

**FRACTURING AT THE CORE OF THE GLOBAL ORDER:
THE DEATH OF THE SEVENTY-YEAR AMERICAN EMPIRE**

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Our topic for today, indeed the central topic in global affairs for the past year, has been the widening fractures. and perhaps the impending breakdown, within the core of the contemporary global order, i.e., the vast American alliance system, a system which now dates back more than seventy years. This system was first constructed in the aftermath in the Second World War and at the beginning of the Cold War. Often calling itself "the Free World," it engaged in an arduous and epic struggle for more than forty years with its great, but smaller, adversary, the alliance system of the Soviet Union. Then, in a remarkably brief period, from 1989 to 1991, the American alliance system achieved total victory over its Soviet counterpart. Its leader, the United States, declaring a "New World Order," then proceeded to try to remake the entire world, and no longer just the "Free World', in its own image, to establish a truly global system, which was to be defined by such distinguishing features as global economy, open society, liberal democracy, human rights, and universal rules and norms.

Now, almost thirty years after that extraordinary victory of the United States and its allies, the prospects for the future are utterly different. The 1990's were a heady decade of the United

States as "the sole superpower," of "standing tall and seeing far," of "the unipolar moment," and even of an "American empire." But with the beginning of the new millennium (nicely symbolized by 9/11), there began a long and trying period of descent and disintegration from these giddy heights. Today, the vast American alliance system is fracturing in all of its directions –i.e, in Europe, in East Asia, in the Middle East, and even in Latin America. It is similarly fracturing in all of its dimensions-- i.e., in the military, the economic, and the political and ideological.

Moreover, the fracturing within the macrocosm of the American alliance system is paralleled by the fracturing within the microcosms of many of its component members, particularly within the United States itself and within the major states of Europe. The internal relations within these countries are now marked by economic disparities, political dis-functioning, and ideological and cultural conflicts that are, in many ways, greater than anything in a half century or more.

How did this extraordinary trajectory of the American alliance system--from slow ascent in the 1940s-1980s, to extraordinary zenith in the 1990s, to rapid decline in the 2000s, and to impending breakdown in the next few years--take place? This is the story that we will tell in this paper. (Because it is intended to present a broad historical overview or big-picture analysis, and not the empirical evidence for a specific research topic, this particular paper does not contain the usual endnotes.)

I. The American Way of Empire: The Founding of Three Hegemonic Systems

There have been great empires for at least four millennia, and they have obviously existed in a great variety of forms. But all of them have been ruled by an "imperial" power, i.e., a strong

central authority or "core," which governs an ensemble of weaker entities, or "periphery."

Empires have varied, however, according to the degree of autonomy which the imperial power allows to these entities. Because of their long observation of the various European empires from the 17th century to the mid-20th century, Americans usually think that a true empire has to be a "colonial" one, i.e., one in which the subordinate entities are governed by "direct rule" and have almost no autonomy at all. But this is a great oversimplification. Even the European empires were characterized by a combination of direct rule over some territories and peoples and "indirect rule" over others, who often were left with great autonomy in domestic affairs and might even be formally-independent monarchies. For example, the famous British empire in India was composed of both British India proper, which was governed by direct or colonial rule, and the Indian Princely States, which were governed by indirect rule, had a great deal of domestic autonomy, and were formally and symbolically ruled by their own monarchs or "princes."

In cases where the degree of real autonomy has been very great, and the degree of formal independence or sovereignty has also been very great, terms like "colony" or "colonial system" are stretched so far that they become misleading. Rather, the imperial power is often referred to as an "hegemonic" power, and its ensemble of weaker powers as a "sphere of influence" or "hegemonic system." To somewhat oversimplify, in a colonial system, the subordinate entities are both formally dependent and really dependent. In a hegemonic system, the subordinate entities are formally independent, but really dependent, in any number of important ways. And the United States has almost always chosen to rule over foreign peoples in the hegemonic, rather than in the colonial, way. Hegemonic systems have been the American way of empire.

The Latin-American Prototype

The United States had long maintained a hegemonic system or traditional sphere of influence in most of Latin America, and particularly in Central America and the Caribbean. The security or military basis of this system had, of course, been defined by the Monroe Doctrine and the subsequent Roosevelt Corollary. The economic basis was the classical complementarity between an industrial exporting "core" and an agricultural and raw-material exporting "periphery." This economic basis for the U.S. hegemonic system in Latin America was similar to the "imperialism of free trade" of the British Empire and the "colonial pact" of the French Empire.

The political and ideological basis of this system was largely rhetorical. The Latin-American states were formally liberal-democratic republics, like the United States, but in reality they were usually military dictatorships or, at best, oligarchic regimes. Indeed, they were usually not even real states, and certainly not nation-states, but merely weak government frameworks, which performed few of the functions of a normal European state. For the most part, this system of Potemkin republics suited the elites of both the United States and Latin America perfectly well.

With the end of the Second World War in 1945 and the beginning of the Cold War in 1947, the United States decided to fully regularize and institutionalize its hegemonic system in Latin America. It began with a formal treaty of mutual security, the Rio Pact, in 1947, followed by a formal international institution, the Organization of American States, in 1948. The military, economic, and political bases of the system largely continued on as before. Although during the run-up to and during the Second World War, the United States had, for prudential strategic reasons, briefly tolerated national-populist regimes in such countries as Mexico, Brazil, Uruguay,

Bolivia, and Guatemala, it moved decisively against these soon after the war ended, and the national-populist regimes were replaced by the familiar military dictatorships and oligarchic regimes.

This U.S. hegemonic system in Latin America largely continued right down to the 2000s. It was briefly disrupted in the 1960s by the Castro revolution in Cuba, but this threat was soon contained and confined to an isolated Cuba itself. More recently, however, it has been disrupted by the Chavez revolution in Venezuela, accompanied by an ensemble of national-populist regimes in Nicaragua, Bolivia, and Ecuador. Today, the U.S. position in Latin America is itself looking rather like a Potemkin hegemonic system.

The Western European Archetype

The post-1945 U.S. hegemonic system in Latin America grew organically out of a prior, longstanding traditional U.S. hegemonic system or traditional sphere of influence in the region. In contrast, the post-1945 U.S. hegemonic system in Western Europe had no historical precedent whatever. It was created over a very short period, roughly from 1947 to 1951; it represented an extraordinary act of creative imagination; it was immediately multidimensional--military, economic, and political--in its functions; and, once established, it operated effectively for almost seventy years, almost down to the present day. Moreover, along the way, it was crucial in bringing about the extraordinary U.S. victory over the Soviet Union in the Cold War. It is no wonder that U.S. Secretary of State Dean Acheson, one of the chief architects of the system, would famously, and rightly, claim in his splendid memoir that he was "present at the creation." And it is no wonder that many political analysts have concluded that this hegemonic system produced the most successful military alliance in history, formally known as the North Atlantic

Treaty Organization (NATO).

The economic basis of the emerging U.S. hegemonic system in Western Europe was the Marshall Plan, which was announced in 1947, and more broadly the U.S.-subsidized export of both industrial and agricultural goods to the war-devastated and impoverished economies of Europe. This was no simple "imperialism of free trade" or "colonial pact" of the traditional sort. Rather, it was a case of an advanced industrial economy, the United States, exporting industrial products to other advanced industrial economies, those of Western Europe. After the First World War, the United States and Western Europe were industrial competitors, and high protectionist tariff barriers against each other were the natural result. During the Second World War, the U.S. Eighth Air Force and the British Bomber Command had bombed much of European industry out of production and into ruins. Thus, for a brief period, from 1945 to about 1958, Western Europe provided a great market for American industry, particularly for capital goods. This meant that the Midwestern industry of the United States could, for the first time, join Northeastern finance in supporting international free trade in general, and European economic recovery in particular.

The economic dimension of the emerging U. S. hegemonic system was soon joined by the military or security dimension, with the formation of the NATO in 1949, which was soon deepened and further institutionalized with the formation of an integrated military command structure in 1951, headed by a U.S. general. In important ways, NATO took the prototype of the OAS and the Rio Pact in Latin America and expanded and perfected it to fit the needs of a much more challenging region. And, at the very core of the U.S. military alliance with the Western European states was the U.S. nuclear deterrent against the very proximate Soviet conventional military threat.

The political dimension of this emerging U.S. hegemonic system in Western Europe was also quickly established. The preferred political formula was liberal democracy, as in the United States. But in Western Europe, liberal democracy had to be real, and not just formal, as was the case in most of Latin America. Moreover, most of the European countries had strong socialist parties, and several (particularly France, Italy, and Belgium) had strong communist parties as well. These parties of the Left were grounded in a well-organized, unionized, industrial working class. The American economic and political elites of the day responded to this challenging Leftist environment with unusual creative imagination. For prudential reasons, they allowed their preferred formula of liberal democracy to be broadened to include social democracy, thereby including socialist parties, while totally excluding communist parties from participating in Western European governments by 1948. Naturally, the American elites hoped that this compromise would be merely temporary, and that over time social democracy would steadily become less social and more liberal. And, by the mid-1950s, this largely proved to be the case.

The East-Asian Hub-and-Spokes System

The United States faced a remarkably paradoxical situation in East Asia in the aftermath of the Second World War. On the one hand, its total victory over Japan in 1945, and the total weakness of the residual European colonial powers, meant that the United States could dominate the region with unprecedented military and economic power. On the other hand, the total victory of the Communists over the Nationalists on the Chinese mainland in 1949 meant that this unprecedented power would be immediately confronted, and contained, by an adversarial regime that made China more unified and stronger than any time in the previous one hundred years. In short, the United States had undisputed hegemony in the maritime realm of East Asia, and

Communist China had undisputed hegemony on the mainland of the region. This geopolitical reality defined the character of the emerging U.S. hegemonic system in East Asia, making it very different than that in Latin America and in Western Europe.

In East Asia (or perhaps more accurately, in the Western Pacific), the United States established a system of bilateral security treaties and economic agreements, rather than the multilateral ones that it employed in Latin America and Western Europe. Thus, the U.S. system in East Asia has often been described as a hub-and-spokes system. Its long-standing component members have been Japan, South Korea, the Republic of China on Taiwan, and the Philippines.

The military basis of this U.S. hegemonic system was a series of security treaties made over a period from 1946 (with the Philippines, the former U. S. colony), to 1951 (Japan), to 1953 (South Korea and Taiwan). Because of the extreme poverty of these countries at the time, the military role of the United States in these treaties, and the military aid that the U.S. provided, was much greater, and even more one-sided, than in Latin America and in Western Europe. In essence, these countries became military colonies of the United States.

The economic basis of this hegemonic system was even more unusual. The obvious export market for Japan, South Korea, and Taiwan would have been China, but this would mean that these countries would soon become dependent upon the America's communist adversary in Asia. Thus, the American economic and political elites, as they had in regard to Western Europe, again came up with an act of remarkable creative imagination. This time, it was to have the vast American market serve as the substitute for the vast Chinese market. The exports of these new East-Asian allies, or really dependencies, of the United States were thus given virtually unrestricted access to its market.

This arrangement worked very well, and without much impact on American industry, for

about twenty years. By the early 1970s, however, Japanese exports-- particularly in the shipbuilding, steel, automobile, and consumer-electronics sectors--were posing a large threat to American producers. Then, by the late 1980s, South Korean and Taiwanese exports were doing the same. The result was that by the end of the Cold War, a large part of American industry had already been hollowed out by East-Asian competition. The U.S. hegemonic system in East Asia had succeeded so well in its goal of keeping its component members secure from the communist powers and prosperous in their economic condition that now it was these same U.S. allies that were the greatest practical threat to many American workers.

II. The First General Crisis of the American Empire, 1961-1980

The three new U.S. hegemonic systems functioned more or less as their architects had designed them to do during their first decade or so. By the early 1960s, however, each was facing new challenges. And by the early 1970s, there was a widespread sense among American economic and political elites that they faced a general crisis of the overall U.S. hegemonic order or empire.

First, and most concretely, an opposition nation appeared in each of the three regions. Although the form and degree of these oppositions varied greatly, each opposition nation produced in the American economic and political elites an immense amount of anger and stress, and an intense production of policy responses.

In Latin America, the opposition to U.S. hegemony arose from the Castro Revolution in Cuba in 1958-1960. This, and Cuba's alliance with the Soviet Union, totally shaped U.S. policy toward the region for the entire decade of the 1960s. And, of course, the ensuing Cuban Missile Crisis of October 1962 put much of the world at risk of nuclear annihilation. By the end the 1960s, however, the various U.S. policy responses--massive economic and military aid, and on

occasion covert political intervention or overt military intervention--had largely succeeded in containing and isolating the Cuban Revolution within Cuba itself. The U.S. hegemonic system in Latin America then continued on very much in its traditional way for the next thirty years, until the Chavez Revolution in Venezuela in 1999.

In Western Europe, the opposition to U.S. hegemony was of an entirely different sort, that of French President Charles de Gaulle and his efforts to revive French national independence and identity, and more generally to revive a Europe defined by nation-states. As moderate as this opposition was, it provoked great agitation and outrage in U.S. economic and political elites, especially after de Gaulle in 1967 withdrew France from the NATO's integrated command structure and expelled NATO bases from French territory. But after de Gaulle resigned from office in 1969 and then died in 1970, France gradually reverted to being a NATO member like other NATO members. The U.S. hegemonic system in Western Europe then continued on very much in its traditional way for the next several decades, remaining largely unchanged even after the decisive victory of the United States over the Soviet Union and the end of the Cold War in 1989-1991. Indeed, the system would not face a new major challenge until the beginning of the conflict between Russia and Ukraine in 2013-2014.

The United States did not face an opposition nation among its four allies in East Asia. But of course, on the southern periphery of East Asia, the U.S. certainly faced monumental opposition from communist North Vietnam. The U.S. efforts to extend its hegemonic system into the states of what had been French Indochina were decisively defeated by North Vietnam in 1975. Indeed, this was the most decisive defeat that the United States suffered during the entire Cold-War era. Nevertheless, within a few years, the U.S. had largely succeeded in containing and isolating the North Vietnamese victory to Indochina. Even more, by 1995, communist

Vietnam was even on the path to becoming a de facto ally of the United States against communist China.

Thus, from the perspective of U.S. economic and political elites, the overall lesson from their confrontations with the opposition nations of the 1960s was that eventually the massive economic, military, and political strengths of the United States and its hegemonic systems would prevail. Consequently, there was no compelling reason for these elites to change what they were doing, and they could largely continue to run the American empire in the future, as they had run it in the past.

The most formidable challenges to the American empire, and the ones that combined to produce its first general crisis, came not from any of its client states, but from within its hegemonic power, the United States itself. And each of the three functional dimensions of the empire--the economic, the military, and the political--issued in a severe challenge and crisis so severe that it would be given its own unique name, one that would become a shorthand term and household word for years to come. The economic challenge became the Great Stagflation, the military challenge became the Vietnam Syndrome, and the political challenge became Watergate.

The Great Stagflation

The Great Stagflation of the 1970s was the greatest international economic crisis since the Great Depression of the 1930s. It began with the declining competitiveness of American industry vis-a-vis the now fully-recovered industries of Western Europe, particularly West Germany, and of Japan. The resulting trade deficit also produced the financial effect of a weakening dollar. Thus, a central achievement of the U.S. hegemonic systems in Western Europe and East Asia

had, after a period of a generation, become a major threat to the economic core of the hegemonic power itself.

Second, the financial effects of the growing U.S. trade deficit were soon amplified by a growing U.S. fiscal deficit. This resulted from the Johnson administration's choice to finance its war in Vietnam with deficit spending, in order to minimize any political opposition to the war that might arise, if it were to cause higher taxes or reduced social spending. By 1968, these financial effects had resulted in a run on the dollar, and by 1971, they had forced the Nixon administration to abandon the dollar-gold-exchange standard--the foundation of the famous Bretton Woods international financial system and a central pillar of the American empire since 1945--and to replace it with a pure dollar--or fiat-currency--standard. Thus, the efforts of the United States to expand its successful maritime hegemonic system in East Asia to include mainland Southeast Asia had become another major threat to the economic core of the hegemonic power itself.

Third, and finally, the oil-producing states of the Middle East -- states that had been protected by U.S. military power since the late 1940s -- succeeded in the early 1970s to first double, and then quadruple, oil prices. This produced a massive inflationary shock to the oil-importing client-states of the U.S. hegemonic systems in Western Europe and East Asia, and also another amplifier of inflation within the hegemonic power itself. At the same time, it greatly diminished the ability of consumers in these oil-importing countries to buy the industrial products which they themselves produced. The result of these three accumulating and combined economic disruptions was the Great Stagflation, which afflicted the United States and its hegemonic systems in Western Europe and East Asia during the entire 1970s.

The Vietnam Syndrome

The United States had achieved its great victories in the Second World War by deploying its vast military forces with an extraordinary, even unique, combination of overwhelming mass and wide-ranging mobility. This became known as the American Way of War. Although elements of this distinctive military method were demonstrated in the American Civil War (U.S. Grant's deployment of overwhelming mass and Robert E. Lee's deployment of wide-ranging mobility), the Spanish-American War (the wide-ranging mobility of the U.S. Navy), and the First World War (the overwhelming mass of the U.S. Army), the apotheosis of this method was the Second World War, when the U.S. military deployed both overwhelming mass and wide-ranging mobility in both the European and the Pacific theaters. It was the American Way of War which decisively defeated both Germany and Japan, and it was thus the American Way of War which cleared the ground for the erection of the U.S. hegemonic systems in both Western Europe and East Asia.

It was, then, not surprising that, in the next U.S. war that came along, the Korean War, the United States first tried to employ some version of its distinctive way of war. By September 1950, this was decisively successful against the original enemy, North Korea, but this very success then provoked the entry into the war of China and the beginning of "a wholly new war." This new war soon became a prolonged, three-year military stalemate conducted within the limited geographical space of the Korean peninsula itself, a war that was the very opposite of overwhelming mass and wide-ranging mobility.

The next U.S. war to come along was, of course, the Vietnam War. The United States initially tried to defeat, or at least to contain, its North Vietnamese enemy with a variety of military means short of war--military aid, military advisors, and special operating forces. By

1965, however, these means had proven to be inadequate, and the Johnson administration then greatly escalated the U.S. military involvement in Vietnam with the large-scale deployment of conventional land and air forces. Again, it is not surprising that the United States first tried to employ some version of overwhelming mass and wide-ranging mobility, but--in an analogy with the Korean War--with that mobility now limited to the Indochinese peninsula itself. This also soon proved to be inadequate to contain the military forces of North Vietnam, which employed a wholly different strategy of insurgent or "revolutionary" warfare (a sort of East-Asian, or at least Maoist, way of war). There then ensued yet another, but even longer, military stalemate--this time one of eight years--conducted within a limited geographical space, an even greater antithesis to overwhelming mass and wide-ranging mobility. It was not long before this antithesis to the American Way of War produced a deep crisis within the American political system, a crisis which by 1972 would metastasize into what became known as Watergate.

On the military dimension, the American frustrations and failures in the Vietnam War produced a determination on the part of both the U. S. military and the American people of "no more Vietnams," that nothing like this war would ever happen again. This was the famous Vietnam Syndrome, which completely dominated the military policies of the Ford and Carter administrations. The Soviet Union was quick to take advantage of this period of non-intervention by the United States, and from 1975 to 1979, Soviet-backed communist movements took power in a wide range of Third-World countries, not only in Vietnam, Cambodia, and Laos, but also in Ethiopia, Mozambique, Angola, South Yemen, Nicaragua, Grenada, and finally, Afghanistan. Moreover, several of these new Soviet-backed regimes were ruling countries that were geopolitically important. Several, for example, were athwart or adjacent to vital "sea lines of

communication" or SLOCs. Thus, the military power -- and certainly the military prestige or credibility -- which was a crucial pillar of the American empire was now greatly diminished.

Watergate

During the late 1960s, the U.S. political system demonstrated that it was not able to adequately manage the growing economic and military challenges of the time, i.e., the disruptions caused by declining economic competitiveness and growing inflation and the frustrations caused by the strategic and operational failures of the Vietnam War. By 1968, the Democratic Party had lost any credibility to resolve these problems, and the Republican Party, which itself had no clear solutions for these same problems, essentially won the 1968 presidential election by default. Moreover, the incoming administration of Richard Nixon, like the Eisenhower administration before it, represented an uneasy compromise between the two long-standing competing elites within the Republican Party, i.e., the "liberal internationalists," centered in the Northeast, and the conservative nationalists, centered in the Midwest.

In his first administration, Nixon was quite successful in managing this compromise. In part, this was because the liberal internationalists gave him a good deal of leeway to solve the economic and military problems which the liberal internationalists in both the Republican Party and the Democratic Party had earlier produced with their policies for international trade and for the Vietnam War. As we have seen, Nixon dramatically, and more-or-less effectively, resolved the economic problem by taking the United States off the dollar-gold-exchange standard and replacing it with a pure dollar standard. Similarly, he dramatically, and more-or-less effectively, resolved the military problem by withdrawing U.S. troops from Vietnam and by announcing a "Nixon Doctrine," which put sharp constraints on the future use of U. S. troops in local wars.

These impressive policy successes largely explain Nixon's landslide victory in the presidential election of 1972.

But Nixon himself was impressed with his landslide victory. He immediately decided that he didn't need the support of the liberal internationalists as much as before. Rather, in his second administration, he would be more independent in his position, and more conservative-nationalist in his policies, than he had been in his first. At the same time, since Nixon had largely resolved the economic and military problems that he had inherited in 1969 and that the liberal internationalists had earlier caused, these same liberal internationalists in late 1972 no longer needed Nixon as much as they had needed him during his first administration. Thus, when in November and December 1972, Nixon made a series of dramatic moves to establish much greater control by himself and his own appointees over the permanent officials in the executive departments; over the role of Congress in the federal budget; and even in the role of the federal courts, the liberal internationalists--in both the Republican and the Democratic parties--came together in their resolve to bring him down.

The ensuing period, from January 1973 to August 1974, represents the prolonged, complex, and relentless implementation of this elite resolve. It saw such unprecedented events as the removal of an elected Vice President (Spiro Agnew) and his replacement by an unelected one (Gerald Ford), which cleared the way for the removal of an elected President (Nixon) and his replacement by an unelected one (Ford), and then, to tidy things up, the selection of another unelected Vice President (Nelson Rockefeller). Thus, by 1975, the liberal internationalists of the Republican Party were in complete control of the executive branch of the U.S. government.

However, all these unprecedented, and quite undemocratic, elite political maneuvers left the Republican Party with little popular credibility heading into the 1976 presidential election. Thus

the liberal internationalist elites, who were above both parties, had to insure that the candidate of the Democratic Party would also be a reliable liberal internationalist (and not like its candidate in 1972, the populist and somewhat nationalist George McGovern). This they did with the nomination of the inexperienced but malleable Jimmy Carter (a protege of David Rockefeller). With Carter's election, a liberal-internationalist Republican administration was replaced with a basically similar liberal-internationalist Democratic administration.

Thus, the general crisis of American empire continued through the 1970s. It would not really be brought to an end until the election of Ronald Reagan as president in 1980 and the advent of his administration in 1981.

III. The Reagan Resolution of the First General Crisis

The new Reagan administration undertook a dramatic and decisive series of measures to address the general crisis afflicting the United States in 1980, on each of the three economic, military, and political dimensions. The Reagan partisans often called the works of the administration "the Reagan Revolution," but this was rhetorical hyperbole. (Indeed, some of these measures had actually been initiated in the last year of the Carter administration, backed as they were by a bipartisan American elite). However, the changes that the Reagan administration instituted in several operating principles and practices of the United States can accurately be termed the Reagan reformation. And the policies that flowed from this reformation and that successively addressed the multidimensional challenges of the general crisis can accurately be termed the Reagan resolution. And, overall, the Reagan administration accomplished a restoration of the American empire.

The Economic Resolution

The most urgent economic problem of the United States in 1980 was inflation. As a result of the "second oil shock" of 1979-1980, this had reached 15 percent annually. The new Chairman of the Federal Reserve Board, Paul Volcker, backed by the Reagan administration and by a bipartisan American economic elite, took the decisive measure of sharply raising interest rates to 18 percent. This quickly broke the back of the inflation (although at the cost of a sudden and sharp recession), thus eliminating the inflation component of the debilitating Great Stagflation.

The Reagan administration then introduced the supposedly new idea of "supply-side economics," as the way to achieve economic growth. In practice, this meant the old and familiar Republican policies of deregulation and tax cuts. The administration did succeed in implementing these policies, however, and impressive economic growth did ensue, bringing an end to the recession and thus eliminating the stagnation component of the Great Stagflation.

Moreover, the economic growth was facilitated by the Reagan administration's large and sustained increase in military spending (although at the cost of a substantial rise in the federal deficit). Together, the three economic measures of (1) using monetary policy to end inflation, (2) using deregulation and tax cuts to stimulate growth, and (3) using military spending to strengthen that growth succeeded by 1984 in resolving the economic challenges posed by the Great Stagflation of the 1970s.

The Military Resolution

In the aftermath of its debacle in the Vietnam War, and in the midst of the Vietnam Syndrome, the U.S. military undertook a radical reinvention of itself, to insure that it would

never again have to fight like it did in Vietnam. In actually, this reinvention was an effort to return to the principles and practices of the American Way of War, but now exploiting the U.S. advantages in the military high technologies of the late twentieth century, particularly in what was called "precision-guided munitions" or PGMs. Each of the military services developed a new doctrine, which would guide its weapons procurement, deployment, and employment for the new military era. The most important of these was the new doctrine of the Army, the "Air-Land Battle Doctrine" which envisioned the U. S. Army fighting the Soviet Army in a general, but non-nuclear, war, with the principle theater being the North European Plain or NATO's Central Front. The Navy and the Marines developed a parallel plan, which it termed the "Forward Maritime Strategy." At the same time, the Air Force was developing its truly high-tech conception (doctrine is hardly the right word for its surreal vision) of the "Strategic Defense Initiative" or SDI, which was supposed to thwart any Soviet ICBM attack upon the United States. All of this was supposed to leverage the U.S. lead in high technology over the Soviet lead in raw numbers, to use U.S. quality to overcome Soviet quantity.

The new military strategies were thus the first effort to reinvent the U.S. military, in order to insure that in the future it would not get engaged in wars that were beyond its capabilities--whose exemplar was the counterinsurgency operations in the Vietnam War. Rather, it would fight--or even better deter--wars in which it effectively employed some version of the American Way of War--whose exemplar was the conventional operations of the Second World War.

A second effort to leave Vietnam, and particularly the Vietnam Syndrome, behind was the policy of the Reagan administration to gradually acclimate the American public into again excepting military intervention as an effective instrument of U.S. foreign policy. The credible threat by a great power to undertake military intervention is, after all, an essential pillar for any

hegemonic system. The administration's idea was to begin with a very small, very weak, very simple small country, where a military intervention would be certain of quick and easy success, and then to step-by-step work up U.S. operations to more complex and more challenging interventions. The first move in this process was the invasion of Grenada (which was certainly the perfect place for the first step) in October 1983. This was followed by an airstrike on Libya in April 1985, naval operations to protect shipping in the Persian Gulf in 1987-1988, and the invasion of Panama in September 1989. After all this, the U.S. military, and the American public, were once again acclimated for a truly serious military intervention or even war, as long as it was some kind of conventional operation that fit into the paradigm of the American Way of War. This turned out to be the Gulf War of 1992, which was definitely a conventional, but also a very high-tech, war. Here, the U.S. Army essentially employed its Air-Land Battle Doctrine for the first time, except that its adversary was the Iraqi Army, rather than the Soviet Army, and its theater was the Iraq Desert, rather than the North European Plain.

Unfortunately, along this step-by-step way to bigger and better U. S. military interventions, the Reagan administration had gotten involved in a military intervention which definitely did not fit the plan. This happened when the administration sent U. S Marines into Lebanon in 1982, which culminated in the disastrous suicide bombing of the Marine barracks in October 1983, at the very time that the U.S. was invading Grenada. Lebanon had turned out to be a kind of miniature Vietnam, and the Reagan administration quietly withdrew its troops in mid-1984. Its dismal experience in Lebanon, however, did cause the administration to undertake a third effort to reinvent the U.S. military along the lines of the American Way of War. This was the Weinberger Doctrine, which was articulated by Secretary of Defense Caspar Weinberger in 1984, and which specified the conditions in which the United States could undertake military

operations. These conditions included (1) a clearly defined military objective; (2) the use of overwhelming military force; (3) a plan for early withdrawal of military forces; and (4) the clear approval of the intervention by the American public, expressed through its elected representatives in Congress and by some formal statement, such as a declaration of war or a Congressional resolution. These conditions, and thus the Weinberger Doctrine, were very much in conformity with classical American Way of War. The conduct of the Gulf War of 1992 was very much an exemplar of the Weinberger Doctrine.

The Political Resolution

As we have seen, the Republican Party had long been divided between a liberal international wing, centered in Northeastern finance, and a conservative nationalist wing, centered in Midwestern industry. During the 1920s-1930s, the dominant wing was Midwestern industry, but by the 1950s-1970s, the dominant wing had become Northeastern finance. Moreover, insofar as several really large industrial firms had transformed themselves into multinational corporations by the late 1960s, they had become part of the liberal international bloc, reinforcing its dominance in the Republican Party and -- since this bloc was largely bipartisan -- increasingly within the United States as a whole. It had been this liberal international bloc that had brought down the second Nixon administration. However, during the 1970s, i.e., during the period of the Great Stagflation and the Vietnam Syndrome, these liberal internationalists had not yet been able to establish a strong presidential administration to effectively implement their preferred policies. Both the Ford administration and the Carter administration had been disappointments in this respect, as in so much else.

It was the great achievement of Ronald Reagan to finally bring an end to this party and

presidential paralysis. He succeeded in uniting the Republican Party, and more broadly the "conservative movement," to a degree that had not been seen since the time of President Calvin Coolidge. Moreover, he united both the disparate elements among the party's elite, or donor class (the afore-mentioned liberal internationalists and conservative nationalists) and the different disparate elements among the party's base, or voter class (generally known as economic or fiscal conservatives, national-security or patriotic conservatives, and social or religious conservatives).

The way that Reagan united the Republican elite was, not surprisingly, to give something to both wings. However, there was an asymmetry in what he gave to each. To the liberal internationals, he gave the top positions in the foreign-policy and national-security bureaucracies and, through these, he gave them their preferred policies. To the conservative nationalists, he gave a great increase in defense spending and a strong military, but not much more.

When it came to uniting the Republican base, a crucial element was Reagan's great talents in soaring rhetoric. To the economic and fiscal conservatives, he did give the decidedly practical policies of deregulation and tax cuts. However, he also embellished these with soaring rhetoric about the free market, even though in practice he turned the actual operation of the economy over to the unelected officials and bankers of the intrusive Federal Reserve System. To the national-security and patriotic conservatives, he gave what he was giving their counterparts in the elite, i.e., increased defense spending and a strong military, but there was a significant difference between the elite and the base. Reagan's liberal-international economic policies were steadily hollowing out parts of Midwestern industry and the jobs therein. They were also steadily bringing in low-paid immigrant workers, who were

displacing high-paid American workers in many of the remaining jobs. Thus, many workers in the patriotic base ended up with no more than Reagan's soaring patriotic rhetoric. As for the social or religious conservatives, they did get the appointment of a couple of Supreme Court justices. But they received virtually no major positions in the Reagan administration, and they got virtually nothing from its policies. But of course, they too were treated to a continuing flow of inspiring rhetoric, in their case religious. And at the end of the Reagan administration in 1989, social liberalism was even more predominant in American society than it had been at its beginning in 1981.

IV. The Apotheosis of the Reagan Restoration of the American Empire: The Triumph over the Soviet Union

The Reagan administration's resolution of the economic and military problems that the Great Stagflation and the Vietnam Syndrome had posed to the United States itself was certainly an impressive achievement. But the resulting new U.S. economic and military strengths then led directly to a foreign-policy and national-security achievement that was not only impressive but world-historical in its scale and consequences. This was the decisive victory of the United States over the Soviet Union, which climaxed in 1989-1991 after the forty-year struggle that was the Cold War.

The economic reforms of the Reagan administration produced economic growth, including growth in the new high-tech sectors of the American economy. This in turn enabled growth in the U.S. defense budget and military procurement, including the new high-tech weapons that were intrinsic to the new strategic doctrines of the U.S. military services--the Air-Land Battle Doctrine, the Forward Maritime Strategy, and the Strategic Defense

Initiative. This great leap forward by the U. S. military had not been expected by the Soviet leadership, and it presented them with serious challenges.

First, the Soviet economy had its own serious problems with stagnation during the 1970s, and these were continuing into the 1990s. Second, the Soviet defense industry was very slow in adopting the new electronic, information, and precision technologies that were rapidly improving U.S. weapons systems in the 1980s. The Soviet military thus was greatly threatened by the new U.S. military developments. The years 1982-1984 were a period of intense disputes within the Soviet Politburo and the Soviet General Staff about what was to be done. The disputes were won by a group of reforming leaders, who in 1965 installed a wholly new kind of General Secretary of the Communist Party, Mikhail Gorbachev, to carry out their reforms.

The Soviet reformers believed that the economic stagnation and technological sluggishness resulted from the entrenched inertia and narrow self-interest of the Soviet bureaucrats. The reformers thought that the bureaucrats could be exposed and shaken-up by a combination of more energetic direction from above and more lively criticism from below. To enable the latter, the reformers inaugurated a program of "openness, " or glasnost. When glasnost by itself proved insufficient, the reformers then inaugurated a more radical program of "restructuring" the bureaucracies, or perestroika.

Such a reform program was unprecedented in Soviet history. It seemed to make sense in terms of organizational theory, but when these reforms impacted upon Soviet reality, they had massive unintended consequences. Openness soon spread from the Soviet bureaucracies to other sectors of Soviet society. Restructuring of the Soviet bureaucracies soon led to their dis-functioning and then to their deconstructing, and this too soon spread to other sectors of

Soviet society. The result was that by 1989 the entire Soviet system was running down and falling apart. The system not only lost its capacity, but it also lost its will. In 1989, the Soviet Union's empire in Eastern Europe quickly collapsed, and in 1991, the Soviet Union itself collapsed and dissolved. Even more extraordinary, this great empire collapsed without firing any final shot at its triumphant adversary, the United States.

V. The New Global Scope of the American Empire

The extraordinary victory of the United States over the Soviet Union meant that what had been a bipolar international system since 1945 suddenly was transformed into a unipolar system. For forty years, the United States had conducted a foreign policy whose basic principle was supposed to be the "containment" of the Soviet Union and its allies. But in actuality, the most important containment going on had been that by the Soviet Union of the United States and its allies. While the United States was containing the Soviets within a Communist World, the Soviets were containing the United States within a "Free World," and particularly within the three American alliances or hegemonic systems of Western Europe, East Asia, and Latin America.

Now, however, the United States was "the sole superpower," and its economic and political elite--flush and confident from the achievements of the Reagan restoration--immediately proceeded to undertake a grand project to construct a "New World Order," which essentially meant to remake the entire world--and no longer just the Free World--in the American image. The economic, military, and political principles of this new American order--really an American empire--were respectively a global economy, a high-tech military, and liberal democracy. These were all integrated and legitimated by an ideology which

espoused such ideals as the open society, human rights, and universal rules and norms.

The Economic Dimension: Globalization, Finance, and the Information Age

We have already seen that the American economic and political system had been largely dominated since the end of the Second World War by a bipartisan liberal-international bloc. With the end of the Cold War and the Soviet Union, this bloc immediately sought to transform the old international economy into a new global one. This project, and indeed the whole process that it entailed, was termed "globalization," and the elite often portrayed globalization as a natural, inevitable development, rather than as a product of their own particular policy choices.

We have also already seen that the liberal-international policies of the 1970s-1980s had already begun to hollow-out large parts of Midwestern industry, especially because of competition from Japan. This became the notorious "Rust Belt." Now, the globalization of the 1990s accentuated and accelerated this hollowing-out process, with South Korea, Taiwan, and Mexico now joining Japan as devastating industrial competitors, and with the Rust Belt now spreading from the Midwest to the South.

At the same time that American industry was becoming more multinational, and less American, the overall American economy was becoming more financial, and less industrial. In the 1990s, finance, still largely centered in the Northeast, became both the largest and the most profitable sector of the American economy. And finance, i.e., the large commercial and investment banks and the new hedge funds and private-equity funds, converted its great economic power into great political power. By the end of the 1990s, financial interests were the principle donors to presidential and senatorial candidates in both the Republican and the

Democratic Parties. The result was that both the Bill Clinton administration and the George W. Bush administration enacted policies which financial interests had long sought, in particular to largely deregulate the financial sector.

The Military Dimension: High-Tech Weaponry and the Revolution in Military Affairs

As the Soviet Union was disintegrating in 1991, without firing a shot at its American adversary, the U.S. military nevertheless achieved its own dramatic victory, which was its extraordinary performance in the Gulf War against the Iraqi military. The U.S. Army's Air-Land Battle Doctrine, which was based upon the use of high-tech, information-rich, and precision-guided weapon systems, had been designed to fight and defeat the Soviet Army in a conventional war in Europe. Although the doctrine and its weapons never had to be used for its original purpose, the Army now employed it to fight and defeat a Soviet-trained army in a conventional war in the Middle East. The results were spectacular: quick, decisive, and with virtually no U.S. casualties. They were widely seen as heralding the advent of a "Revolution in Military Affairs," which had been much discussed and anticipated by military professionals in the 1980s.

This extraordinary U.S. military performance quickly captured the attention of every other important military in the world, including that of the Russian Federation (which had succeeded the Soviet Union) and also that of China. They concluded that they would also have to adopt some version of this high-tech revolution in military affairs, but it would be many years before they would be fully able to do so. In the meantime, the U.S. military--the sole high-tech military and the one wielded by the sole superpower--would enable the United States to do its will and work its way in carrying out its grand project to remake the

world in the American image. It did not take long for the United States to undertake other small wars, which could serve as demonstration projects for its proficiency with the Revolution in Military Affairs. This was the case with the Clinton administration's brief wars over Bosnia in 1995 and over Kosovo in 1999, which were also extraordinarily quick, decisive, and with virtually no U.S. casualties.

Moreover, the Kosovo War was not only a demonstration project for the new U.S. capabilities. It was also meant to be a demonstration project for new NATO military objectives. Ever since its founding in 1949, the members of NATO had agreed that its only purpose was to defend its European members against the threat from the Soviet Union in Europe. NATO, as NATO, would undertake no military operations outside of Europe or "out-of-area," for example in the Middle East. But in the 1990s, the threat from the Soviet Union, and even from its successor state, the Russian Federation, had disappeared, and the Clinton administration resolved to enlist NATO for a new purpose, which would be precisely to participate in U.S.-led military operations in the Middle East. These out-of-area operations would be justified as securing "the supply of vital natural resources" (i.e., oil) to Europe. Thus, the administration arranged that at the annual meeting of NATO which was to convene in April 1999, and which would be on the occasion of the fiftieth anniversary of NATO's founding in April 1949, NATO would adopt a "New Strategic Concept." This new strategic concept would now include NATO military operations in the Middle East, in order, of course, to secure the supply of vital natural resources. The Clinton administration initiated its war in Kosovo in March 1999, and one of its principle purposes was to demonstrate that a NATO war carrying-out the New Strategic Concept, and conducted in the near-by Middle East, could be quick, decisive, and with virtually no casualties.

Thus, by the end of the 1990s, the demonstrated military supremacy of the United States was a central pillar of the new American empire and its global scope. As the United States entered the 2000s, and the new millennium, its economic and political elites were supremely confident that they could continue to advance their grand project of remaking the world in the American image, and that they even might be able to advance some ideals that hitherto would have been considered to be millenarian, such as establishing the global reign of universal human rights and universal rules and norms.

The political dimension: liberal democracy and regime change

With the U.S. victory over the Soviet Union, most of the Communist regimes in the Soviet allies in Eastern Europe were quickly replaced with some version of a liberal democracy, much like those that had long characterized the U.S. allies in Western Europe. And even in the successor state to the Soviet Union itself, the Russian Federation, the Yeltsin government of the 1990s gave the outer appearance of being a developing liberal democracy. (In reality, it was just a Potemkin liberal democracy, one whose real character was that of a corrupt oligarchy.)

All of this excited the political imaginations of the U.S. elites. They had always preferred liberal democracy as the best political formula, not only for the United States itself, but also for those dependent allies whose economic and cultural development had reached the level that they could support such a complex political system as liberal democracy. This had long been the case in Western Europe, and by the early 1990s, it was becoming the case in East Asia, and it even seemed increasingly to be the case in Latin America. If liberal democracy was being established in all of these regions, and it had just

been established in Eastern Europe, surely it could be spread to other regions as well, particularly to the Middle East and to the former Soviet republics in Central Asia. Thus began the idea of the "democratization project," by which the United States would promote the spread of liberal democracy throughout the globe.

Up to the early 1990s, however, this recent spread of liberal democracy to new regions had been relatively easy and costless for the United States. In particular, it had not required U.S. military intervention (with the exceptions of Panama in 1989 and Haiti in 1994), and it had not even required covert political intervention by the C.I.A. But it soon became clear that spreading liberal democracy to the Middle East and Central Asia would require the United States to use these more activist and interventionist methods. The U.S. elites had considerable difficulty in explaining why these regions seemed to pose a greater challenge for the U.S. democratization project. The obvious fact that almost all of the countries in the Middle East and Central Asia were part of the Muslim world yielded an explanation that even then the U.S. elites found to be politically incorrect. In any event, there was little sign that the authoritarian regimes in these regions would be changed by internal forces by themselves; they would only be changed if outside forces (i.e., the C.I.A. or the U.S. military) acted upon the regime. Thus, the United States began to develop a systematic program for implementing "regime change," whose ostensible objective was to establish some kind of liberal democracy. The first country to be the target for this program was a relatively simple and easy case, since it was not actually in the Middle East itself, but only on the way to it. This was Serbia, in the aftermath of its defeat in the Kosovo War, which also made it an unusually vulnerable target for the developing U.S. program for regime change. However, at the end of the 1990s, the program was still in its developmental and

experimental stage. It would not really be implemented until the 2000s and until the George W. Bush administration. But then it would be implemented in a big (although ultimately ineffective) way, in a series of "color revolutions" promoted by the C.I.A. and in the U.S. military interventions in Afghanistan and Iraq.

The United States in Western Europe

During the forty-year Cold War, the U.S. hegemonic system in Western Europe had generally operated the way both its original architects and later U.S. economic and political elites had intended. The only significant internal challenge to the system had come from French President Charles de Gaulle during the 1960s, and that proved to be rather superficial and quite brief. Thereafter, the U.S. role in Western Europe operated very much as an archetypal hegemonic system. This was most evident on the military dimension and with NATO.

Underneath the smooth surface created by U.S. military hegemony, however, the dynamics of U.S. economic and political hegemony were gradually but steadily transforming the character of the Western European countries. The most obvious manifestation of this was the step-by-step increases in the integration and power of what had begun in 1958 as the European Economic Community and what had matured by 1992 into the European Union. Ever since 1947, the U.S. economic and political elites had almost always supported more economic and political unification of Western Europe, because they thought that this was more likely to produce a stronger economic and political ally of the U.S., than an economic and political rival. In particular, they saw the successive European international organizations as a nice economic and political

counterpart and partner to the military organization that was NATO.

Moreover, they also saw these organizations as helping to make the European countries more capitalist and less socialist in their economies and more liberal and less collectivist in their politics. In other words, European unification, if done in the right--i.e., the liberal capitalist--way, could actually help the United States remake Western Europe in its own image. In addition, the growing presence of American multinational corporations in Western Europe after 1958 obviously worked to open up the European economies, to make them more international and less national, and to make them more capitalist and less socialist.

As we have seen, at the beginning of the U.S. hegemonic system in Western Europe in the late 1940s, the U.S. economic and political elites had to make concessions to the national and the social interests that were then strong in these countries, in order to create a unified resistance to the Soviet threat. But the U.S. elites really wanted Europe to eventually become less national and less social, i.e., to become more like the United States. And over time, as the dynamics of European international organizations and American multinational corporations worked their way, this is what happened. This process was already far advanced by the end of the Cold War, and it advanced even further, and even faster, in the 1990s. By the year 2000, many of the most important decisions effecting the lives of Western Europeans were made in Brussels, rather than in putatively national capitals. And all of the putatively Socialist or Social Democratic Parties had replaced their socialist economic policies with progressive cultural policies, and thereby with capitalist economic policies.

The total collapse of the Soviet Union and of its allied Communist regimes in

Eastern Europe meant that suddenly a vast realm, indeed a vast vacuum, opened up to the east of the U. S. hegemonic system in Western Europe, and the United States and its allies were quick to fill it. Convinced that their great victory in the Cold War demonstrated the absolute superiority of their system on all of its dimensions--of a capitalist economy, high-tech military, and liberal democracy--they immediately sought to erect these on the ruins of the communist regimes, i.e., to remake Eastern Europe in their own image. And, within a few years, they had largely succeeded in doing so.

This great leap eastward of the U.S. hegemonic system proceeded on two levels, the international and the internal. The United States had found NATO and the successive European international organizations to be very satisfactory instruments in operating its hegemonic system in Western Europe, so it now used these to expand that system into Eastern Europe. First, East Germany, through German unification in 1991, was incorporated into NATO and the European Union; then Poland, the Czech Republic, Slovakia, and Hungary; and then Romania and Bulgaria. Sometimes a country entered NATO first, and then the European Union, and sometimes the sequence was the reverse, but from the point of view of the increasingly worried and annoyed Russians, these two organizations were two sides of the same U.S. hegemonic coin. By the year 2000, all of the above countries were nicely integrated into NATO and the E.U., and the process of soon adding Slovenia and Croatia, and even the former Baltic republics and constitute parts of the Soviet Union itself--Estonia, Latvia, and Lithuania--was already far advanced. It was the admission of former republics of the Soviet Union into NATO and the E.U., i.e., bringing these organizations right up to the borders of the Russian Federation, that especially alarmed and angered the Russians.

Moreover, as we have already seen, the European international organizations had internal consequences for their members, not just international ones. They were powerful engines working to make these countries less national and less social. They soon pushed to have the same effects in Eastern Europe that they had had in Western Europe. This was to steadily replace a national economic and political elite with an international one and to replace social economic and cultural policies with more liberal and capitalist ones. The result, in both Western Europe and Eastern Europe, was to create growing disparities within society, in regard to income, wealth, values, and identities.

The United States in East Asia

Like the U.S. hegemonic system in Western Europe, the U.S. hegemonic system in East Asia generally operated throughout the Cold War in the way both its original architects and later U.S. economic and political elites intended. The system not only kept maritime East Asia (Japan, South Korea, Taiwan, and the Philippines) from falling under the sway of any communist power, but it enabled truly spectacular economic growth and prosperity in the first three of these countries.

However, the East-Asian system had always been different from the Western-European one in important ways. On the military dimension, the U.S. military was even more hegemonic, and the local militaries even more dependent, in East Asia than in Western Europe. In essence, the U.S. military services served as the real army, navy, and air force of each of these four countries, while the putative national militaries functioned more-or-less like the National Guard does in the United States.

On the economic dimension, the vast U.S. market performed something like the

same role. The export-led economies of East Asia were even more dependent on the U.S. market than those of Western Europe. In essence, the U.S. market served as the real export market for each of these four countries, because the United States needed it as a substitute for the obvious alternative export market, Communist China. But as time went on, and as the export prowess of the East-Asian countries greatly increased, an odd symmetry developed. By the end of the Cold War and even more by the end of the 1990s, the industries of Japan, South Korea, and Taiwan were serving as the real industrial producers for much of the U.S. economy, just as the U.S. military services were serving as the real military forces for these countries.

The way that the Cold War ended produced another major difference between the U.S. hegemonic system in East Asia system and that in Western Europe. Whereas the Soviet Union completely collapsed, Communist China largely endured. While it is true that the Chinese economic system became much more capitalist than before, the Chinese political system remained an authoritarian communist one. The result was a kind of Market-Leninism, which was very successful in producing spectacular Chinese economic growth during the 1990s and beyond. The continuing military threat and the continuing economic temptation that China posed for the U.S. allies in East Asia meant that the United States had to continue both its odd military role and its odd economic role in the region in the years after the end of the Cold War, largely as it had in the years before.

The only new challenge to the East-Asian system to develop in the decade after the Cold War came from the Philippines in 1992, and in the benign context of the time, this seemed relatively unimportant and inconsequential. During a period of heightened nationalist consciousness, the Philippines expelled the U.S. Navy from its immense and

long-established base at Subic Bay and the U.S. Air Force from its own immense and long-established base at Clark Field. The United States complied with this expulsion, but seeking to minimize the disruptive effects on the U.S. hegemonic system in East Asia, it continued to act as if the Philippines remained a loyal U.S. ally, and the overall system continued to operate in the same reassuring way as it had before.

The United States in Latin America

As we have seen, U.S. hegemonic system in Latin America had been threatened by the Castro Revolution in Cuba in 1959 and by the resulting communist regime, but during the 1960s the United States succeeded in containing this threat within Cuba itself, and the U.S. system then continued to operate largely as U.S. economic and political elites wanted it to. Similarly, the system was again threatened by the Sandinista Revolution in Nicaragua in 1979 and by the resulting Marxist regime and Cuban ally, but during the 1980s the United States succeeded in containing this threat within Nicaragua itself, and the system again continued to operate largely as U.S. economic and political elites wanted it to.

As we have also seen, the U.S. hegemonic system in Latin America had long been characterized by economic, military, and political features which made it more like a traditional colonial system, than like a true hegemonic one, such as the U.S. system in Western Europe. The economic dimension was characterized by an unequal exchange (or "colonial pact") between the industrial United States and the agricultural and raw-material-exporting Latin America. The military dimension was characterized by the complete dominance of the U.S. military over the local militaries, which in reality never

functioned as militaries at all (in the sense of fighting foreign militaries), but only as local police forces coercing their own citizens. And the political dimension was characterized by what were republics in form, but were either military dictatorships or oligarchic regimes in reality. Indeed, even the putative states of Latin America (as in the "Organization of American States") rarely functioned in practice like real states, such as those in Europe. Rather, they were merely patrimonial hierarchies exploiting their own citizens, while pretending to be states. And of course, hardly anyone ever thought of most of these putative states as being full nation-states, such as those in Europe. The very words "Guatemalan nation" or "Peruvian nation" sounded like an oxymoron.

By the 1990s, however, the industrial development of several Latin-American countries had lifted them closer to the European model. This was especially the case with Mexico, Brazil, and Chile. U.S. economic and political elites recognized this by developing more sophisticated economic formulas, such as the North American Free Trade Association (NAFTA), "the Washington consensus," and "neoliberalism," which incorporated Latin-American industries into the international supply chains of U.S. multinational corporations. Moreover, in the 1990s, virtually all of the remaining military dictatorships in Latin America were replaced with oligarchic regimes, which was a somewhat more sophisticated political formula than that of before. All of this made the U.S. elites think that their hegemonic system in Latin America was operating better than ever, and that it would get even better in the future.

In the year 2000, a decade after the end of the Cold War and the end of the Soviet Union, the view from the top of the sole superpower, of the American empire, could not

have seemed better. "Standing tall" and "seeing far," the U.S. economic and political elite gazed into "the next American century" with a confidence unknown by any great-power elite within the previous century, or perhaps even within the previous five centuries. On every dimension of the empire--the economic, the military, and the political--and in each of its three hegemonic systems--in the Western Europe that had become all of Europe, in East Asia, and in Latin America, everything was operating very well, and it seemed that everything would operate even better in the future.

But, in a grand trajectory that would have been perfectly understood by the great Greek dramatists and by that great Greek historian, Thucydides, everything would soon turn into its opposite. In 2001, the American empire entered into its second general crisis, into a long journey through the shadow of decline, and by the U.S. presidential-election year of 2016 and the first Trump administration year of 2017, some observers were reasonably beginning to think that the empire was entering its valley of death. There now seemed to be unprecedented and intractable challenges on every dimension of the empire and in each of its three hegemonic systems. How did this happen? And what will now happen in the future?

VI. The Second General Crisis of The American Empire, 2008-Date

The Military Crisis: The Wars in Afghanistan and Iraq

The first challenge, or rather, shock to the American empire came in 2001, and that was, of course, the bolt from the blue, the big bang, of the Islamist terrorist attack of

9/11. This attack, and the prospect that more like it would soon follow, would in itself have presented an extremely difficult problem to the U. S. economic and political elite. But the really intractable problems were produced by the George W. Bush administration's military response to the attack. This was first the invasion and occupation of Afghanistan in late 2001 and then the invasion and occupation of Iraq in 2003.

When the United States undertook these invasions, the U.S. elites understood war almost wholly through the prism of the Revolution in Military Affairs and the commanding superiority of the U.S. military in the high-tech weaponry of the new Information Age. And, indeed, the initial invasions of Afghanistan and Iraq (like the invasion of Iraq in the Gulf War of 1991) went very well and in accordance with this high-tech plan, with the quick and costless overthrow of the Taliban and Saddam Hussein regimes. However, very soon thereafter, an effective insurgency developed in each country, and the quick and costless invasion became a long occupation and a costly counterinsurgency war. Suddenly, the post-industrial, information-age war was transformed into a pre-industrial, agricultural-age, or even pre-agricultural-age war. After all, empires and their armies have been engaged in varieties of counterinsurgency operations for at least two or three millennia.

As the dreary and costly counterinsurgency wars in Afghanistan and Iraq went on year after year, and have continued to go on right down to the present year of 2017, the image of the U.S. Army as an efficient, effective, and even invincible force for defending, maintaining, and even expanding a great empire has been largely replaced by an image of the U.S. Army as an incompetent, feckless, and even mindless bureaucracy

that can do almost nothing right. Since empires have always depended upon the creditable use of the kind of military force that can, when and where necessary, engage in "imperial policing," the current reputation of the U.S. Army is the very opposite of what is needed by an empire.

Revisionist Russia: Amputee States and Hybrid Warfare

As we have seen, during the 1990s, the activist and confident U.S. economic and political elites expanded their well-functioning hegemonic system in Western Europe in a great drive eastward, first into East Germany, then into Eastern Europe, and then -- with the admission of the three Baltic states of Estonia, Latvia, and Lithuania into NATO and the E.U. -- into former constituent parts of the old Soviet Union itself, and right up to the borders of its shrunken successor state, the Russian Federation. In fact, the border between Estonia and Russia is only 70 kilometers, or easy artillery range, from St. Petersburg. With each successive move of the U. S. system eastward, the Russians grew increasingly more concerned and apprehensive, until with its move into the Baltic states, they became alarmed and angry.

At each stage in this eastward expansion, experienced and seasoned U.S. foreign-policy experts, most notably George Kennan, had warned that now was the time to stop. Russia, under each of its many different regimes, had always seen buffer states on its western borders and which were ruled by friendly governments to be a vital national interest. And although there might be a period when Russia was too weak to secure this vital interest, there would eventually again come a time when it would insist upon this interest, or even brutally impose it. But the Bill Clinton and George W. Bush

administrations, and behind them most of the U.S. economic and political elites, would have none of this. Arrogant in their power and confidence,, ignorant in their understanding of Russia, and arrogant in their ignorance, they brushed aside these cautions and recklessly leapt toward the east, and into an unknown future.

Even with the admission of the Baltic states into the U.S. hegemonic system, thoughtful and empathetic U.S. statesmen could still have made the case to the Russians that, because of their Roman Catholic and Protestant--i.e., Western--religious traditions and because of their long-standing Western commercial connections, the Baltic counties were an exceptional case, and that the United States would now commit itself to make no further moves into the former republics of the Soviet Union or nearer to the borders of the Russian Federation. But again, the Clinton and Bush administrations, and the U.S. elites behind them, would have none of this. To the contrary, in 2008 the Bush administration proposed that Georgia and Ukraine also be admitted into NATO.

This time, the Russians responded quickly and decisively, and with an innovative and effective political-military strategy. A few months after the Bush administration's provocative proposal, Russia launched a war against Georgia. Given past Russian practice, one might have expected Russia to occupy all of this bordering country and to install a friendly government over every bit of it. However, in the two decades since the breakup of the Soviet Union, the Russians had developed a less ambitious, but still effective, strategy, which would at least neutralize a bordering country. This was to break off--i.e., to amputate--a piece or two of the bordering country and to turn these pieces into statelets with governments friendly to Russia, indeed totally dependent upon it. The now-amputee bordering country might remain unfriendly to Russia, but it would be so

crippled that no other state or international organization would be able to absorb it. Russia had used this strategy effectively against Azerbaijan and Moldova in the 1990s, and now, in 2008, it used it effectively against Georgia, breaking off the two statelets of Abkhazia and South Ossetia and thus putting an end to any plans for Georgia itself to join either NATO or the E.U. Today, in 2017 and almost a decade later, we can see that Russia finds this particular method -- irregular and anomalous as it is -- to be a very satisfactory solution to a border-state problem.

There should have been no surprise, therefore, when in 2014 Russia resorted to the same method in Ukraine. During 2013-2014, the Obama administration, and the U.S. economic and political elites behind it, were aggressively pushing to have Ukraine join the E.U., which would then be followed by Ukraine joining NATO. This U.S. campaign reached a climax in February 2014, with the overthrow of the relatively pro-Russian president of Ukraine. Russia quickly and decisively implemented its new strategy of amputation, by annexing the Russian-speaking Crimean region of Ukraine and by setting up a couple of pro-Russian statelets in Eastern Ukraine. This has put an end to any plans for Ukraine itself to join either NATO or the E.U. Today, in 2017 and more than three years later, we can again see that Russia finds this particular method to be a satisfactory solution to a very big and crucial border-state problem.

Amputee states were the political part of Russia's new political-military strategy. The military part was "hybrid warfare." The Russian national-security elite had reviewed the precarious strategic situation in which Russia found itself at the beginning of the 21st century. On the one hand, it was a vital interest of Russia, as it had always been, to

reconstruct a belt of friendly buffer states in its "near abroad," and especially on its western borders. This would also be a way of reconstructing some of the functional advantages of the former Soviet Union. On the other hand, the Russian economy was quite brittle and weak, and Russian demography was quite unhealthy and unpromising. Russia's only robust strengths were its highly-developed military industry, its technically-educated workforce, and its immense energy production. This meant that the Russian national-security elite would have to be unusually innovative and diligent in mobilizing and integrating every possible resource--economic, military, and political--of Russia into a comprehensive and coherent national strategy and operational code--i.e., a doctrine--to secure and advance Russia's vital interests. Further, this new doctrine would have to incorporate and exploit the new technologies of the Information Age, and in particular it would seek to establish Russian superiority in the new realm of cyberspace. The result has been what the Russians have called "hybrid warfare."

Russia has effectively deployed hybrid warfare in Ukraine. The most famous example was putting Russian soldiers and special forces who were in uniform but without insignia--the "little green men"--into Eastern Ukraine, to engage in military operations to establish and protect the pro-Russian statelets and to produce various disruptions within Ukraine itself. But the Russians have also engaged in effective cyberwar operations there.

However, the most important theater where Russian hybrid warfare now poses a threat to the United States and its European allies is not Ukraine--which has receded into the miasma of an amputee state (which is exactly where Russia wants it). It is the Baltic states--and NATO members--of Estonia, Latvia, and Lithuania. Russia has long included

in its strategic culture a theory and practice of tit-for-tat. That is, if an adversary power made an aggressive move into Russia's strategic realm, Russia would respond by making a comparable aggressive move into the adversary's strategic realm. Thus, when the United States extensively intruded into Ukraine in 2013-2014, this activated a process in which Russia would deploy its new doctrine and capabilities of hybrid warfare into the U.S. strategic realm. From the Russian perspective and for overdetermined reasons, the most attractive and most vulnerable target has been the Baltic states.

When the United States brought the Baltic states into NATO, it assumed a full treaty commitment to protect them against a Russian military attack, but it did so without any accompanying strategy whatever of how to deter such an attack, or if deterrence failed, how to defend these states against it. This was an especially pronounced example of the arrogance and ignorance of the U. S. elites at the time. Now, as Russia has increasingly employed this or that element of hybrid war against or around the Baltic states in the last three years, NATO has taken a number of ad hoc and disparate measures to construct some similitude of deterrence and defense. In essence, however, the Russians are placing a kind of sword of Damocles over the Baltic states, and Baltic security--and beyond that NATO credibility--hangs by a thread. Perhaps all it would take would be another reckless move by the United States against some Russian vital interest, or perhaps a dramatic U.S. debacle or display of weakness in some other region (for example, in East Asia), and Russia would move against one or more of the Baltic states in a way that would reveal to all the world that the U.S. hegemonic system in Europe was now just a big bluff, a Potemkin alliance, or, as the Chinese would then surely say, a paper tiger.

Revisionist China: The Three China Seas and Cyber Warfare

The chief architect of China's extraordinary economic growth, Deng Xiaoping, had counseled his colleagues in the Chinese leadership and their successors to steadily but quietly build China's economic and military strengths over a period of two or three decades, adopting during this time an outer appearance of accommodation and cooperation toward foreign powers, and especially toward the greatest and potentially most dangers of these powers, the United States. Then, when China had achieved economic and military superiority in important areas and ways, it could move much more actively and openly to achieve its international ambitions and even to revise the existing international system to better fit its own interests and conceptions. And during the 1990s and 2000s, China did indeed adhere to Deng's counsel, steadily but quietly growing in economic and military power, while accommodating and cooperating along the way. Thus, China was welcomed into the World Trade Organization in 2001, with a chief supporter of this being the United States. And during most of the 2000s, there was much discussion of "China's peaceful rise," "China's soft power," and "China's charm offensive in Asia."

At the beginning of the 2010s, several events, particularly a series of maritime incidents in the South China Sea and the East China Sea, demonstrated that Chinese leaders had decided that the era of a more active and open assertion of China's interests and conceptions had at last arrived. And the chief theaters for this new policy have indeed been these two seas, especially with disputes over rights to a motley array of tiny islands, islets, reefs, and shoals within them. In the South China Sea, the disputes have

been principally between China and the Philippines and in the East China Sea, they have been principally between China and Japan. Thus they involve two of the security-treaty allies of the United States, and thus they represent an ongoing challenge to the U.S. hegemonic system in East Asia.

China has long considered the South China Sea, the East China Sea, and the Yellow Sea (which it sometimes calls the North China Sea) to be "the three China Seas" or "littoral China." In the Chinese conception of the natural shape of China, China will only be properly rounded out when these three seas are definitively part of China, and indeed are really Chinese lakes. Thus, China is not going to give up its claim to these seas and to all the tiny pieces of land within them, and its pressure to achieve its goal of making them part of China will only grow, as its military strength to back up this pressure grows also. China's drive toward the three China Seas is thus acquiring the character of something like an irresistible force.

However, the United States for seventy years has seen its hegemonic system in East Asia to be a vital interest and also a central pillar of its broader conception of world order. Thus, the U.S. economic and political elites are not going to give up this system, nor the security guarantees to the Philippines and Japan, which the system entails. Moreover, the military strength to back up these security guarantees comes chiefly from the U.S. Navy and particularly from its great Seventh Fleet in the Western Pacific, whose *raison d'être* since 1945 has been the defense of the region. The U.S. position in the Western Pacific, and thus in the three China seas, has therefore acquired the character of something like an immovable object.

China has been steadily developing its military forces, and especially its naval and anti-naval forces, so as to soon be able to demonstrate that it is indeed an irresistible force in regard to the three China Seas. Most obviously, the remarkably-named People's Liberation Army's Navy (PLAN) has procured a large number of conventional naval vessels, of which the most symbolic is an aircraft carrier, but of which the most important are a fleet of high-tech submarines. Even more important, however, is China's development of effective, nonnuclear, anti-ship ballistic missiles (ASBMs), which could easily and quickly destroy any U.S. aircraft carriers operating within 500 miles of the three China seas. The ASBMs are supplemented by a very large arsenal of lower-tech shore-to-ship missiles and aircraft, stationed along the long Chinese coast. Most important of all, however, is the already-demonstrated Chinese proficiency in the high technologies of cyber warfare. These include the capability to destroy U.S. satellites in space, which are essential for the command-and-control of the U. S. Navy's battlefield operations; to intrude into and disrupt the electronic and computer operations of U.S. naval vessels; and to hack into and monitor the flow of U.S. naval information and intelligence.

The advancing Chinese capabilities in cyber warfare are facilitated by a long-standing Chinese policy and practice of "civil-military fusion." This simply means that the Chinese state insures that innovations and developments in civilian or commercial products and processes, such as cyber space technologies, are effectively translated into new military innovations and developments, and vice-a-versa.

The U.S. Navy has tried to respond to these growing Chinese threats to its long-established dominance in the Western Pacific, including the three China Seas. One

attempt was the "Air-Sea Battle Concept," which was announced in 2011, which was an obvious effort to replicate the success of the Army's old Air-Land Battle Doctrine of the 1980s, and which envisioned a non-nuclear war against China. And, like the Navy's old Forward Maritime Strategy of the 1980s, the Air-Sea Battle Concept put the Navy's aircraft carriers at the center of the battle. However, the Navy's computer war games soon demonstrated that the carriers would quickly be destroyed and that the war with China would very likely quickly escalate into a non-nuclear one. The Navy then quietly abandoned the Air-Sea Battle Concept, and thus far it has not found a new battle concept to put in its place.

More recently, the Navy has been conducting Freedom-of-Navigation Operations (FONOPS) in the South China Sea. These are supposed to contest and limit the Chinese claims to the sea and to the pieces of land within it. But these operations are merely at a tactical level and for only a temporary period, giving them a somewhat fitful appearance. In any event, they have not stopped the Chinese from expanding the land on and around the various pieces (thus building a "Great Wall of Sand") and from establishing useful structures and even military capabilities upon them.

The Navy also recognizes the threat posed to it by the Chinese developments in cyber warfare, and it has tried to develop countermeasures to them. But of course the Chinese continue to make even more advances. In effect, there is now a kind of cyber-warfare arms race going on between China and the United States. And thus far, the U.S. Navy, for the most part, remains behind.

In conclusion, then, the Chinese irresistible force is pressing more and more upon the U.S. hegemonic system in East Asia. And the American economic, political, and

military elites, who for seventy years have seen that system to be an immovable object, give no indication that they are going to give way. At the present time, then, the prospects are for a great naval collision, and that all this will end badly for all.

The Advent of a Nuclear-Armed North Korea

North Korea's efforts to obtain a nuclear-weapons capability have presented a serious challenge to the United States since at least 1994, i.e., to the Bill Clinton, George W. Bush, Barack Obama, and now Donald Trump administrations. During the first three of these administrations, the United States consistently acted as if it believed that North Korea could be persuaded to give up its nuclear-weapons program, by some combination of diplomatic negotiations, economic sanctions, and economic aid. On its part, North Korea sometimes temporarily acted as this could be the case, but this turned out to be its tactic to gain more time, in which to relentlessly continue its growing and deepening nuclear program. Indeed, there has never been any evidence that North Korea would ever abandon its pursuit of an invulnerable nuclear-weapons capability and deterrent. The idea that it would has always been a fantasy, and moreover an obvious fantasy.

Why, then, did all U.S. policymakers act as if they believed in this fantasy? One reason was that the U.S. economic and political elites--capitalist and liberal to their core--have almost always overestimated the power of negotiations, economic sanctions, and economic aid as instruments of U.S. foreign policy. Such actions are what U.S. elites do. But there was another, and more ominous, reason in this particular case. It was because the alternative to believing (or at least pretending to believe) in the fantasy was too horrible to contemplate.

North Korea was indeed in pursuit of an invulnerable deterrent in the ultimate form of nuclear weapons. But from the early 1990s, it already had an invulnerable deterrent of a sort, in the form of a massive, dispersed, and protected arsenal of convention weapons. This arsenal consisted of more than 50,000 artillery pieces aimed at the South Korean capital city and megapolis of Seoul. A coordinated barrage from this artillery arsenal could destroy Seoul, kill more than ten million South Koreans, and also kill more than 28,000 American soldiers, all in a time of less than 30 minutes. Any U.S. military attack on North Korea's embryonic nuclear deterrent could very likely detonate its already-existing conventional deterrent. And thus, for more than twenty years, and through three successive U. S. presidential administrations, this conventional deterrent provided a protective umbrella over the coming, but still vulnerable, nuclear deterrent. And by 2016, this coming deterrent was just about ready to arrive. This was the military reality that the outgoing Obama administration presented to the incoming Trump administration as the most urgent and most grave problem on the new administration's agenda.

The Trump administration, such as it is, has characteristically oscillated between President Trump's bellicose rhetoric threatening U.S. military action and the administration's top national-security officials' predictable preference for yet more and better negotiations and economic sanctions. Neither of these two options provide any solid basis for hope.

There is, however, a third option, and this has been proposed by the Chinese. On the one hand, China would commit itself to use its great economic and political influence on North Korea to get it to first freeze, and then, very gradually but steadily, to roll back, its nuclear and ballistic-missile programs. As compensation to North Korea, China would

offer it a firm guarantee to serve as its nuclear deterrent. On the other hand, the United States would commit itself to the following: (1) no movement of U.S. or South Korean military forces into North Korea; (2) no change in the outer form of the North Korean regime (although the Chinese would gradually but steadily work to make its inner substance more moderate, i.e., more like the Chinese regime); (3) no deployment of U.S. nuclear weapons in South Korea; and (4) withdrawal of the U.S. THADD anti-missile system from South Korea (which China sees as directed as much against it, as it is directed against North Korea).

Whatever the qualities of the current Chinese proposal, it has been rejected out of hand by the Trump administration, and by the U.S. elites who are behind its top national-security officials. As they see it, the commitments that the United States would have to make are simply too great a departure from their long-standing U.S. hegemonic system in East Asia. And thus, at the present moment, the most likely path that the United States will follow will be more of the same, i.e., more and hopefully better negotiations and sanctions.

But the likely result of this will be that North Korea will indeed shortly achieve its invulnerable nuclear deterrent, complete with a capacity to strike the continental United States. This will suddenly hollow-out the core of the U.S. security-treaty guarantees to Japan and South Korea. And the likely result of this will be that Japan and South Korea will then decide to acquire their own independent nuclear deterrents. The impending North Korean nuclear deterrent may not produce a nuclear war, but it seems very likely to produce two new nuclear powers.

And so, the seventy-year life of the U.S. hegemonic system in East Asia does seem

to be coming to an end. It may expire by the actions of China, in relatively slow motion and in the South Sea, at the southern reaches of the system. Or, it may expire by the actions of North Korea, in relatively quick motion and on the Korean Peninsula, at the northern reaches of the system. But, one way or the other, it now seems to be doomed.

The Economic Crisis: The Great Recession and the Responses of the U.S. Elites

During most of the 2000s, the only substantial challenge faced by the American economic and political elites seemed to be the failing wars in Afghanistan and Iraq. The military challenges that would be posed by revisionist Russia and China and by a nuclear-armed North Korea then lay several years in the future. The economic systems of the United States and Europe then seemed to be functioning very well, with healthy economic growth and low inflation. And their political systems also seemed to be functioning very well, with every major Western country ruled by those political parties that the elites loved so much, i.e., a long-established center-right party--such as the Republicans in the United States or the Christian Democrats in Germany--or a long-established center-left party--such as Labour in Britain or the Socialists in Spain. This was the benign condition of the United States and its allies all the way up through summer of 2008.

Beginning in early autumn of 2008, however, the U.S. global order suddenly began to change, and within a few years to change utterly into a full-blown general crisis of the American empire. The changes began with the U.S. financial crisis, which soon metastasized into the U.S. economic crisis or Great Recession, which then produced in 2010 a disfunctional U. S. political system, with a Republican Congress stalemating a

Democratic President. Moreover, versions of these phenomena soon migrated to Europe and were reproduced in the economic systems and political systems there, but often in an even worse way than in the United States.

The U.S. economy slowly moved out of its crisis mode, but it continued to be marked by stagnation in many sectors and aspects--and in the economic situation of most Americans--right down to the presidential election year of 2016. The European economy continued even longer in a crisis mode, and it was then marked by even deeper stagnation than that in the United States, right down to the tumultuous years of elections and referenda of 2016-2017. In the lives of the majority of Americans and the majority of Europeans, the Great Recession had become the great and prolonged stagnation.

We could discuss this great economic challenge posed by the Great Recession to the U.S. global order in the same detail as we have discussed the various military challenges, in the preceding sections of this paper. However, most such details will already be exceedingly familiar to participants in an INET conference, and such discussion would be unnecessary and tedious. Rather, we will focus our account of the Great Recession and its effects upon the responses of the U.S. economic and political elites to it. As it turns out, these responses are a major cause of the "core fractures" and dysfunctional "internal relations," which are the topics of this conference panel.

As we have seen, at the time of the founding of the U.S. hegemonic system in Western Europe in the late 1940s, the U.S. economic and political elites had engaged in an act of creative imagination, or at least of wise and prudent politics. Although they themselves were internationalists and capitalists in their interests and convictions, they knew that they should make some kind of accommodation or compromise with the large

number of nationalists and socialists within the Western-European countries. Thus, when establishing their system, they provided for the continued existence of strong nation-states and of socialist or social-democratic parties. The nation-states, in turn, protected the interests of the European middle class and also, to a degree, of European industrial workers. And the socialist or social-democratic parties protected the interests of these workers even more.

At the same time, however, when the United States was institutionalizing its hegemonic system in Latin America, the U.S. economic and political elites had made no such accommodation or compromise. The middle class in most Latin-American countries was relatively small and weak, as was the industrial working class. This meant that the number of nationalists and socialists within the Latin-American countries was small. The U.S. elites could get their way in Latin America without having to permit either strong nation-states or socialist and social-democratic parties. As for the wide-spread populist movements in Latin America, these always sought to nationalize U. S. direct investment or to limit U. S. industrial imports into their countries, so the U. S. elites vigorously and vehemently opposed them.

As we have also seen, at the later time of the first general crisis of the American empire and when that crisis was most acute within the United States itself, the U.S. economic and political elites engaged in a less creative and less demanding kind of accommodation or compromise, than had their predecessors. They did this through the distinctive policies and practices of the Reagan administration. In dealing with the American middle class, and particularly with small businessmen, the administration gave them the reality of beneficial economic policies, and also rhetoric about the virtues of the

free market. However, in dealing with American industrial workers--who were falling behind because of the administration's economic policies--Reagan gave them soaring rhetoric about their patriotic or religious values and virtues. In effect, Reagan diminished their self-interest, but enhanced their self-respect.

Still later, at the time of the second general crisis of the American empire and when that crisis has been acute in both the United States and Europe, the U.S. economic and political elites have chosen to respond to challenges in a very different way than their predecessors, either those thirty years before or those sixty years before. We will look in particular at their responses to the Great Recession and the ensuing great stagnation. But this is very much related to economic changes that had been underway since the Reagan administration. Indeed, these changes were in large measure the result of economic policies which that administration had used to resolve the challenges of the earlier Great Stagflation. For these policies set in train ever-growing disparities within American society, in regard to income, wealth, values, and identities. These disparities have reached extreme levels during the second general crisis of the American empire. Indeed, they are themselves a major cause of that crisis.

The real core of the U.S. elites is the economic elites. As we have seen, ever since 1945 and the beginning of the American empire, they have been predominately internationalist and capitalist in their interests and their convictions. This is because they have earned their income and made their wealth much more in the international economy, than in the national economy. Consequently, they prefer that there be no barriers, particularly national borders, restraining the intentional movement of economic assets and activities, sometimes called the factors of production. These factors have long

been thought of as goods (as in trade), capital (investment), and labor (migration), although technology (knowledge) is now often included. The U.S. economic elite, through their representatives in the political elite, have developed and imposed a policy in regard to each of these factors, especially during the thirty years since the Reagan administration. These policies have worked to the benefit of the economic elite and to the detriment of a majority--probably a majority of at least 70 percent--of Americans, and the economic elite knows this.

Let us examine this elite's policy choices with respect to each of the three traditional factors of production. Perhaps the most agitated and divisive choice involves the free movement of labor, or the issue of immigration. One might have thought that a wise and prudent elite might have insisted upon ample immigration, but would have agreed that it should be legal--and not illegal--immigration, i.e., regulated with a framework of law and order. After all, a regime of law and order has always been a vital interest of any economic elite. However, for at least forty years, the U.S. economic elite has refused to make any such accommodation or compromise with the American workers who are harmed by unrestrained immigration, and it has consistently got its way in the actual operation of immigration policy. Moreover, when the Great Recession and the ensuing great stagnation inflicted even more pain upon American workers, the economic elite merely doubled down on its immigration policy. Yet, this is the same elite that cannot stop talking about "rules and norms," with respect to other policy issues.

Another divisive policy choice involves the free movement of goods, or the issue of "free trade." One might have thought that a wise and prudent elite might have insisted upon generally unrestrained trade, but that it would have agreed that there could be some

exceptions for purposes of national security. After all, an effective military, and a robust and secure defense industrial base to maintain it, has always been a vital interest of any economic elite. However, for at least forty years, the U.S. economic elite has refused to make any such accommodation or compromises with American firms in such vital industries for defense as steel, shipbuilding, and electronics. The result is that these industries have been hollowed out so much in the United States itself that, for them, the U.S. defense industrial base is now in East Asia.

Yet another divisive policy choice involves the free movement of capital. Again, one might have thought that a wise and prudent elite might have insisted upon generally unrestrained capital outflows, but it would have agreed that the U.S. government should not actively promote them, i.e., that it would not actively intervene in foreign environments for capital. After all, this economic elite is always talking about the importance of free markets. Moreover, U.S. capital invested abroad usually does not contribute to the U.S. tax base, and a robust and broad tax base has always been a vital interest of any economic elite. However, for at least seventy years, the U.S. economic elite has successfully pressured agencies of the U.S. government, particularly the State Department and the Treasury Department, to in turn pressure foreign governments to open up their countries to American investors, and to protect those American investments once they are in those countries. And of course, American investments in foreign countries tend to create more jobs for foreign workers, and less jobs for American workers. Moreover, when the Great Recession and the ensuing great stagnation demonstrated a need for capital to create new and innovative economic sectors within the United States, in order to lift up the U.S. economy and to move it forward, the U.S.

economic elite doubled down on its pressure in support of U.S. capital investments abroad.

A quite different economic policy choice involves the perennial issue of infrastructure. Again, one might have thought that a wise and prudent economic elite would have supported maintaining and improving the vital infrastructure that is all around them, especially highways, bridges, airports, seaports, power plants and grids, high-tech schools, and parks. But the U.S. economic elite is now so rich and powerful, so much above ordinary Americans, that it often does not need public infrastructure, because it can buy its own infrastructure, in such forms as gated communities, chauffeured limousines, private jets, elite schools, and country clubs. Thus, for at least thirty years, the U.S. economic elite has successfully blocked government spending which would be enough to maintain and improve American infrastructure. Moreover, when the Great Recession and the ensuing great stagnation demonstrated that this was the perfect time for a great increase in government spending on infrastructure (as had famously been done by the Franklin Roosevelt administration during the Great Depression), in order to lift up the U.S. economy and to put it on a more solid base, the U.S. economic elite doubled down on its blocking of any such spending.

In short, the U.S. economic elite had repeatedly demonstrated during the past thirty years, and especially during the past ten years, that it cares nothing about the economic condition of the majority of Americans and of America itself. Rather, it has come to think about citizens of the United States in a way similar to how it has always thought about residents of Latin American countries. Indeed, as almost any conversation with members of this elite demonstrates, they do not even think of themselves as Americans.

They care only about themselves, with their selves defined in the most narrow and exclusive of ways. The most crucial of all the core fractures of today is the fractured relationship between the U.S. economic elite and everyone else. And that fracture will not be repaired until that elite is removed.

The Political Crisis: Governmental Disfunction and the Responses of the U.S. Elites

Like the U.S. economic system, the U.S. political system seemed to be functioning relatively well during most of the 2000s. The Republican Party, and the conventional party elites within it, controlled both the Executive Branch and the Legislative Branch of the U.S. government, and this made for a superficial harmony. Of course, it was a harmony that produced policies that were beneficial for the Republican economic elites, but which were detrimental to most Americans, and therefore to America as a whole.

The most obvious of these were the Bush administration's wars in Afghanistan and Iraq. The war in Iraq, in particular, had been promoted by representatives of the global energy corporations (e. g., Vice President Dick Cheney) and the major defense corporations (e.g., Secretary of Defense Donald Rumsfeld) in the administration, and these corporations were normally among the largest donors to the Republican Party. By 2007, the Iraq War had become such a debacle that it seemed very likely that this by itself would cause the Republicans to lose the presidential election of 2008, although not necessarily control of Congress.

However, the Republican economic elites had also used the Bush administration to enact economic policies that were beneficial to these elites, but detrimental to most Americans. The reckless deregulation of financial transactions, particularly in the

housing sector, had been promoted by representatives of the largest banks (e.g., Secretary of the Treasury Henry Paulson) and real-estate developers in the administration and in Congress, and these too were normally among the largest donors to the Republican Party. The housing bubble burst in early 2008, and this then metastasized into a full financial crisis in September 2008, which then quickly metastasized into a full economic crisis. Republican economic policies had become such a debacle that there was hardly any doubt that now the Republicans would lose control of both the presidency and Congress in the November elections. And this was indeed what happened.

The new Democratic administration of Barack Obama and the new Democratic Congress thus had a mandate in early 2009 to carry out policies that would have benefited most Americans. The most obvious, and the most demanded, example at the time was a massive infrastructure program, which would have been the perfect way to combat the deepening Great Recession. But this was not the choice of the Democratic economic elites, and infrastructure soon disappeared from the Democratic policy agenda. Rather, these elites preferred reform of health care, in a way that would benefit the big insurance corporations, and this became Obamacare. And they preferred reform of the financial system, in a way that would benefit big financial institutions, and this became the Dodd-Frank Act. Neither of these two Democratic policies did much to help the majority of Americans, particularly the American middle class. One political result was the Tea Party movement, which opposed them both. And the next political result was that the Democrats lost control of Congress in the elections of 2010. And then the next political result was that a Republican Congress would stalemate a Democratic president for the next six years, right down to the elections of 2016. These years of political

stalemate became years of governmental disfunction, so much so that all the liberal-ideological talk in the 1990s-2000s about the superiority of the U.S. political system as a universal model was now revealed to the rest of the world to be hypocritical, nonsensical and delusional.

Despite the failed wars, economic stagnation, and political disfunction which their policies had produced, the U.S. economic and political elites in 2015 looked forward to 2016 being an election year like other election years, i.e., with Republican elite candidates contesting Democratic elite candidates, and with the economic elites winning either way. In particular, the Republican elites assumed that Jeb Bush, the perfect establishment representative, would be their presidential nominee, and the Democratic elites assumed that Hillary Clinton, that other perfect establishment representative, would be their nominee. None of the elites had any concern about the deep disparities and divisions that had developed between themselves and the majority of American voters. Rather, they assumed that these voters would simply have no alternative to voting for an elite candidate, as had been the case with every presidential election since 1972. Again, they had come to think of citizens of the United States in a way similar to how they have always thought about residents of Latin American countries.

In reality, the widening in American society between the elites and the majority had now produced a fracture within each party between its elites and its base, between its donor class and its voter class. This was soon revealed during the primary phase of the 2016 election. Large numbers from the Republican base voted for the anti-elite candidate, Donald Trump, against Jeb Bush and any other elite candidate, so much so

that Trump eventually, and amazingly, became the Republican nominee. Similarly, large numbers from the Democratic base voted for the anti-elite candidate, Bernie Sanders, so much so that he came amazingly close to being the Democratic nominee.

When Hillary Clinton lost to Donald Trump in the general election, most of the U.S. economic and political elites also lost, and this was the first presidential election in which they had lost in more than a century and a half. It was not surprising, therefore, that they would conclude that elections were symbolic politics for the base, but that the real politics was about government and the policies that it produced. Thus, after Trump's election, both the Democratic and the Republican elites determined that there would never be a functioning Trump administration capable of implementing anti-elite policies. Rather, they would conduct an elite-backed insurgency against the anti-elite insurgent candidate, who now (temporarily) occupied the White House.

Thus, the U.S. political system in 2017 has been characterized by multiple fractures--fractures between the Democratic Party and the Republican Party, fractures within the Republican Party between the Republican Congress and the Republican administration, fractures within the Republican Congress between the establishment leadership and majority and an anti-establishment minority, and even fractures within the Republican administration between officials who represent the establishment or elites, who are a majority of officials, and those who represent Trump's electoral base, and Trump himself, who are a minority. And so, the political events in the United States during 2016 and 2017 have now reached the point that much of the world not only sees the U.S. political ideology to be hypocritical, nonsensical, and delusional, but they now see that the U.S. political system itself to be fatuous, preposterous, and dangerous.

In the past century and a half, the world has seen the rise, triumph, decline, and death of quite a few empires. The greatest of these empires were distinguished by a great imperial state professing -- and sometimes possessed by -- a great ideology. One of these was the British Empire, whose fullest development may be dated from Disraeli's proclamation in 1876 of Queen Victoria as also Empress of India, to the independence of India and Pakistan in 1947. Another was the German empire, which was proclaimed in the Palace of Versailles in 1918 as the Second Reich, which later mutated into the National-Socialist Third Reich, and which died a violent death in Berlin in 1945. Yet another was the Russian empire, which actually reached its fullest development under the communist regime of the Soviet Union. This regime began with the Russian Revolution in 1917, and it expired with the collapse and break-up of the Soviet Union in 1991. Finally, there has been, of course, the American empire, which existed in a prototypical form in Latin America before the Second World War, but whose fullest form we have dated from 1945-1947.

As it turns out, and as we have dated them, the British, German, and Russian empires each had a life-span of a little more than seventy years, rather like the biblical life-span for a man of three-score-and-ten. It would not be completely surprising, then, if something like this will prove to be true of the American empire as well. Moreover, two of these empires died with something of a whimper -- the British and the Soviet -- and but one of them -- the German -- certainly died with a bang. We do not yet know which of these will be how the American empire will pass away.

