



CONCEPTOS
Y FENÓMENOS
FUNDAMENTALES
DE NUESTRO
TIEMPO

UNAM

UNIVERSIDAD NACIONAL AUTÓNOMA DE MÉXICO
INSTITUTO DE INVESTIGACIONES SOCIALES

CHANGING GEOPOLITICS OF
THE WORLD-SYSTEM, 1945-2025
IMMANUEL WALLERSTEIN

Octubre 2005

CHANGING GEOPOLITICS OF THE WORLD-SYSTEM, 1945-2025

Por Immanuel Wallerstein

Since the end of the Second World War, the geopolitics of the world-system has traversed three different phases. The period 1945-ca. 1970 was a period of unquestioned U.S. hegemony in the world-system. The period 1970-2001 was a period in which U.S. hegemony began to decline, but the extent of its decline was limited by the strategy that the U.S. evolved specifically to delay and minimize the effects of decline. The period 2001-2025 is a period in which the U.S. has sought to recuperate its standing by more unilateralist policies, which however boomeranged and which have actually been accelerating the speed and depth of its decline.

I. 1945 - ca. 1970

The end of the Second World War marked the conclusion of an 80-year struggle between the United States and Germany. The rivalry was over the question of which one would be the successor hegemonic power in the world-system to Great Britain, which had started to decline at least since 1873. The culminating phase of this struggle involved a thirty years' war from 1914-1945. This war included all the major industrial powers of the world-system, and in its last phase (the so-called Second World War) caused massive physical destruction on the populations of Europe and Asia and devastation of most of their industrial equipment.

The U.S. won the war against Germany, obtaining its "unconditional surrender" - with the indispensable assistance of its main allies, the U.S.S.R. and Great Britain, who sustained massive losses. In 1945, the U.S. emerged from the war as the only major industrial power that had its industrial plant intact, indeed one which had been greatly strengthened by wartime expansion. This meant that, for 15-20 years thereafter, the U.S. was able to produce all the key industrial products so much more efficiently than other industrial nations that it could outsell producers located in these other countries in their home markets.

In the immediate aftermath of the war, the physical destruction in Europe and Asia was so massive that many of these countries suffered from food shortages, unstable currencies, and acute balance of payment problems. They needed urgent economic assistance of multiple kinds, and they

looked to the United States to supply it.

The U.S. was easily able to transform its absolute economic dominance into political primacy. It also for the first time in its history became the central locus of the geoculture. New York replaced Paris as the capital of world art in all its forms. And the U.S. university system suddenly came to dominate scholarship in virtually every field.

The only arena in which the U.S. was nervous, with good reason, was the military arena. The internal politics of the United States had mandated the rapid reduction of its army, whose numbers had been sustained by a universal draft system. The U.S. now relied primarily on two things militarily: its possession of nuclear weapons and a strategic air command capable of delivering these bombs anywhere in the world. There was one other serious military power in the world - the Soviet Union. Although it had suffered enormous bleeding during the war, the Soviet army was extremely large and not at all dismantled. Furthermore, within four years, the Soviet Union was able to acquire its own nuclear weapons and thereby break the U.S. monopoly.

The only rational solution to this military situation was some kind of political deal between what would later be called the two superpowers. Such a deal was made. We call it by the symbolic name of Yalta, but it was of course much more than the arrangements formally made at the Yalta conference. The deal consisted, in my view, of three parts.

The first part of the deal involved a division of the world into spheres of influence. The Second World War had ended on a certain line in Europe, roughly the Elbe river in Germany, and a hypothetical projection southward to the Mediterranean. Similarly, in east Asia, such a line existed along the Yalu river dividing Korea in two halves. In effect, the agreement was that each side would retain control (military and political) of its side of this line, pledging tacitly not to use military force to try to change the status quo. In effect, this awarded the Soviet Union control over the areas which had been occupied by the Red Army, about one-third of the world, and awarded the United States control over the rest.

Since the deal was never explicit, there were a number of times in which it would be called into question in the years to come: northern Iran, the Greek civil war, the Berlin blockade, the Korean war, the Quemoy-Matsu imbroglio, the various uprisings in eastern Europe (1953, 1956, 1968, and 1980-81), and above all the Cuban missile crisis. What is to be noticed about each of these mini-"crises" is that both sides always declined to use nuclear weapons (the so-called balance of terror)

and each of these encounters/wars ended by a return to the status quo ante. The fact is that the mutual acceptance of each other's geopolitical boundaries lasted throughout the so-called Cold War, despite all kinds of internal pressures in each camp not to respect the terms of the tacit deal.

The second part of the deal was in the economic arena. The United States was determined to rebuild the economic infrastructure of its allies. The reason for this was partly political (to ensure their loyalty as political satellites) and partly economic (no point being the most efficient producer in the world if there are not enough customers for one's products). What it did not want to do was pour money into rebuilding the economic infrastructure of the Soviet Union and its bloc. Both sides took advantage of the Berlin blockade to enact a sort of radical dike between the two economic zones. The U.S. used the Berlin blockade as the political excuse to get the U.S. Congress to pass the Marshall Plan. It later used the Korean War to justify similar kinds of economic assistance to Japan, Taiwan, and South Korea. The Soviet Union, for its part, constructed COMECON with its east-central European satellites and extensive economic links with China and North Korea.

The bottom line of this arrangement was that the Soviet third of the world withdrew from significant economic interaction with the rest of the capitalist world-economy, a sort of collective protectionism. They used it to engage in considerable industrialization, and to achieve remarkable growth rates during this period. The United States used it to construct international economic structures (which at this point of time did not include the countries of the Soviet bloc), which created an interstate economic order in which the dollar was the world reserve currency and in which U.S. industrial and financial enterprises could flourish.

The third part of the deal was ideological. Each side was allowed, indeed encouraged, to engage in very loud reciprocal denunciations. The U.S. rhetoric divided the arena into the free world and the totalitarian states. Soviet rhetoric divided the arena into the bourgeois camp and the socialist bloc. The names were different, but the lists were essentially the same. Neither side accepted the legitimacy of "neutrality" in this ideological war. But ideology was in fact consistently kept from being the decisive factor in ongoing political and economic decisions. The real function of the rhetoric was for the leaders of each camp to rein in potential dissidents in their own camp, and the emergence of any groups that might call the geopolitical arrangements into question, into real question. The result of this was a world public opinion divided into two camps, with each side having a substantial group of believers and supporters.

With the Yalta arrangement in hand, the United States faced no serious obstacles to doing what hegemonic powers do: establish a world order that suited its interests based on a kind of long-term world societal project. In the immediate geopolitical arena, the United States could count on getting 95% of its way 95% of the time. Since this period was one of incredible economic expansion in the world-economy, standards of living was going up everywhere, education and health facilities were expanding, and the arts and sciences were in their heyday. Despite many passing hysterias, confidence in the future seemed to reign supreme.

The marvelous harmonies of this period - what the French would later call the *trente glorieuses* (30 glorious years) - were too good to last. And last they did not. There were two flies in the ointment. The first was the economic recovery of western Europe and Japan (plus the so-called four dragons). These areas did so well, as a result of the policies put in place by the United States, that by the mid-1960s, they began to approach economic parity with the United States. It ceased to be true that U.S. producers could outsell German, French, or Japanese producers in their home markets. On the contrary, the U.S. began to import industrial products from these countries. And they all came to be relatively competitive in third country markets. Once the economic gap between the U.S. and its major allies was drastically reduced, the automatic political and financial alignment of these countries with the U.S. could be revisited, and it was.

The second fly in the ointment was the so-called Third World, or all those countries whose interests and even views were totally outside the purview of the two superpowers. They sought to act autonomously and rambunctiously, wherever and whenever they could. The Chinese Communists ignored the advice of Stalin to make a deal with the Kuomintang, and marched into Shanghai instead, proclaiming the People's Republic of China. The Viet Minh did not feel bound by agreements made in Geneva between the U.S., France, and the Soviet Union. They proceeded to try to liberate their country totally. The Algerians refused the idea that the French Communist Party should dictate their strategy and future, and launched a war of national liberation. And the Cubans in the Sierra Maestra led by Castro were quite oblivious to the presence of the Cuban Communist Party in the governments of Batista. They proceeded to come down from the hills, take over Havana first, and the Cuban Communist Party next.

In short, the ability of the Soviet Union to restrain popular forces in the Third World from trying to upset the Yalta applecart proved less than perfect, and the leaders of the super powers has tened to

fall in behind these movements, albeit reluctantly and belatedly. The result was that these movements never had much too much appreciation for either superpower. Both superpowers abandoned their "no neutrals" policy and began to seek out nationalist leaders in these countries who might line up with them. In the case of the U.S., this meant that they began to irritate the "old colonial powers," who considered this new U.S. policy to be unwise and interfering. This shift in tacit superpower policy marked the triumph of Bandung - the 1955 meeting of 29 countries of Asia and Africa that proclaimed the entry of the non-Western world into the decision-making process of the world-system, and forced both the United States and the Soviet Union to begin to court them.

The combination of the economic rise of western Europe and Japan, the economic drain on the United States of fighting the Vietnam War (and the eventual defeat of the U.S.), and the spread of "liberation" ideology not only in the Third World but within the United States and western Europe itself sounded the death knell of the post-1945 geopolitical framework. Symbolically, its end was located in the world revolution of 1968.

II. ca. 1970-2000

The new period was framed by two new realities: the politico-cultural transformations brought about by the world revolution of 1968; and the economic transformations brought about by the end of the economic expansion of the world-economy (a so-called Kondratieff A-phase) and the onset of what would prove to be a thirty-year long stagnation in the world-economy (a so-called Kondratieff B-phase). Each needs to be spelled out, if we are to understand how the geopolitical arena was fundamentally restructured.

The world revolution of 1968 (which actually went on more or less from 1966-1970) was a tumultuous uprising against authority of all sorts by university students and in many cases by workers as well. The worldwide uprisings emerged suddenly, flared up, and then fizzled out, like a phoenix. While they were going on, it seemed like a category-5 hurricane to any and all who were caught up anywhere near the multiple loci of turmoil. We may call it a *world* revolution because it occurred virtually everywhere in the world, and specifically cut across the tripartite division of the world-system of the time - the West, the Communist bloc, and the Third World. A truly comprehensive history of the events is yet to be written, and most observers are only aware of the most spectacular occurrences, those covered by the media, and unaware of the enormous number of

smaller uprisings, especially in quite authoritarian regimes.

The issues in each locale were always defined locally, as we now like to say. There were of course local issues in each occurrence, and local rhetoric, but there were consistently two global issues which were voiced in some form in almost all occurrences. The first of these was the rejection of the Yalta arrangements. This usually came in the form of denouncing U.S. imperialism (this was the time of the Vietnam war) and simultaneously denouncing Soviet "collusion" with U.S. imperialism. Indeed, the description of the world as being divided between the two superpowers and everyone else - a Chinese/Maoist conceptual invention - is a specific fruit of 1968.

The second global issue that was taken up almost everywhere was the denunciation by the 1968 revolutionaries of the "Old Left," that is, the three classic varieties of antisystemic movements - the Communist parties (in power in the so-called socialist bloc), the social-democratic parties (in alternating power in most Western countries), and the national liberation and populist movements (in power in most of the Third World). The basic charge against the Old Left was that it had offered its followers a two-step program - first come to state power, then transform the world - and that, having come to power, the Old Left movements had failed to fulfill their promises. For it was true that the Old Left had indeed come to state power in a very large part of the world in the period 1945-1968, but it was also quite clear that these movements had not at all transformed the world. The world remained hierarchical, undemocratic, and inegalitarian (internationally and nationally). And, in the view of the 1968 revolutionaries, the Old Left parties in power had become themselves a major obstacle to achieving the very change they had promised when they had been in their mobilizing phase.

This pair of views - the collusion of the Soviet Union with U.S. imperialism, and the political failure of the Old Left - had the consequence that the political strength of the Old Left movements was fatally undermined. But there was even more. The facile long-term optimism that had buoyed popular sentiments for over a century or more was eroded. The 1968 uprisings forced a rethinking of strategies on the part of popular forces, and there were numerous "new lefts" which sought to respond to this sense of disillusionment that was now so widespread - a disillusionment in particular with the idea that the primary goal of popular movements should be to obtain state power, state by state.

Political disillusionment was rapidly reinforced by economic disillusionment. The 1945-1970 period had been buoyed by the concept of "development" - the idea that somehow, by adopting the

right state policy, every country could achieve the high standard of living of the wealthiest countries. The United States, the Soviet Union, and the Third World countries had no doubt different vocabularies about development, but the basic ideas they all favored were remarkably similar. The underlying proposal was that the combination of urbanization, more efficient agriculture, industrialization, education, and short-term protectionism (import-substitution) constituted the path to the promised land of development.

In the 1960's, the United Nations, without objection from anyone, had proclaimed the 1970's to be the Decade of Development. This was one of the less perceptive predictions ever made. The 1970's turned out to be the decade of the death of developmentalism as an idea and a policy. What had happened is that the expanding world-economy had reached the limits of too many producers in the leading industries (the result of the economic reconstruction of western Europe and east Asia) and hence a sharp decline in profit levels in the most profitable sectors of world production. This is a recurring problem in the operation of the capitalist world-economy and led to the standard results: relocation of many of these industries to semiperipheral countries where wage levels were lower (these countries deeming this relocation to be "development"); increased unemployment worldwide (most notably in the wealthiest countries) leading to declining real wages and levels of taxation in these countries; competition among the "triad" of the U.S., western Europe, and Japan/East Asia to export unemployment to each other; shift of investment capital from productive enterprises to financial speculation; and the acute rise of governmental debt.

The 1970's saw the two oil price escalations, which bled Third World countries. Both Third World and socialist bloc countries came to have negative balance of payment problems, as a result of the weakened market for their exports in wealthy countries combined with rising costs of imports due to the oil price rises. The profits obtained by oil-producing countries were placed largely in U.S. and German banks, from whence this money was "lent" to the now desperate Third World and socialist bloc countries. This eased their situation for a few years, but debts have to be repaid. It didn't take long for the 1980's to see the so-called debt crisis, when these countries found the cost of carrying the debts too much for their feeble treasuries. This "failure" of developmentalist ideology set the stage for the neo-liberal attack, led by the Thatcher and Reagan regimes, the International Monetary Fund, and the World Economic Forum at Davos.

A new definition of the path to the promised land - the so-called Washington consensus -

inverted most of the dogmas of developmentalism. Import-substitution industrialization was now defined as corrupt cronyism, state-building as feeding a bloated bureaucracy, financial aid from the wealthy countries as money poured down a gutter, and parastatal structures as deadening barriers to fruitful entrepreneurial achievement. States were urged to defer expenditures on schools and health. And it was urged that state enterprises, said to be by definition inefficient, be privatized as rapidly as possible. The "market" rather than the welfare of the population now became the measure of all appropriate activity of the state. The IMF enforced this by making its loans dependent on "structural adjustment," which essentially meant following the prescriptions of the Washington consensus.

The geopolitics of the world-system changed radically. The Third World countries lost the self-confidence they had achieved in the previous era, and the improvements in their standard of living disappeared as the economic consequences of the world economic stagnation hit them badly. Many of their political regimes began to fall apart, with civil wars and other kinds of internal turmoil compounding their economic dilemmas. One by one, they ceded to the demands of the Washington Consensus. Nor was the Communist bloc exempt from this deterioration. Their once impressive growth rates went down sharply, their authoritarian internal cohesion disintegrated, and the ability of the Soviet Union to control the now rambunctious "satellites" bit by bit disappeared. Finally, as we know, the Soviet Union itself entered on the path of political and economic "reform" (*perestroika* plus *glasnost*) with Gorbachev. The remedy was in many ways a brilliant success; unfortunately, the patient died.

So then, it seemed to many that the world-system had entered in this period into a golden era for the United States. Not at all; it was quite the contrary. First, the U.S. had to admit that it lost a major war against a small country. Nixon withdrew from Vietnam ignominiously, and the United States was diagnosed as having a Vietnam syndrome - that is, a serious reluctance of the U.S. population to commit its troops to a ruinous war in the far climes of the world. Vietnam was compounded by the Watergate scandal, which forced Nixon to resign his presidency.

The military defeat and the internal U.S. political crisis were in fact only backdrop to the more serious U.S. geopolitical problem - the loss of its automatic economic superiority to its major allies, western Europe and Japan. For, once the Triad had become more or less economic equals, the U.S. could no longer count on western Europe and Japan behaving like political satellites. U.S. foreign policy had to change, and change it did. Beginning with Nixon, and continuing for the next thirty

years (Nixon to Clinton and passing through Reagan), all U.S. presidents concentrated on an unspoken objective - slowing down the decline of U.S. hegemony.

The program they evolved was threefold. The first element was designed to maintain U.S. political power. It was the offer to western Europe and Japan of "partnership." The U.S. in effect said to its major allies that it would offer them a say in constructing a joint world geopolitical policy, in return for which western Europe and Japan would refrain from pursuing unilateral policies on the world scene. Partnership was implemented by the creation of a series of institutions (the Trilateral Commission, the G-7 meetings, the World Economic Forum at Davos among others). One major argument the U.S. used was the necessity to maintain a united front against the Soviet Union (which had begun to dilute its own implementation of the Yalta arrangements by, for example, involvement in supporting a Communist regime in Afghanistan).

Partnership was only partially successful in constraining the major allies. Germany did decide to pursue a so-called *Ostpolitik* against the wishes of the U.S. government. Western Europe (including Mrs. Thatcher's government) did agree to build a gas pipeline from the Soviet Union to the west against the wishes of the U.S. government. And in the 1990's, South Korea did decide to launch a "sunshine policy" towards North Korea against the wishes of the U.S. government. But if only partially successful, it was at least partially successful. The allies of the U.S. did not stray too far.

The second element was designed to secure U.S. military advantage. Now that Vietnam had indicated the limits of U.S. ground forces, it was more important than ever to maintain its nuclear edge. The U.S. had already lost an absolute monopoly in nuclear weapons, since by 1964, Great Britain, the Soviet Union, France, and China all had secured them. But the U.S. decided it was crucial that the spread stop there. The second element hence was the drive to stop nuclear proliferation.

The Treaty on the Non-Proliferation of Nuclear Weapons entered into force on March 5, 1970. The treaty offered a deal. The five nuclear powers would work to pursue negotiations for nuclear disarmament and permit, indeed help, other countries to develop the peaceful uses of nuclear energy in return for a renunciation by the rest of the world of pursuing nuclear weaponry. Three countries did refuse to sign the treaty - India, Pakistan, and Israel - and each has since obtained nuclear weaponry. But everyone else eventually signed. And many countries, who were thought to have started programs in the direction of developing nuclear weaponry, in fact closed down these programs. The list is not a formal one but probably includes at least Sweden, Germany, South Korea, Japan, South

Africa, Brazil, and Argentina. And since the collapse of the Soviet Union, three now-independent republics - Ukraine, Belorussia, and Kazakhstan - have renounced the weapons that had been installed on their territory. There is of course a small group of countries whose real practices have long been in dispute: Iraq (whose Osirak nuclear facility was bombed by Israel in 1981), Libya (which dismantled its facilities in 2004), North Korea, and Iran in particular.

The reason why this treaty is so crucial to the United States is that it seems clear that any country with even a few nuclear weapons represents a sufficient potential for military action against the United States such that it limits clearly the options of the U.S. and the reality of its military strength. We can say that this second objective too was partially successful, but only partially successful.

The third element in this revised foreign policy was economic. When the Washington Consensus replaced developmentalism as the reigning world economic doctrine, what it did was to make U.S. economic and particularly U.S. financial involvement in Third World countries much more extensive and profitable, and hence compensated for some of the decline in the profitability of erstwhile leading industries of the United States. In many ways, this aspect of the revised foreign policy was the most successful of the three, until the late 1990's.

As with the U.S. policies in the 1945-1970 period, the partially successful U.S. policy of slowing down decline in its hegemonic role created difficulties for the U.S. at the very moment, the 1990's, that the U.S. was congratulating itself on its "new" role as the "sole superpower." The first was that the collapse of the Soviet Union was a negative, not a positive, for the geopolitical position of the United States. And by the middle of the 1990's, the very extensive advantages to the U.S. in the world-economy of the Washington Consensus aroused considerable popular resistance. We should analyze each of these difficulties.

The rhetoric of the United States had always been that the Soviet system should be ended. Ronald Reagan had called it the "evil empire" and shouted to Mikhail Gorbachev, "tear down that (Berlin) wall." When Gorbachev did, in effect, for his own reasons, tear down the wall, and when he forced considerable mutual disarmament on the United States, the U.S. was flabbergasted, largely unbelieving, and absolutely unsure how to handle this new development. The fact is that, in a relatively short period, the east and central European states threw off their Communist regimes and ended their economic and military ties to the Soviet Union. This was followed by the dissolution of the Communist Party of the Soviet Union, the dismantling of the U.S.S.R. into its sixteen constituent

republics, and the parallel dismantling of the Federal Republic of Yugoslavia. What happened then?

The principal geopolitical consequences were two. The United States lost the last important argument it had vis-a-vis western Europe as to why they should remain politically tied to the United States - the need to maintain a common front against the Soviet Union. And the United States lost the last important indirect constraint they had on the policies of Third World countries - the role of the Soviet Union as an enforcer (in countries that were hostile to the U.S.) of the rules of the Yalta arrangements. The latter was dramatically seen in the actions of Saddam Hussein in 1990-1991.

We should not misread what happened when Saddam Hussein decided to seize Kuwait. He had a series of motives. He had just completed an inconclusive and exhausting war with Iran, one fought with the active encouragement of the United States. He had contracted large debts to Kuwait and Saudi Arabia, as a result, debts he was having difficulty repaying. He believed that Kuwait was draining oil from Iraqi fields using diagonal wells. And Iraq had argued for seventy years that Kuwait was part of Iraq and only created as a separate state by the British for their own reasons. So he thought he could solve all these problems with one fell stroke, invading Kuwait, which was militarily no match for the Iraqi army.

He of course worried about world reaction to what was obviously, under international law, aggression. But because of the imminent collapse of the Soviet Union, he could afford to disregard Soviet views. He felt he could handle Saudi Arabia militarily, should he need to do so. His only obstacle was the United States. He probably reasoned thus. Either the U.S. fails to react (as he was assured by the U.S. Ambassador to Iraq two days before the invasion) or they do react. He gave it probably 50-50 odds. If the U.S. does react, the worst they will probably do is to push Iraq out of Kuwait. So, all in all, it seemed a gamble well worth taking. And of course we turned out to be right.

The U.S., after a momentary hesitation, decided to react. They mobilized a political and military campaign. They got four countries (Germany, Japan, Saudi Arabia and Kuwait) to bear some 90% of the cost of the U.S. operation. The U.S. and its allies did evict Iraq from Kuwait and did stop at the border because of its fears about the negative consequences for the U.S. of invading Iraq itself. The end result was the status quo ante. This was to be sure modified by U.N. sanctions and various constraints on Iraqi sovereignty. But Saddam remained in power.

On the front of the world-economy, the 1990's was to be the moment of long-term institutionalization of the neo-liberal global order, whose chief instrument was to be the World Trade

Organization (WTO), charged with ensuring that the countries of the South open their frontiers to trade and financial flows from the North and guarantee their intellectual property. The basic slogan was that launched by Mrs. Thatcher a decade earlier: There is No Alternative (TINA). One initial geopolitical achievement of the United States was the signature of the North American Free Trade Agreement (NAFTA), which was to come into force on Jan. 1, 1994. The countries of the erstwhile socialist bloc, including Russia itself, engaged in an orgy of privatization and open frontiers. So did a large number of other countries in the South.

The immediate result in a large number of countries was not an improved economic situation but a greatly aggravated one, with the disappearance of safety nets of social welfare, increased unemployment, and declining currencies - all this occurring side by side with the sudden spectacular rise of new wealthy strata. The picture was one of greatly increased internal inequalities in the less wealthy countries of the world. When the one area of the South which had been doing rather well economically - East and Southeast Asia - had a severe financial crisis in 1997, followed by similar ones in Russia and Brazil, the neoliberal option lost its tarnish as a solution to the world's economic problems.

There had already been political reactions of various kinds. One was the return to power in a number of countries of erstwhile Communist parties, now refashioned as social-democratic parties who were at least ready to maintain some social welfare provisions. Another was the eruption of the Zapatistas in a remote poor area of the South, Chiapas in Mexico. The Zapatistas launched their uprising symbolically on Jan. 1, 1994, the date NAFTA came into effect. They spoke in the name of indigenous populations calling for autonomous control of their own lives, and rejection of neoliberal options for themselves and for the whole world.

When the WTO met in Seattle in 1999 to draw up the definitive rules which would create the neoliberal world economic order, they were met by popular demonstrations (largely of U.S. social movements) that effectively derailed the proceedings. This was followed by similar demonstrations at various other international meetings over the next few years, and then to the creation of the World Social Forum, which met for the first time in Porto Alegre (Brazil) in January, 2001. The World Social Forum was designed to be the popular anti-neoliberal counterpart to the World Economic Forum of Davos, the official meeting-ground of the world forces propelling the neoliberal agenda.

The U.S. geopolitical program of 1970-2000 - the slowing down of decline in U.S. hegemony -

seemed to be grinding to a halt. It was time to take another look.

III. 2001 - 2025

When George W. Bush was inaugurated president of the United States in 2001, he brought into very high positions in his government a group of people we call the "neo-conservatives." This group had actually constituted themselves as a public presence in the 1990's in an organization called the Program for a New American Century. They had made several written declarations of their geopolitical views in the period 1997-2000, so their program was no secret. While George W. Bush had not himself been a member of this group, it included his Vice-President, the Secretary and Deputy Secretary of Defense, his brother, and a number of other persons who became either senior officials or advisors of the Bush government.

The neo-cons were extremely critical of Clinton's foreign policy, but not only Clinton's. In effect, they were criticizing the whole thrust of U.S. foreign policy in the period 1970-2000, what I am calling the Nixon-to-Clinton foreign policy, which had as its principal objective the slowing down of the decline of U.S. hegemonic power. This group said that the glass of U.S. power was not half full but half empty. They believed that the decline was very real. However, they did not view the decline to be the result of changing structures of the world-system (for example, the end of U.S. economic superiority vis-a-vis western Europe and Japan) but rather of the political inefficacy and lack of tough resolve of successive U.S. presidents. They did not exempt Ronald Reagan from this critique, although they did not say this too loudly.

The neo-cons called for a radical revision of U.S. foreign policy. They wished to replace the "soft multilateralism" that was the basis of the "partnership" the U.S. had offered its principal allies between 1970-2000 with a "unilateral resolve" which was offered to the allies on a take-it-or-leave-it basis. They wished to insist on immediate adherence to nuclear non-proliferation of those countries that seemed to be resistant to the idea, while simultaneously unleashing the United States from the restraints it had accepted on the expansion and updating of its own nuclear arsenal. They wished to refuse all U.S. participation in new international treaties that would in any way limit U.S. national decisions (Kyoto Protocol, Law of the Sea Treaty, etc.). And most importantly, they wished to destitute by force Saddam Hussein. Their feeling was that Saddam Hussein had humiliated the United States by remaining in power in Iraq. And they blamed implicitly the first President Bush

(George H.W. Bush) for not having marched on Baghdad in 1991.

It is important to note that many, if not most, of these individuals had held high positions in the governments of Ronald Reagan and George H.W. Bush, but had never been able to get either of those governments to buy this program. They had been stymied by a large group of persons who adhered to the Nixon-to-Clinton strategy, and regarded the neo-con proposals as dangerous folly. So the neo-cons were frustrated not only by Saddam Hussein but by what might be thought of as the U.S. foreign policy Establishment.

And for the first eight months of the second Bush presidency, the neo-cons continued to be frustrated. Then came the 9/11 assault by Osama bin Laden on the Twin Towers and the Pentagon. And almost immediately the neo-cons were able to get George W. Bush to buy their entire approach to geopolitics. What probably persuaded him and his immediate political advisors was the fact that assuming the mantle of a "war president" seemed to be the surest road to re-election as well as to obtaining the domestic program which George W. Bush held dear to his heart.

The logic of the neo-con position was very simple. Destituting Saddam Hussein by force, preferably by largely unilateral force, would not only restore U.S. honor, but would also effectively intimidate three groups whose policies seemed to constitute a major threat to U.S. hegemony: western Europe with its pretensions to geopolitical autonomy; the potential nuclear proliferators (especially North Korea and Iran); and the rulers of the Arab states who were dragging their feet on helping to defuse the Israel-Palestine conflict and agreeing to a "lasting" settlement that was largely on Israel's terms. The neo-cons reasoned that, if they could achieve these three objectives rapidly and definitively, all serious opposition to U.S. hegemony would disintegrate and the world would indeed enter a "new American century."

The neo-cons made several major errors of judgment. They assumed that the military conquest of Iraq would be relatively simple, and cost little in either personnel or money. It is clear now that they were wrong about this. While U.S. troops rapidly entered Baghdad, they were unable to establish order in the country. The Baathist forces slipped away to form the basis of a guerrilla resistance, whose scope and efficacy grew constantly. The U.S. was manifestly unprepared to handle the complexity of Iraqi internal politics, and found itself in the middle not only of a military but of a political quagmire, out of which it turned out to be very difficult to extricate itself. Indeed, as time went on, the U.S. found it had less and less place to maneuver and came to resemble Gulliver tied

down by the tiny Lilliputians.

In addition, the politics of intimidation backfired entirely. Far from ceding to U.S. pressure, western Europe (France and Germany in particular) began to exhibit a degree of political independence unknown since 1945. In 2003, the U.S. had to withdraw the resolution in the U.N. Security Council to endorse the U.S. invasion when it became clear that the resolution would receive only 4 of 15 votes, a degree of lack of support that the U.S. had never previously experienced in the United Nations. Far from returning western Europe from the status of "partners" to that of "satellites," the new unilateralist policy made it virtually impossible that western Europe would ever again accept the status of mere "partners" as opposed to autonomous actors on the world political arena who might or might not ally themselves with the United States on particular issues.

Nor did intimidation work any better with potential nuclear proliferators. Both North Korea and Iran drew the conclusion from the U.S. invasion of Iraq that the U.S. was able to do this not because Iraq had nuclear weapons but because it did not have nuclear weapons. It seemed obvious to both governments that the surest defense of the existing regimes was to speed up their project of acquiring nuclear weapons. For tactical reasons, Iran denied this, and North Korea did not. The U.S. asserted that both countries were in fact pursuing such programs. But the U.S. found itself weakened both militarily and politically by the invasion of Iraq. Militarily, it became clear that the U.S. would not be capable of a successful land invasion. It might of course preemptively use nuclear weapons by air, but politically the negative consequences to the U.S. seemed daunting. And politically, it found itself weakened both in western Europe and east Asia in any effort to force the two countries to cease their programs. The U.S. was consequently worse off on stopping nuclear proliferation after the invasion of Iraq, the opposite of what the neo-cons had expected would happen.

As to the so-called Arab and Muslim regimes, the conclusion they drew from the invasion of Iraq was that the ambiguous policies they had been conducting for decades were in fact the only politically plausible policies for their own survival. They were in general aghast at the political consequences of the invasion of Iraq - both for Iraq and for their own countries. They certainly were not induced to fall into line, more than they had been, with U.S. projects in the Middle East.

Finally, on the front of neoliberalism, the Washington Consensus seemed no longer binding on the countries of the South, precisely because of the weakening of the U.S. geopolitical position as a result of its Iraq policy. The negotiations within the WTO, which the Bush regime sought to revive,

as well as the Bush program to create Free Trade Area of the Americas (FTAA) both ran into a roadblock, in which the Brazilian government took the lead in conjunction with other governments of the South.

At the Cancun meetings of the WTO in 2003, Brazil joined forces with South Africa, India, and China to form the G-20 bloc of countries to negotiate with the U.S. plus western Europe. The basic position of the G-20 was that, if they were to open their frontiers further to trade and financial flows from the North to a significant degree and to protect the intellectual rights of enterprises of the North, the North had in turn to open their frontiers to trade flows from the South further in such areas as textiles and agricultural products. The U.S. and western Europe found it politically impossible (in terms of their domestic politics) to accede to these demands to any significant degree. And the G-20 replied that, in that case, they could not accede to the demands of the North. The result was a deadlock, which effectively ended the ability of the WTO to press forward to any degree in implementing its neoliberal objectives.

The same thing happened with FTAA. Brazil and Argentina, already linked in Mercosur - the trade community linking the two of them to Uruguay and Paraguay - pressed other South American countries to strengthen their ties with Mercosur rather than consider signing up for FTAA. In this they had the strong support of Venezuela. As a result, the FTAA project never made much progress, and the U.S. has retreated to trying to establish bilateral trade pacts with smaller countries, a tactic that in fact reduces world free trade rather than expands it.

The net result of the entire Bush foreign policy has been to accelerate the decline of U.S. hegemony rather than reverse it, as had been intended. The world has entered into a relatively unstructured multilateral division of geopolitical power, with a number of power centers of varying strength maneuvering for advantage - the U.S., the U.K., western Europe, Russia, China, Japan, India, Iran, Brazil at the very least. There is no overwhelming superiority - economic, political, military, or ideological-cultural - in any one of these centers. And there is no strong set of alliances for the moment, although one is likely to emerge.

As we look ahead towards 2025, what kind of trends can we imagine? The first is a total breakdown of nuclear non-proliferation, with the rise of one to two dozen small nuclear powers in addition to those already in existence. The severe decline of U.S. power plus the competing interests of the multiple power centers virtually guarantee that those countries which ended such programs in

the period 1970-2000 will resume them, no doubt joined by others. This will at one and the same time put a crimp in the launching of military actions in many zones of the world and make much more dangerous the consequence of such military actions.

In the arena of world finances, the dominance of the U.S. dollar is likely to disappear and yield place to a multi-currency system. Obviously the euro and the yen will become more used modes of financial accumulation and more frequent bases of commodity exchanges. The question is whether other currencies will also join the list, and the degree to which the expansion of the number of currencies in real world economic use will unbalance the system, or at least render it extremely volatile. In any case, the decline of the central role of the dollar will create major economic dilemmas for the United States in dealing with its existing accumulated national debt, and probably result in a reduction of the standard of living within the United States.

Three regions bear special scrutiny because they are all in considerable political turmoil, the outcome of which is likely to change in important ways the geopolitical picture: Europe, East Asia, and South America. The European story is the best known and in the midst of current evolution. In the five years between 2001 and 2005, two major developments occurred in Europe. The first was the direct outcome of the Bush unilateralist revision of U.S. foreign policy. Both France and Germany publicly opposed the U.S. invasion of Iraq and obtained support in a number of other European countries. At the same time, they strengthened their political links with Russia, and began to create a Paris-Berlin-Moscow axis. In response, the U.S. aided by Great Britain created a counter-movement, drawing most of the east-central European states into their camp. This is what Donald Rumsfeld called the "old Europe" versus the "new Europe." The motivations of the east-central European states derived primarily from their continuing fears of Russia and hence their emphasis on retaining strong links with the United States.

The second development was the defeat of the revised European constitution resulting from the "no" votes in the referenda in France and the Netherlands. Here the lines were quite different from those relating to the invasion of Iraq. The motives for the "no" votes were basically two and they were quite different. Some "no" votes came from strong opposition to neoliberalism and fears that the new European constitution would entrench some neoliberal doctrines. But others voted "no" out of fears that arose out of the prospective expansion of Europe eastward (and especially the possible entry of Turkey into the European Union). In both cases, the "no" voters were voting for a more

autonomous Europe and one that they thought would take further distance from the United States.

However, the combination of the two developments - the split over the Iraq invasion and the defeat of the new constitution - has momentarily stopped the thrust for a stronger, more unified, more autonomous Europe. The question is whether in the next decade, this project can be relaunched on a firmer institutional and popular footing. It is still also open whether such a relaunched European project, if it took off, would arrive at a political arrangement with Russia, such that we could speak of a European-Russian geopolitical pole.

If we turn to the East Asian region, the scenario is rather different from that of Europe. For one thing, we are dealing with only three countries, all large ones: China, Korea, and Japan. Two of the those countries are presently divided, and reunification is definitely on the map of political proposals. Neither reunification (North and South Korea, P.R. China and Taiwan) will be easy to achieve, but both are definitely possible between now and 2025.

There is then a second issue quite different from those facing Europe. In Europe, the historic cleavage between France and Germany is largely healed, whereas the cleavage between Japan and both China and Korea is not at all healed. Passions are still strong on all sides. On the other hand, the economic advantages to all three of closer ties are very great, and may serve to push aside the still persisting historic angers. There is a knotty issue to resolve - which among China and Japan will be playing the "leading" role in a prospective East Asian union of some sort. This question involves military, currency, and politico-cultural issues. It is not unsolvable, but it will require a good deal of intelligent and visionary political leadership in all three countries.

If however the obstacles can be overcome, the East Asian union might emerge as the strongest member of the still existing Triad of the North - North America, Europe, and East Asia. Furthermore, if East Asian union of some sort is actually realized, it would probably be able to attract the United States to its camp as a sort of combined "elder statesman"/junior partner. This is not exactly the role the United States envisages for itself under George W. Bush, but in 2025 it may seem an attractive deal for both the leadership and the populace in the United States.

Finally, South America has the potential to emerge as a significant autonomous actor - detached from the United States and combined economically in some form. If it were able to attract Mexico into its camp, it might then be able to make giant economic and political steps forward - to the detriment, to be sure, of the United States.

Where such other potential forces - in particular but not only India, Iran, Indonesia, and South Africa - would fit into such a geopolitical realignment is the least clear question in the geopolitical arena. And lurking behind all these realignments would be the question of access to energy and water, no small issues in a world beset by ecological dilemmas and potentially vastly overproducing for the existing capacities of capitalist accumulation. This could be the most explosive issue of all, and one not at all resolved by all this geopolitical maneuvering.