

Too much of a good thing

Underlying the US drive to war is a thirst to open up new opportunities for surplus capital

We are a biological weapon. On Saturday the anti-war movement released some 70,000 tonnes of organic material onto the streets of London, and similar quantities in locations all over the world. This weapon of mass disruption was intended as a major threat to the security of western governments. Our marches were unprecedented, but they have, so far, been unsuccessful. The immune systems of the US and British governments have proved to be rather more robust than we had hoped. Their intransigence leaves the world with a series of unanswered questions.

Why, when the most urgent threat arising from illegal weapons of mass destruction is the nuclear confrontation between India and Pakistan, is the US government ignoring it and concentrating on Iraq? Why, if it believes human rights are so important, is it funding the oppression of the Algerians, the Uzbeks, the Palestinians, the Turkish Kurds and the Colombians? Why has the bombing of Iraq, rather than feeding the hungry, providing clean water or preventing disease, become the world's most urgent humanitarian concern? Why has it become so much more pressing than any other that it should command a budget four times the size of America's entire annual spending on overseas aid?

In a series of packed lectures in Oxford, Professor David Harvey, one of the world's most distinguished geographers, has provided what may be the first comprehensive explanation of the US government's determination to go to war. His analysis suggests

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that it has little to do with Iraq, less to do with weapons of mass destruction and nothing to do with helping the oppressed.

The underlying problem the US confronts is the one which periodically afflicts all successful economies: the over-accumulation of capital. Excessive production of any good – be it cars or shoes or bananas – means that unless new markets can be found, the price of that product falls and profits collapse. Just as it was in the early 1930s, the US is suffering from surpluses of commodities, manufactured products, manufacturing capacity and money. Just as it was then, it is also faced with a surplus of labour, yet the two surpluses, as before, cannot be profitably matched. This problem has been developing in the US since 1973. It has now tried every available means of solving it and, by doing so, maintaining its global dominance. The only remaining, politically viable option is war.

In the 1930s, the US government addressed the problems of excess capital and labour through the New Deal. Its vast investments in infrastructure, education and social spending mopped up surplus money, created new markets for manufacturing and brought hundreds of thousands back into work. In 1941, it used military spending to the same effect.

After the war, its massive spending in Europe and Japan permitted America to offload surplus cash, while building new markets. During the same period, it spent lavishly on infrastructure at home and on the development of the economies of the southern and south-eastern states. This strategy worked well until the early 1970s. Then three inexorable processes began to mature. As the German and Japanese economies developed, the US was no longer able to dominate production. As they grew, these new economies also stopped absorbing surplus capital and started to export it. At the same time, the investments of previous decades began to pay off, producing new surpluses. The crisis of 1973 began with a worldwide collapse of property markets, which were, in effect, regurgitating the excess money they could no longer digest.

The US urgently required a new approach, and it deployed two blunt solutions. The first was to switch from the domination of global production to the domination of global finance. The US Treasury, working with the International Monetary Fund, began to engineer new opportunities in developing countries for America's commercial banks.

The IMF started to insist that countries receiving its help should liberalise their capital markets. This permitted the speculators on Wall Street to enter and, in many cases, raid their economies. The financial crises the speculators caused forced the devaluation of those countries' assets. This had two beneficial impacts for the US economy. Through the collapse of banks and manufacturers in Latin America and East Asia, surplus capital was destroyed. The bankrupted companies in those countries

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could then be bought by US corporations at rock-bottom prices, creating new space into which American capital could expand.

The second solution was what Harvey calls “accumulation through dispossession”, which is really a polite term for daylight robbery. Land was snatched from peasant farmers, public assets were taken from citizens through privatisation, intellectual property was seized from everyone through the patenting of information, human genes, and animal and plant varieties. These are the processes which, alongside the depredations of the IMF and the commercial banks, brought the global justice movement into being. In all cases, new territories were created into which capital could expand and in which its surpluses could be absorbed.

Both these solutions are now failing. As the east Asian countries whose economies were destroyed by the IMF five years ago have recovered, they have begun, once more, to generate vast capital surpluses of their own. America’s switch from production to finance as a means of global domination, and the government’s resulting economic mismanagement, has made it more susceptible to disruption and economic collapse. Corporations are now encountering massive public resistance as they seek to expand their opportunities through dispossession. The only peaceful solution is a new New Deal, but that option is blocked by the political class in the US: the only new spending it will permit is military spending. So all that remains is war and imperial control.

Attacking Iraq offers the US three additional means of offloading capital while maintaining its global dominance. The first is the creation of new geographical space for economic expansion. The second (though this is not a point Harvey makes) is military spending (a process some people call “military Keynesianism”). The third is the ability to control the economies of other nations by controlling the supply of oil. This, as global oil reserves diminish, will become an ever more powerful lever. Happily, just as legitimation is required, scores of former democrats in both the US and Britain have suddenly decided that empire isn’t such a dirty word after all, and that the barbarian hordes of other nations really could do with some civilisation at the hands of a benign superpower.

Strategic thinkers in the US have been planning this next stage of expansion for years. Paul Wolfowitz, now deputy secretary for defence, was writing about the need to invade Iraq in the mid-1990s. The impending war will not be fought over terrorism, anthrax, VX gas, Saddam Hussein, democracy or the treatment of the Iraqi people. It is, like almost all such enterprises, about the control of territory, resources and other nations’ economies. Those who are planning it have recognised that their future dominance can be sustained by means of a simple economic formula: blood is a renewable resource; oil is not. #