognize other polities as legitimate equals.' This is in other words 'empire without end' (as Virgil described the Roman Empire; Spruyt, 2001: 239).¹ Neoliberal globalization was universalistic as an economic regime (free markets are the sole effective system); the war on terrorism is universalistic in giving the United States the exclusive and combined roles of prosecutor, judge and executioner.

Major previous empires claimed legal status. That the Roman and British Empires brought the rule of law was the basis of their claim to constitute a 'Pax'. Neoliberal globalization was rules-based, but the new empire is founded on the rule of power, not the rule of law. The United States doesn't endorse the International Criminal Court, claims exemption from its mandate for American nationals and uses this in negotiating trade and aid. The US exists in a state of 'international legal nihilism' with a steadily growing record of breaches of international law (Boyle, 2002).

These features are encoded in the Bush Doctrine: 'Either you are with us, or you are with the terrorists'; and the threat of preventive strike, including nuclear strike. The former sets the terms for universalism and the latter places the United States outside international law.

This project is kaleidoscopic and deploys the full register of power — military, political, economic, financial and ideological. But combining economic and political-military unilateralism does not make for a stronger compound. It yields the suspicion that political-military operations are intended to make up for failures of the neoliberal project and that war is a diversion from Wall Street blues. Applying the entire arsenal of instruments of power opens up multiple fronts and as many points of contradiction. How, for instance, do freedom and democracy rhyme with the use of military force? How does the liberal use of depleted uranium ammunition square with bringing liberty?

There are striking contrasts between neoliberal globalization and the imperial turn. Although the United States avoided international treaties, the Cold War and neoliberal globalization were framed by the collective security systems of NATO and other alliances. But the war on terrorism is avowedly unilateral and conducted outside Security Council mandates; while formally pursuing common security, the Bush II administration disdains not just foes but allies as well.² The administration scrapped international treaties outright and accepts security cooperation only if it can dictate the terms. Rumsfeld's 'the mission defines the coalition' (2001) means that American military objectives drive international cooperation.

The post-Powell doctrine of hardliners rejects restraints on the use of military force and takes the Pentagon back to before the lessons of Vietnam; the new willingness to take on 'small wars' (Boot, 2002) resumes the pattern of Cold War low-intensity conflict. But this administration's reluctance to engage in nation building and making scant resources available for it

contrasts with its overseas interventionism, for intervention is messy and small wars yield large ramifications. The 'turbulent frontier' gave rise to the *pericentric* understanding of imperialism (in which the periphery plays a central role; Fieldhouse, 1965) and applies also now. September 11 as blowback of Afghanistan and the Middle East, developments in Palestine, Pakistan, Kashmir, Indonesia, the Philippines, Central Asia, Georgia, Kurdistan, and the ongoing Lebanonization in Afghanistan and Iraq, echo this dynamic.

Past empires such as the British Empire invested a share of their surplus in infrastructure overseas, such as railroads and ports. But the new American empire is run not by a nation on the crest of economic achievement but by a nation undergoing structural economic decline, a hyperdebtor nation with a massive current account deficit that needs a daily inflow of \$1.9 billion in foreign funds to keep going, even without empire. This deficit empire, rather than investing overseas, drains the world of resources on a gargantuan scale; it is a cost-cutting cheapskate empire, even in basics such as supplies to its troops on the front (e.g. Confessore, 2003).

Neoliberal globalization was a regime of market conformity (as defined by the US Treasury) and pressure on developing countries and international institutions to conform to market ideology; the Bush II administration, in contrast, flouts free market rules. The new dispensation is regime change (or Pentagon democracy). Regime change in Iraq diverts attention from a war on terrorism that is going nowhere and is unwinnable, and converts asymmetric conflict to the familiar terrain of symmetric (interstate) conflict – except that the war has reverted to an asymmetric guerrilla conflict. No wonder the US finds itself in a quandary in Afghanistan and Iraq. General Sanchez, the US commander in Iraq, offers a new rationale for war: 'Every American needs to believe this: that if we fail here in this environment, the next battlefield will be the streets of America.' Paul Bremer, head of the American civilian command in Iraq, concurs: 'I would rather be fighting them here than fighting them in New York' (quoted in Turnpiseed, 2003). Thus the domino theory is now applied to international terrorism.

The wars in Afghanistan and Iraq are not essentially different from the Cold War coups and interventions that the United States implemented in Iran, Guatemala, Chile, Vietnam, the Dominican Republic, Haiti, Nicaragua, Panama and countless other countries, invariably resulting in their decades-long political and economic destabilization. As an observer notes, American power has been greater and of longer duration in the Caribbean and Central America, with which it has a greater cultural affinity, yet:

... with how much certainty and confidence is the term 'liberal' even today applied to states and societies such as Guatemala, Honduras and Haiti? ... What reason is there to suspect that America will do better in Afghanistan than it has in Haiti? (Rhodes, 2003: 142)

Osmosis of Neoliberalism/Empire

While neoliberalism and empire are far apart, what matters is not merely the contrast but also the osmosis of neoliberal globalization and imperialism, or how they fold into one another. The new policies unfold within a structured setting. The rapid succession from a neoliberal to an imperial project yields a combination of American economic and political-military unilateralism and a novel formation of neoliberal empire that twins practices of empire with those of neoliberalism. The core of empire is the national security state and the military-industrial complex; neoliberalism is about business, financial operations and marketing (including marketing neoliberalism itself). The IMF and World Bank continue business as usual, though with less salience and legitimacy than during the Clinton years; so imperial policies come in addition to and not instead of the framework of neoliberal globalization. Neoliberal empire is a marriage of convenience with neoliberalism indicated by inconsistent use of neoliberal policies, and an attempt to merge the America whose business is business with the America whose business is war, at a time when business is not doing so well.

The combination of business and coercion is not new; the Cold War also combined military power and free enterprise. But the habitus of neoliberalism that has taken shape during past decades is more pronounced than Cold War free market rhetoric, and economic deregulation since the Reagan years is much more advanced. The neoliberal regime and the imperial turn have in common that they are doctrinaire and involve vast military spending and spin and marketing. Viewed from the United States, continuities between neoliberal globalization and neoliberal empire include:

- State intervention in favour of corporations (fiscal policy, finance, environment, labour, zoning)
- Free market ideology conceals corporate redistribution
- Conservative ideology of authoritarian moralism
- Defunding social government (welfare reform, workfare)
- Funding punitive government ('three strikes and out', Patriot Act)
- Privatizing government functions (prison industry, security tasks)
- Threat inflation, massive defence contracts, militarism
- Marketing and spin
- Internationally: structural adjustment and aggressive trade policies.

Merging neoliberalism and empire yields peculiar outcomes; here we first look at government.

Government

One of the fundamental contradictions of neoliberal empire concerns the role of government. Neoliberal ideology pleads for small government – though the US government is strong on law and order and regulates by

deregulating, which is difficult enough to balance. The neoliberal mindset may be summed up in House Majority speaker Dick Armey's favourite saying, 'The market is rational; the government's dumb.' But empire requires big government; does this mean that the imperial turn puts dumb government in charge?

The accomplishments of neoliberalism – lean, cheap government – turned out to be liabilities in the war on terror. It was the frailty of its public infrastructures that made the United States vulnerable in the 9/11 attacks, the anthrax scare and in terms of air traffic security. Big government now returns in the form of a huge homeland security department, military and intelligence expansion, new surveillance and security systems, propaganda policies and government support for industries at risk. Establishing the homeland security department, the largest reorganization of the federal bureaucracy in half a century, was initially supposed to be 'budget neutral'. In line with neoliberal expectations, it is to be cheap, efficient and flexible (redeploying labour across departments without union restrictions), while matching imperial standards it is to be monumental. Cost-cutting exercises in homeland security are kept from the media. Also the Pentagon seeks expansion while reorganizing its workforce along flexible lines (Shanker, 2003a).

The tension between small-government ideology and big-government reality manifests in economic policy. The Concord Coalition, a budget watchdog group, warns against 'a schizophrenic pursuit of small-government tax policies and big-government spending initiatives'.³ Neoliberal tax cuts and imperial expansion of military budgets are contradictory moves from an economic point of view (tax cuts and war don't mix), but not necessarily from a political standpoint.

Privatization

The politics of privatization is that dismantling government means dismantling accountability; the politics of neoliberalism treats politics as a business proposition, or money politics, making it as unaccountable as business itself. The Bush II administration takes privatization to new heights. G.W. Bush, the only MBA to occupy the Oval Office, is described as 'the GOP's CEO' with the 'mentality of a successful CEO' (Dumbrell, 2002: 281; see also Begala, 2002). The CEO approach to governance involves reorganizing government itself, as in Silvio Berlusconi's CEO government in Italy. The campaign to roll back government is conducted by government, so bypassing government bureaucracies – in education, the environment, judicial process, fiscal policy, government contracts, intelligence gathering, warfare and so on – comes naturally to this kind of administration. The 'No Child Left Behind' education policy sets standards that schools must meet to receive accreditation and funding so high that failure rates are in the order of 20 percent (and may be as high as 70 percent); which means that students are no longer obligated to attend the schools in

their district and can opt for private schools, which will then receive government funding. In effect this introduces the controversial system of 'school vouchers' via the back door and erodes the public education system. Logging and drilling for oil in nature reserves such as the Arctic National Wildlife Reserve also occur by bypassing existing regulations and institutions.

The nation's shift to combat mode in the wake of 9/11 facilitated the authoritarian concentration of power, silenced criticism and widened the umbrella of 'security'. Neoliberal practices of outsourcing (to focus on core business) now extend to security and war. Business conglomerates built during the neoliberal regime cash in on empire, such as the Carlyle Group in defence contracts and Halliburton and Bechtel's contracts for building US bases and the reconstruction of Iraq (Shorrock, 2002, 2003). Under the security umbrella, government contracts for rebuilding Iraq were allocated without public accountability, or accountability was outsourced - to the companies themselves (Baum, 2003). Bypassing the CIA, FBI and Defense Intelligence Agency, circles within the administration set up their own intelligence units such as Team B and the Office of Special Plans in the Pentagon. Passing on the blame for intelligence failures regarding 9/11 and Iraq to the agencies – which had just been bypassed – weakens the agencies and maximizes executive privilege. The pervasive practice of cooking the books, Enron-style, now extends to policy in intelligence, security, the economy and the environment. Fudging data and deception become standard operating procedure. The judicial process in relation to suspected terrorists is politicized by reference to security. Terrorism Information Awareness means unlimited surveillance and limited accountability. Security voids the Freedom of Information Act.

Security operations are increasingly outsourced to private military contractors such as DynCorp and MPRI, some of which are subsidiaries of Fortune 500 firms. The global market in private military contracts is estimated at \$100 billion. These services include training foreign troops, low-intensity conflict overseas, security for President Karzai in Afghanistan, airport security and military recruitment. While these mercenary forces are paid for by American taxpayers, they don't operate under military rules, are unaccountable and 'allow the administration to carry out foreign policy goals in low-level skirmishes around the globe' without attracting media attention (Wayne, 2002; cf. Singer, 2003). This turns overseas conflict into another business proposition – just as prisons in the US have been privatized and turned into a 'prison-industrial complex' (Dyer, 1999). Thus neoliberal empire extends profitable domestic practices overseas.

The accounts of terrorism for the public and for insiders differ markedly. The media duly present terrorism as the arch-enemy of 'freedom' and routinely view it through the lens of *Jihad* and clash of civilizations (Abrahamanian, 2003). But the RAND Corporation, a Pentagon subcontractor, in testimony to congressional intelligence committees presents an entirely different view. Here Bin Laden is a 'terrorist CEO':

... essentially having applied business administration and modern management techniques learned both at university and in the family's construction business to the running of a transnational terrorist organization... Just as large multinational business conglomerates moved during the 1990s to flatter, more linear, and network structures, bin Laden did the same with al-Qa'ida... bin Laden has functioned like the president or CEO of a large multinational corporation: defining specific goals and aims, issuing orders and ensuring their implementation. And as a venture capitalist: soliciting ideas from below, encouraging creative approaches and 'out of the box' thinking ... (Hoffman, 2002: 13)

One view is a *Jihad* stereotype while the other assimilates al-Qa'ida into the neoliberal mindset as a decentralized transnational enterprise. The insider account of terrorism is business-like; in this view essentially two business empires compete, using similar techniques. Meanwhile both perspectives ignore the opponent's politics.

A vivid example of neoliberal empire was the plan for a futures market in political instability in the Middle East. It was set up at a Pentagon web site on the principle of using market signals as a source of information on political trends; a mutually advantageous combination of online betting and intelligence gathering, for isn't the market the best source of information? Revoked within days under pressure of Congress, it illustrated the novel possibilities of neoliberal empire and war as business.

Neoliberal empire is a tricky project. Neoliberal globalization sought to establish legitimacy transnationally, via political-economic principles (transparency, accountability, good governance); the Bush II administration shows decreasing transparency (empire requires secrecy), decreasing accountability (empire requires broad executive privilege) and decreasing good governance (civil liberties and due process impede the concentration of power).

Remote control via remote sensing satellites, unmanned drones and airborne surveillance is sufficient for containment operations (such as maintaining no-fly zones), but empire requires on-the-ground control involving ground troops and special forces. Universal empire yields imperial overstretch, including military overstretch and the over-commitment of American troops. Forsaking UN authorization in Iraq means that the 'coalition forces' consist mainly of GI boots; preparing for war and not for peace means that policing falls to coalition boots rather than UN peacekeepers; lasting insecurity and the withdrawal of UN and NGO personnel mean that GIs must also provide NGO services; and relying on hi-tech rapid deployment means that boots on the ground are thin. This has stretched American forces so much that deployment in Iraq outlasts military morale and National Guards and Reserves are deployed overseas contrary to their expectations. In summer 2003, 21 of the Army's 33 combat brigades were overseas, though normally only one brigade in three is deployed abroad while the other two retrain. While the Pentagon contemplates expanding its troop size (a very costly proposition), it outsources security tasks to private

military contractors. Law enforcement in Iraq was outsourced to DynCorp International in a \$50 million contract (Shanker, 2003b). But if privatization has trouble keeping electricity flowing in the United States (the 2003 power outage in the north-eastern US was essentially a consequence of privatization), would it be more reliable in providing security and services in a war zone?

By another account, the US suffers from 'imperial understretch' because it doesn't have the capabilities that empire requires.

Neither the public nor Congress has proved willing to invest seriously in the instruments of nation building and governance, as opposed to military force. The entire allotment for the State Department and the U.S. Agency for International Development is only 1 percent of the federal budget. (Nye, 2003: 71)

Neither does the United States have the cultural mentality and outlook that empire requires. Unlike the British during their imperial career, Americans have no desire to stay overseas; 'when Americans do live abroad they generally don't stay long and don't integrate much, preferring to inhabit Mini Me versions of America, ranging from military bases to five-star "international" (read: American) hotels' (Ferguson, 2003).

During the Vietnam War, the budget squeeze of Johnson's Great Society and the war effort produced a major slump; now a scarlet deficit economy faces a budget squeeze between monumental tax cuts, expansion of military spending and the cost of war and occupation. The expansion of military spending marks a shift from a gigantic to a colossal military force. In a globally wired economy with a large service sector and a failing new economy, a transition to a war economy is not as easily achieved nor as rewarding as during the Cold War. It breaks with the long-built American strategy of achieving primacy by promoting free market policies, which are less rewarding since the US has become a consumer and service economy.

Trade

The opportunism of the Bush II administration in macroeconomic policy does not help bring about a new international coalition. Proclaiming free trade while imposing steel tariffs and adopting a farm bill with hefty subsidies to American agricultural corporations demonstrates that the United States favours free trade only if it does not damage its interests, which is nothing new, but the signal is louder than before and clashes with the WTO agenda.

Free trade, long a core tenet of US hegemony, is increasingly politically driven. According to US trade representative Robert Zoellick, a signatory of the neoconservative Project for a New American Century, 'Trade is more than economic efficiency. It's about America's role in the world' (Becker and Andrews, 2003). Although the rules were biased, neoliberal globalization was nevertheless a rules-based international system of 'institutional envelopment'. The global trade regime 'institutionalizes closed markets in rich countries, coupled with rapid liberalization in developing countries' (Watkins, 2002). Agricultural subsidies in Europe and America run at \$1 billion a day, six times annual aid flows to developing countries. Europe imposed higher tariffs than the United States, but this changed with the Bush II administration. 'In the past several months the United States has compiled a long record of violating trade rules and has single-handedly blocked an agreement to provide medicines for the world's poorest nations' (Becker, 2003). The WTO awarded Europe the right to impose \$4 billion worth of trade sanctions against the US for giving tax breaks to American exporters. The American steel tariffs and the farm bill (increasing agricultural subsidies to \$20 billion per year) were calculated to secure a Republican victory in the 2002 Congressional elections. An analyst commented: 'The most important trade negotiator is Karl Rove.... He really made the call on steel and on farm. He counts the votes' (Becker and Andrews, 2003). Thus domestic votes took priority over multilateral trade; politics trumps international economics. Progress on agriculture, textiles and garments, the promise of the WTO Doha round, stalled. Free trade as pursued by the Bush II administration is a 'complex and sophisticated agenda' and 'a system of control'. 'We practice free trade selectively, which is to say not at all, and, when it suits our commercial purposes, we actively prevent poor countries from exploiting their few advantages on the world market' (Finnegan, 2003: 42).

With WTO negotiations stalled, the US government opts for 'competitive liberalization' via bilateral or regional trade talks. The Free Trade Area of the Americas (FTAA) faces opposition from social organizations, and from Brazil and other countries. Bilateral free trade agreements have been completed with Singapore, a strategic bridgehead in Southeast Asia, and Chile, a bridgehead in Mercosur (the common market of Southern Cone countries in Latin America) at a time when the FTAA faces opposition. Free trade talks are under way with Morocco, an unlikely American trade partner but a bridgehead in North Africa and the Arab world. The wider plan is to create a US–Middle East free trade zone by 2013, stretching across a region of 23 nations in North Africa and Asia. Free trade talks are ongoing with Thailand, India, South Africa and 25 other countries. But conducting trade negotiations simultaneously at regional and bilateral levels weakens the influence of the WTO (Altman, 2002).

Marketing

Regime change in Iraq came on the administration's public agenda soon after 9/11. Andrew Card Jr, the White House chief of staff, explained why the rhetorical campaign on Iraq started suddenly in September 2002: 'From a marketing point of view, you don't introduce new products in August' (Lewis, 2002). Neoliberal marketing carries over into government operations.

Neoliberal warfare comes with marketing campaigns worthy of

corporate causes. In 2001 the White House hired Charlotte Beers, a Madison Avenue top brand manager who was formerly with J. Walter Thompson and Ogilvy & Mather advertising agencies, to re-brand the United States: 'to sell the US and its war on terrorism to an increasingly hostile world' (she has since resigned). In the Arab world the reaction was one of indifference; as the editor of the Egyptian newspaper *Al Ahram* remarked after a meeting with Beers, 'she seemed more interested in talking about vague American values than about specific US policies' (in Klein, 2002). The crux is that the United States treats 'anti-Americanism' as a communications problem and not as a reaction to its policies. Rather than changing policies, the idea is to repackage and market them.

Long before the Iraq war started it was carefully marketed as a 'blow for freedom'. Operation Iraqi Freedom followed Operation Enduring Freedom in Afghanistan. Keywords sustained the campaign narrative such as 'regime', 'coalition forces', 'war of liberation', 'thugs', 'death squads', 'terrorists' (Rampton and Stauber, 2003). A by-product of marketing government policy, rather than just consumer products, is that authoritarian ideological drill is hammered home daily by all communication channels.

The Rendon Group was responsible for public relations during the Gulf War and produced the horror fantasy of Iraqi soldiers ripping babies from incubators in Kuwait. They worked for the CIA to boost the image of the Iraqi National Congress, the US-backed Iraqi opposition group; John Rendon, the head of the group, came up with the name (Rampton and Stauber, 2003). The Rendon Group was probably responsible for the choreography of tearing down Saddam's monument in Baghdad. 'Saving Private Lynch' was another Rendon product, delivered just when a feel-good news story was welcome; afterwards the whole story turned out to be fake.

In the wake of 9/11, the Pentagon strengthened its ties with Hollywood. The American military has increasingly become a marketing operation replete with slogans and fluff: full-spectrum dominance, dimensional hi-tech operations. The military's main new asset, Information and Communications Technology, is a commercial Silicon Valley product, so the Pentagon now carries the flag of new economy marketing. Major new weapons systems are untested. The Pentagon may turn into another Enron. Military victories in Afghanistan and Iraq are elaborately staged media operations. Even a supporter such as Thomas Friedman (2003) observes that the real situation in Iraq 'underscores how much the Pentagon's ideological reach exceeds its military grasp'. Neoliberal business is characterized by an inverse relationship between marketing and product, with more effort and quality going into marketing than the product. Customers are supposed to buy the marketing rather than the product and salespersons often begin to believe their own story.

Occupational Hazards in Iraq

The Bush team has now created the very monster that it conjured up to alarm Americans into backing a war on Iraq. (Maureen Dowd, 2003)

 $\it Table\ 1$ Contrasts between Neoliberal Globalization and Neoliberal Empire

	Neoliberal globalization	Neoliberal empire
Central arena	Economics and finance	Geopolitics
Key actors	Wall Street, Treasury, IMF, World Bank, WTO	US government, Pentagon, military industries
State	Lean government (except military)	Big government
Key state agency	Treasury, Commerce	White House, Pentagon, intelligence
Interests	Non-territorial	Territorial as well
	Market share	Political-military control
Project	Shareholder capitalism	Empire of liberty
US foreign policy	Uni-multipolarity	Unipolarity
	Market conformity	Regime change
	Financial and market discipline	Military discipline and economic incentives
Trade		l Tariffs, bilateral free trade, WTO
Ideology	Universalistic (free market for others, at home if convenient)	Universalistic (US primacy)
Media	Advertise global brands; propagate free market	Propagate fear and boost US military
Style	Corporate marketing, spin	Government marketing policy, the Pentagon marketing war
Conflict management	Humanitarian intervention	Preventive war
	Collective security	Permanent war

'We're here for your fucking freedom!' (US Marine to angry crowd in Baghdad, 2003)

The American and British occupation of Iraq is a highly unusual episode in the annals of conquest. I know of no other occasion in history where a conquering force did not merely purge the top leadership but shut down the entire country. Iraq's entire government and civil service, armed forces, police, firefighters, hospital staff, teachers and faculty were sent home and all production facilities stopped. Governance at all levels was shut down on the assumption that the Baath party penetrated everywhere; which may be true but doesn't carry the demonic meaning that US officials attribute to it. The invaders came with a minutely detailed war plan but without a peace plan other than protecting oil and other critical facilities. For the people of Iraq the outcome was unprecedented chaos, total breakdown of governance, security, services, production, employment and wages. What forestalled total disaster is that before the onset of war the UN Oil for Food programme had distributed basic food supplies to the population to last for several months.

The conduct of the war itself was unusual. First the country was brought to its knees by 12 years of sanctions. It was later disclosed that the reason why bombardment at the onset of war, the phase of Shock and Awe, was so brief was that, in reality, the war had begun months earlier; under the pretext of reacting to Iraqi violations of the no-fly zone, American and British forces had been bombarding Iraqi strategic sites and communication facilities for months. The guerrilla war that ensued suggests that Iraqi forces opted for tactical retreat.

In Afghanistan the CIA bought the Northern Alliance with millions of dollars to act as their proxy in an inhospitable land (just as the US had funded the Mujahideen to act as a proxy against the Soviets, and produced the Taliban regime). The United States bought victory at a price that will divide Afghanistan for a long time to come – a price that turns it into 'warlordistan' and cedes influence to the previous Northern Alliance supporters, Russia and Iran. Since the warlords have been appointed governors, the product of victory in Afghanistan is a mayor of Kabul and an upsurge of crime, opium production, human rights abuses and instability in the south. Of course, limited authority and reach of Afghanistan government are widely reported. Afghan warlords have a lasting stake in controlling the pipeline territories, which ensures the enduring segmentation of the country. Thus over the years the US has merely shifted its support from southern to northern Afghanistan. Meanwhile American media present swift victory in Afghanistan and Iraq as major triumphs.

In May 2003 the Security Council authorized the creation of the Development Fund for Irag, controlled by the United States with advice from the World Bank and IMF. A presidential executive order issued in May exempts, on the grounds of national emergency, all companies, contracts and proceeds relating to Iraqi petroleum products from suits of practically any kind. The US Export-Import Bank acts as guarantor for companies doing business in Iraq and explains in a release that 'The primary source of repayment is the Development Fund for Iraq, or another entity established under the auspices of the Coalition Provisional Authority.'4 Thus, the threat-profit, war-business nexus works on both ends. At the front end, no-bid cost-plus contracts are awarded under the shelter of security; at the rear end, risks or losses are written off to the Development Fund for Iraq and any wrongdoing or environmental damage is granted sweeping immunity beforehand. Thus for companies doing business in Iraq a no-risk situation has been created; the game is rigged and unaccountability institutionalized such that corporations can only win. Regardless of the outcome of the war for the United States - it has been called 'a monetary Vietnam that already accounts for around 15 percent of the U.S. annual budget deficit' (Sieff, 2003) - the corporations come out as major winners. In neoliberal empire, war is a business proposition. When financial engineering runs into roadblocks at home with growing scrutiny in the wake of Enron, war becomes an alternative source of 'serious money'.

The matrix for the new Iraq that the US government envisages is

essentially the neoliberal model of a minimal-state country. American options in Iraq:

... revolve around the privatisation of all state enterprises within 18 months and the creation of an independent central bank – an institution that exists in no other country in the region. It seems that the US vision is of a 'state-free' Iraq. (Gresh, 2003; *Middle East Economic Digest*, 2003)

A former US energy secretary proposes to 'make Iraq our new strategic oil reserve': 'In one blow, the U.S. can free itself from OPEC, be repaid for the war and create jobs for Iraqis' (Herrington, 2003). Another proposal is to distribute Iraq's oil revenues in a way that bypasses state institutions.

U.S. officials are weighing the merits of a provocative proposal to distribute a portion of Iraq's petroleum wealth to its 24 million citizens by sending periodic oil revenue checks to every Iraqi household. Similar in concept to Alaska's Permanent Fund, which last year paid \$1,540 to every man, woman and child who met residency requirements, the proposed Iraqi fund would represent a radical departure from traditional state control of oil revenue.

Cheerleading comments suggest:

'It's an economist's dream', said Robert Storer, executive director of Alaska's Permanent Fund. 'You distribute money to each individual in Iraq, and they use it in whatever way best suits their purposes. It's a great way to deal with the rebuilding of the Iraqi economy.'... 'The worst thing for the United States as the steward of Iraq is to be seen as keeping all the debt-holders whole and pumping a lot of money into oil refining, while the public gets nothing,' said Stephen Clemons, vice president of the New American Foundation, a centrist think tank that is promoting the concept. 'That kills us on the hearts-and-minds side'.

When critics argue that this deprives the state of funds to finance public health, education and transportation, the rejoinder is: 'That's one of the reasons you set it up. . . . You don't want politicians using all those funds. That's democracy, and I love it' (Vieth, 2003).

Under international law governing military occupation, the privatization of Iraq's economy as per Order 39 of the Coalition Provisional Authority is illegal; such reforms may only be undertaken by an elected Iraqi government. But in American discourse dismantling the Iraqi state is cast as a hearts-and-minds triumph. These proposals suggest an Iraq without a state other than for law-and-order and security purposes. This would stunt the Iraqi government regardless of whatever political forces emerge from the occupation. This would be an Iraq without a collective purpose or identity and with minimal infrastructure, a caricature of the economies that the IMF and World Bank have sought to implement in developing countries and Eastern Europe. The experience of post-communist Europe suggests

that if a one-party controlled economy is instantly opened up to unregulated capitalism, patronage networks rapidly turn into organized crime. The attempt to keep senior Baath party members from holding office recalls a cautionary lesson from the experience of developing countries: it doesn't work to first eliminate a country's social, political and cultural capital (by imposing modernization as westernization) and then to count on people's 'entrepreneurial spirit' to take over from scratch and create a middle-class society. The reason this has failed everywhere is that it is based on an ideological misreading of the experience of the West, and of that of the US itself.

Guerrilla war in Iraq places the US in a dilemma. One option is to internationalize the occupation, but other nations would join only under UN authority. For the US this would mean sharing power and climbing down from hyperpower altitude. International accountability would mean opening the books of war-as-business and wider US strategies in the region. An alternative is to indigenize policing and security, but Iraq's managerial capacity is implicated with the Baath party or its exiled opponents; training juniors to police the country builds cadres that can later challenge US authority, and are difficult to give security clearance to. For a host of reasons, the American capacity to manage this process is short. At the time of the Gulf War, President Bush I said, 'We have more will than wallet'. The Bush II administration has still more will and even less wallet.

Strategy Matters

The strategic mind is readily identified and, on the whole, rather simple as well as straightforward. It is drawn uncontrollably to any map of the world, and this it immediately divides into spheres of present or potential influence. (J.K. Galbraith, 1979: 332)

How to characterize this configuration? The National Security Strategy of 2002 introduced the doctrine of pre-emptive strike; but since this only applies to imminent threats, the appropriate terminology in international law is preventive war. Since, in addition, the assessment of future threats depends on unverified intelligence that may turn out to be false or exaggerated – as in the case of Irag's weapons of mass destruction – the actual terminology is offensive war (or 'war of choice'). Another heading is war on terrorism. But the Iraq war was not motivated by combating terrorism (claims linking al-Oa'ida and the Saddam government were unfounded). The occupation of Iraq is imperial, but Iraq is a country of geostrategic, geoeconomic and regional importance, so this exercise may be an exception rather than a pattern. Afghanistan, essentially left to its own devices with pipelines and warlords, and Liberia demonstrate that the United States, not surprisingly, is not interested in empire per se. Empire, then, is part of the configuration but not a necessary part; so imperialism is not a foregone conclusion and the term should be used provisionally. Given the available instruments of neoliberal globalization, recourse to territorial incorporation and formal empire is likely to be exceptional.

An element that is constantly emphasized in all administration statements is that war – against terrorism, rogue states, or for regime change – will be open-ended. Days after 9/11 secretary of defence Donald Rumsfeld interpreted the war on terrorism thus: 'Forget about "exit strategies"; we're looking at a sustained engagement that carries no deadlines' (Rumsfeld, 2001). According to Rumsfeld, 'the nation must be prepared to defend itself "against the unknown, the uncertain, the unseen, and the unexpected" and must prepare its forces "to deter and defeat adversaries that have not yet emerged to challenge us".' This requires 'spending billions building a military that will be capable of meeting any threat, anywhere, at any time' (Klare, 2002). The Pentagon has adopted a doctrine of permanent war and is developing a new generation of weapons systems that bear no relation to the war on terror.

Ralph Peters, a former army intelligence officer assigned to future war, formulates the philosophy of 'constant conflict' in these terms:

We are entering a new American century, in which we will become still wealthier, culturally more lethal, and increasingly powerful. We will excite hatreds without precedent.... The de facto role of the US armed forces will be to keep the world safe for our economy and open to our cultural assault. To those ends, we will do a fair amount of killing. (Peters, 2003)

The assumptions of permanent war include superior information management, cultural self-confidence and, apparently, the anticipation of world-wide hatred.

The Pentagon is now planning 'a new generation of weapons, including huge supersonic drones and bombs dropped from space that will allow the US to strike its enemies at lightning speed from its own territory. Over the next 25 years the technology would free the US from dependence on forward bases and the cooperation of regional allies, part of the drive towards self-sufficiency spurred by the difficulties of gaining international cooperation for the invasion of Iraq. The weapons are being developed under a programme codenamed Falcon (Force Application and Launch from the Continental US)'. Global-reach missiles are planned in two stages, a small version that is to be ready by 2006 and a larger programme that will be ready in 2025 (Borger, 2003).

Striking in these developments is the reliance on technology and the return to a war economy. In addition, what underlies and sustains the prospect of permanent war is a rigid posture of cultural alienation from the rest of the world. The reliance on technology and nimble expeditionary forces ducks the real ramifications of conquest. The Iraq war shows that US forces need to be on the ground much longer than expected. While force transformation is supposed to mean less is more (fewer troops, more technology), the US army now requires more troops. Being strangers in a strange land involves unanticipated pitfalls of its own.

Have \$500 billion military, will travel. The axis of evil doctrine has

been widely ridiculed; there is no axis and 'evil' is Sunday sermon talk. There is a tendency to make light of current American policies, to view them as 'inarticulate imperialism' (Krishna, 2002) or lightweight improvisation politics, narcissistic and impervious to contradictions because the American leadership is confident it can afford the price. But long-term planning underlies at least some policies. A state doesn't station a million soldiers in 350 bases and 800 military facilities in 130 countries across the world to have a jam session. Spending on armed forces for many years in excess of all conceivable rivals combined at over 40 percent of world total military spending would suggest strategic planning. It's in the nature of strategic planning that it should not be fully disclosed to either domestic or foreign audiences.

According to Leo Strauss, the maître of the neoconservatives, some are fit to lead and others to be led, as in Plato's Republic. Deception is a basic policy tool of rulers, as in Plato's 'noble lie' (Drury, 1997). According to Kaplan (2003), deception is a necessary part of imperial policy and the US government should operate 'in the shadows and behind closed doors', outflanking Congress and the media. The neoconservatives were casual about the public reasons given for war in Iraq and inferred wider strategic objectives (as Paul Wolfowitz conceded, the threat of weapons of mass destruction was presented as the cause for war only for 'bureaucratic reasons' because this was what all parties could settle on). The intelligence scandals that erupted in Britain, the US and Australia reflect casualness on the part of the rulers and reluctance of the ruled to play their part.

The Iraq war was supposed to be an opening move toward 'redrawing the map of the Middle East', which at times was presented as a Wilsonian project for reshaping the region. Never mind that the means contradict the end. Another objective may be Central Asia. In the oil industry, Caspian basin oil and gas reserves are regarded as so vast that they dwarf those of the Middle East. In this setting of energy geopolitics Afghanistan and Pakistan figure not just in their traditional role of military buffer states but as 'Pipelinestans'. Iran, China and Russia are contenders for influence in the region and this is where new American bases in Uzbekistan, Kyrgyzstan, Kazakhstan and Tajikistan fit in (Campbell and Ward, 2003). If these reserves need up to ten years to come on stream, leverage in Iraq gives the US advantage in the intervening time. Control of Iraqi oil means leverage in controlling oil prices; avoiding the shift in oil trading from the dollar to the euro may be a further consideration.

US bases in Egypt, Djibouti and Yemen secure the Red Sea. Relocating US bases from west Europe to the 'new Europe' – Poland, Bulgaria, Romania – creates a chain of American bases and military alliances that runs from Poland to Turkey and from Central to South Asia, slicing through the Eurasian landmass and through a potential or emerging geopolitical rapport between the European Union and Russia and possibly China. This may serve as the infrastructure of another American century. Gradually the

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contours of a grand strategy emerge that combines coercion of unruly states with economic incentives; its components include:

- Fossil fuel imperialism, i.e. resource-based international leverage.
- Experiments with neoliberal empire in Iraq and Afghanistan.
- A global grid of US bases, to be supplemented or substituted by globalreach missiles and space-based weapons.
- Security assistance in regional instability and terrorism.
- Bilateral and regional free trade agreements.
- Protection of US patents through the WTO.
- Aid tied to acceptance of US conditions.

Economic incentives involve the IMF and World Bank as gatekeepers of the international financial system, aid and trade access. The fine print of US aid (for instance \$15 billion for HIV victims in Africa) is that receiving countries exempt American nationals from the International Criminal Court, accept genetically modified food (GMF) and cooperate in the war on terror. The GMF condition alone makes it practically unacceptable for African countries because it would exclude them from European markets. This agenda ranges from the 'imperialism of free trade' to formal empire. As before, the international financial institutions and banks are part of the infrastructure of hegemony; the novel icons of neoliberal empire are airbases and pipelines.

By the turn of the 19th century at the height of the 'new imperialism', Western colonial powers occupied 97 percent of the world's landmass. Now if we collate the areas that are targets of American coercion or under different types and degrees of American control we almost arrive at the same total. It includes countries classified as rogue states (Iraq, Iran, North Korea) or accused of harbouring terrorism (Sudan, Syria, Somalia), American protectorates and satellite states, failing states and developing countries under the regime of the international financial institutions. But 21st-century empire differs from past empires precisely because of contemporary accelerated globalization. This is a blowback world and 'All around the world today, it is possible to see the groundwork being laid for future forms of blowback' (Johnson, 2000: 19).

Neoliberal globalization involved international institution-building that claimed legitimacy - even if it rested on the ideological grounds of market fundamentalism. It could boast some appeal, in view of the alleged success of Anglo-American capitalism (never mind that social inequality was rising steeply) and its pull in international financial markets, thus giving countries a stake in the project while leaving them little choice. The project of endless war is short on all these counts – legitimacy, appeal and closure. With the United States placing itself outside international law and international institutions, and surrendering even the pretence of legitimacy, what remains is rule by force. This is not just empire but naked empire and global authoritarianism, while the international institutional framework that the

United States has helped build over decades is dismantled. American capitalism now has about as much appeal as Enron. There is no charm to American hard-line policies and American unwillingness to revise its policies, particularly in the Middle East. By disregarding allies and international institutions, the United States gives countries an exit option. They cannot opt out of international financial markets and credit ratings, but they can opt not to take part in an exercise of power that does not include them.

Control Risks, a UK-based international security consultancy, describes American foreign policy in its Risk Map 2004 report as 'the most important single factor driving the development of global risk'. It notes that many in the private sector 'believe that US unilateralism is creating a security paradox: by using US power unilaterally and aggressively in pursuit of global stability, the Bush administration is in fact precisely creating the opposite effect' (Fidler and Husband, 2003).

One of the implications of neoliberal empire is that distinctions between public and private domains have eroded; the public domain is privatized. What matters is not merely the link between threat and profit and war and business, but what kind of business: privileging military contractors means that the US economy has become uncompetitive. The military-industrial complex has been a major source of distortion (as in the economic shift from the Frost Belt to the Sunbelt and the consequent rise of the conservative South) and structural inequality in the American economy and politics. The growing role of private military contractors who operate outside national and international law implies that private actors can unleash global instability or global crisis.

For Americans the cost of pursuing primacy is that the United States has become an authoritarian, conservative society. Over-investment in the military has incapacitated the country in many other spheres. It is undereducated, culturally backward and inward-looking, economically on its knees and dependent on foreign borrowing. The continually reiterated drone that the US is the world's wealthiest and most powerful country in fact refers to the world's and history's largest debtor nation with unsustainable levels of debt. With reliance on the military-industrial complex comes an authoritarian culture of threat inflation, and the stereotyping of the 'rest' of the world. The price of primacy is American authoritarianism and the disempowerment of Americans.

Notes

- 1. A further clause of universalistic empire is 'The ultimate objective is to incorporate all other territories within the empire. The areas not subjected simply mark the limits of practical expansion' (Spruyt, 2001: 239).
- 2. When NATO for the first time in its existence invoked Article V, declaring 9/11 an attack on all allies, Rumsfeld's dismissive reaction was 'the mission will define the coalition' (Hirsh, 2002).
- 3. A New York Times editorial speaks of 'detax-and-spend policies' and quotes the Concord Coalition ('The Deficit Floats Up and Away', 16 July 2003).

4. Executive Order 1303, 'Protecting the Development Fund for Iraq and Certain Other Property in which Iraq has an Interest' (see Kretzmann and Valette, 2003 and www.EarthRights International, 28 July 2003).

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