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Robinson, William I

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The Violent Crackup of the Post-WWII International Order Notes on the Geopolitical Crisis and Global Capital

William I. Robinson

University of California, Santa Barbara

w.i.robinson1@gmail.com

The Bolshevik leader Vladimir Lenin published his famous study, *Imperialism: The Highest Stage of Capitalism*,¹ in 1916, in the midst of the First World War and on the eve of the Soviet Revolution. Lenin had argued that the bloody conflagration should be understood as a battle among European states to establish colonial zones of influence and therefore to secure access in competition with rival powers to markets, raw materials, and outlets for surplus accumulated capital. This conflict among states, in Lenin's view, expressed a more fundamental, underlying conflict among nationally-organized capitalist classes and, therefore, the essence of imperialism was rivalry among these national capitalist classes for world control.

This theory of imperialism subsequently informed radical political economy throughout the twentieth century and still holds purchase among the majority of Marxist, world-systems, and other radical students of the world capitalist system and the current global conjuncture. A century after Lenin put forth his thesis, geopolitical tensions and inter-state conflict are reaching the boiling point with the Russian invasion of Ukraine and the so-called New Cold War launched

¹ There is some controversy as to the accuracy of this translation from the Russian that I cannot take up here. Suffice it to note that alternative translations include the "last" and the "latest" stage of capitalism. This is not a trivial matter, because Lenin may have meant that there are ongoing stages without a final one, a view with which I would concur. There can be no "last" or "final" stage in a constantly evolving and open-ended reality.



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is published by the [University Library System](#), [University of Pittsburgh](#) as part of its [D-Scribe Digital program](#) and is cosponsored by the [University of Pittsburgh Press](#).

by Washington to contain China and Russia. There is no doubt that we are witnessing the violent crackup of the post-World War II international order and a crisis of hegemony in the international system alongside a severe structural crisis of overaccumulation. These developments cry out for explanation. Many scholars and political commentators attribute them to the Leninist conception of inter-imperialist rivalry. The evidence, however, does not support this conclusion. How then do we make sense of the current world historic conjuncture?

In the century since Lenin published *Imperialism* (1916), and in particular since the onset of globalization in the 1970s, world capitalism has experienced profound restructuring and transformation. Globalization has involved above all the transnational interpenetration and integration of the leading sectors among national capitalist classes and the rise of a transnational capitalist class (TCC) as the hegemonic fraction of capital on a world scale. Most recently, and building on a mass of prior studies on this transnationalization (see, inter-alia, Robinson 2004, 2008, 2014), sociologist Peter Phillips has documented that in 2018, just 17 global financial conglomerates collectively managed \$41.1 trillion dollars, more than half the GDP of the entire planet, and that these conglomerates are so transnationally entangled amongst themselves that separating them out into national boxes or into clearly delineated companies, much less countries, is simply impossible—in his words, they constituted “a self-invested network of interlocking capital that spans the globe” (Phillips 2018: 35).

This concentration and centralization of capital on a world scale is unprecedented. The TCC has operated through nation-states and supranational institutions to push capitalist globalization in an effort to liberate capital from national regulatory control, to bring down all barriers to the free movement of transnational capital within and across borders, and to attack national working classes and throw them into competition with one another. They have put into place over the past four decades a new globally-integrated system of production, finance, and services into which all countries have been inserted, sometimes violently, as in the case of Iraq through the U.S. invasion and prolonged occupation earlier this century. The TCC has no national identity; it operates in and across countries and regions throughout the global economy and in competition with more nationally-oriented fractions of capital and the elite. It is too dependent on an open and integrated global economy for the continued accumulation of capital and power on a world scale to withdraw back into the confines of national economies even if its members wanted to disentangle themselves into national capitalist groups. Its members share the same class interest in defending the global economy and in suppressing any challenge to it, whether it comes from class struggle from below or from populist, nationalist, or protectionist tendencies from above.

Given this reality, can we still speak of imperialism? The answer depends on what we understand by imperialism; it does not help to throw the term around without specifying a definition, as most are wont to do. If we define it as competition among national capitalist classes expressed as national economic rivalries then we have now superseded the imperialist phase of world capitalism. Loyalty to theories that are no longer supported by the empirical evidence becomes dogma, or worse still, ideology.

But if by imperialism we mean the incessant pressures for the outward expansion of capitalism, the conquest of new spaces by global capital, and the various political, military, and cultural processes that facilitate this expansion and appropriation by the TCC of wealth that it generates, then this is a structural imperative built into capitalism. It is a process that predates the situation described by Lenin and that has continued after his thesis has become outdated. During the 500 plus years that have transpired since the genesis of the capitalist world-system, colonialism and imperialism have coercively incorporated zones and peoples into its fold. The process of original accumulation is coming to a close, especially after the incorporation in recent decades of China and the former Soviet Union. The system continues to violently conquer space, nature, and people; but it has transmuted. This is not imperialism in the old sense either, of rival national capitals or conquest by core states of pre-capitalist regions.

The challenge we face, therefore, is how to explain the current escalation of geopolitical tensions and interstate conflict so epitomized with the Ukraine conflict and Washington's New Cold War, *despite* the transnational integration of the leading sectors of national capitalist classes. The TCC did not face barriers to investment in Russia prior to the invasion of Ukraine, notwithstanding mounting political tensions between Moscow and Washington; while the principal capitalist conglomerates based in the United States and China have experienced an ongoing process of cross-penetration and integration in recent decades that far from reversing has actually deepened even in the midst of the New Cold War (Rhodium Group 2022).² Neither U.S.-Russia nor U.S.-China inter-state relations can be collapsed into transnational capital relations.

Relentless capitalist expansion is a process that generates constant crises and bewildering contradictions. Geopolitical conflict escalates as states, in their effort to retain legitimacy and to keep the internal social order from fracturing, seek to sublimate and to externalize social and political tensions in the face of capitalist crisis, the loss of legitimacy, chronic instability, and social disintegration. Imperial states seek to displace internal contradictions to the Global South or to imperial rivals. (By imperial states I mean those that have the power to externalize these contradictions, and I do *not* mean "imperialist capital."). While the TCC pursues endless accumulation, national states in this age of globalization run up against the contradiction between their accumulation function and their legitimacy function. That is, the national state faces a contradiction between the need to promote transnational capital accumulation in its territory in

² This New Cold War significantly escalated in October 2022, when the Biden administration imposed severe limits and extensive controls on the export of integrated circuits, their designs, and the machines used to write them on silicon and the tools these machines produce. China consumes more than 70 percent of the world's semiconductor products but it only produces 15 percent of them, and at that, the least technologically sophisticated ones. Marco D'Erano described the move as a declaration of world war given the pivotal role of semiconductors in China's economic rise and its extreme dependence on a global microchip industry over which the U.S. state is able to exercise a significant degree of control (see D'Erano 2022). As I will discuss below, these sanctions illustrated clearly how geopolitics are overdetermining economics at this time.

competition with other states and its need to achieve internal political legitimacy and stabilize the domestic social order. This contradiction generates a politics of crisis management that bewilders observers who confuse surface appearance with underlying essence.

This confusion was most apparent with Trump's alleged protectionist policies and trade war with China, interpreted by many as a reversal of globalization and as rivalry between "U.S." capital and capital from other countries. In this regard, observers confuse "U.S." capital with *transnational* capital located inside U.S. borders. Nearly three decades into the debate on the TCC, opponents of the concept still fall back hopelessly into a nation-state framework of analysis that blinds them to what we mean by transnational capital. These opponents assume that by saying "transnational capital located inside U.S. borders" I mean "foreign" capital invested inside the United States. I mean nothing of the sort. Rather, capitalists from the United States are integrated into transnational clusters with capitalists from numerous other countries. These transnational clusters invest inside the United States and inside other countries, so that "transnational capital located inside U.S. borders" includes U.S. capitalists located inside U.S. borders.

In fact, when Trump imposed tariffs on imported steel in 2018, he was opposed by much of the TCC and the political elite in the United States, including much of the Republican Party and sectors of the steel industry that relied on cheaper imported steel for the production of intermediate and finished steel products. Even the far-right billionaire Koch brothers launched a multimillion dollar campaign against tariffs (Schwartz 2018). In fact, the single biggest beneficiary of steel tariffs was ArcelorMittal, the Indian-based company that owns majority shares in U.S. Steel (Stein 2018), which Trump had called a symbol of "American" economic prowess.³

The impulse towards nationalism, populism, and protectionism reflect contradictory attempts to refound state legitimacy under the destabilizing conditions of capitalist globalization, yet this impulse is *not* supported by the TCC.⁴ Clearly, the state and the TCC can have conflicting objectives. Unlike global capitalists, state managers and political elites reproduce their status within the nation-state and in relation to the international system. Capital and the state—and more generally the political and the economic—may form a larger unity but they cannot be collapsed into one. Those who explain the current escalation of geopolitical conflict as national economic rivalry simplify this relationship and end up committing the error of economism. The capitalist state is not a mere instrument of capital and its policies may contradict

³ In any event, despite claims that the world has entered an era of "deglobalization," according to the UNCTAD (2021), world trade actually reached an all-time high in the first quarter of 2021 (observers confuse a deceleration in the growth of world trade with an absolute decline in world trade).

⁴ Moreover, it is not "national" but transnational capital that benefits from such apparently nationalist economic policies; namely, neither the Trump nor the Biden White Houses called for locking out foreign investors but for transnational investors from around the world to invest in the United States.

those of specific capitalist groups, or under certain historical circumstances, of capital as a whole.

The relationship between economics and politics—between capital and political operatives in the state—is mediated in complex ways that make them tension-ridden. In its attempt to secure legitimacy and assure the reproduction of the social order as a whole, the capitalist state can and often does impose restraint on capital or pursue policies that contravene capitalist interests, such as Trump's steel tariffs or the Chinese state's crackdown on tech billionaires. The extent of control that capitalists are able to exercise over the state varies in accordance with tenure of class struggles and capitalist crisis. In the late twentieth and early twenty-first centuries, the emergent TCC managed to exercise a more direct, instrumental control over the state in pursuit of its globalization agenda. But this level of instrumental control achieved in the heyday of globalization now appears to give way to greater state autonomy. Politics, including geopolitics, may be coming to *overdetermine* economics.

The political and economic architecture of the post-World War II international order was already crumbling prior to the Russian invasion of Ukraine. The United States is no longer the market of last resort and nor can it continue indefinitely to serve as the liquidity provider of last resort. The political control afforded to the U.S. state by a dollar-denominated global economy is at odds with increasing political multipolarity. The unprecedented sanctions slapped on Russia and heightened international political polarization in the wake of the invasion has hastened the introduction of alternatives to the dollar-based SWIFT system of international payments, such as China's CIPS (Cross-Border Payments System) and Russia's SPSF (System for Transfer of Financial Messages). Nonetheless, no national or regional economy can survive outside of its integration into the larger global economy. Consider as an indicator of this interdependence that trade in intermediate goods, such as semiconductors and other industrial inputs, now account for a full 56 percent of all trade among the rich countries of the Organization of Economic Cooperation and Development that dominate the global trade system (OECD 2013).

Some scholars have framed the crisis of global capitalism in terms of a declining U.S. hegemony and the rise of a Chinese competitor. But no new nation-state power can supply the political authority necessary to stabilize the now-inextricably integrated global economy. The crisis of hegemony in the international system takes place within this single, integrated global economy. No one state, no matter how powerful, can control the process of global accumulation. This disjuncture between a globalized economy and a nation-state-based system of political authority generates enormous geopolitical tensions. The end of Western domination of world capitalism is upon us as the center of gravity of the global economy shifts to China. But China will not become a new hegemon. Rather, we are moving towards political multipolarity at a time of acute crisis in global capitalism—prolonged economic turbulence and political decay.

The breakdown of the political organization of world capitalism is not the cause but the consequence of contradictions internal to a globally integrated system of capital accumulation. Escalating geopolitical conflict is pushing us towards global conflagration. Wars provide enormous outlet for surplus accumulated capital. Historically they have pulled the capitalist

system out of accumulation crisis while they serve to deflect attention from political tensions and problems of legitimacy. The most urgent task at this time is to prevent World War III. The more we understand the changing nature of this beast that is global capitalism, the better we are situated to work out strategies of resistance and transformation. The task before us is ever more urgent in the face of the threat of nuclear holocaust, the collapse of the biosphere, and ever more acute inequality, immiseration, and social disintegration around the world.

About the Author: **William I. Robinson** is Distinguished Professor of Sociology, Global and International Studies, and Latin American Studies at the University of California at Santa Barbara. He three latest books are: *The Global Police State* (2020); *Global Civil War: Capitalism Post-Pandemic* (2022); and *Can Global Capitalism Endure?* (2022).

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