THE PALGRAVE ENCYCLOPEDIA OF IMPERIALISM & ANTI-IMPERIALISM

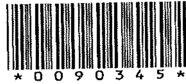
GENERAL EDITORS
IMMANUEL NESS &
ZAK COPE

SENIOR EDITORIAL ADVISOR
SAËR MATY BÂ

JC
359
.P35
2016
v.1

THE PALGRAVE ENCYCLOPEDIA OF IMPERIALISM AND ANTI-IMPERIALISM

Kadir Has Üniversitesi Bilgi Merkezi

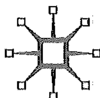


0090345

Edited by
Immanuel Ness
Brooklyn College, The City University of New York, USA
and
Zak Cope
Independent author and scholar

VOLUME I

KADİR HAS ÜNİVERSİTESİ
BİLGİ MERKEZİ



© Immanuel Ness and Zak Cope 2016
Individual articles © Respective authors 2016

All rights reserved. No reproduction, copy or transmission of this publication may be made without written permission.

No portion of this publication may be reproduced, copied or transmitted save with written permission or in accordance with the provisions of the Copyright, Designs and Patents Act 1988, or under the terms of any licence permitting limited copying issued by the Copyright Licensing Agency, Saffron House, 6–10 Kirby Street, London EC1N 8TS.

Any person who does any unauthorized act in relation to this publication may be liable to criminal prosecution and civil claims for damages.

The authors have asserted their rights to be identified as the authors of this work in accordance with the Copyright, Designs and Patents Act 1988.

First published 2016 by
PALGRAVE MACMILLAN

Palgrave Macmillan in the UK is an imprint of Macmillan Publishers Limited, registered in England, company number 785998, of Houndmills, Basingstoke, Hampshire RG21 6XS.

Palgrave Macmillan in the US is a division of St Martin's Press LLC, 175 Fifth Avenue, New York, NY 10010.

Palgrave Macmillan is the global academic imprint of the above companies and has companies and representatives throughout the world.

Palgrave® and Macmillan® are registered trademarks in the United States, the United Kingdom, Europe and other countries.

ISBN 978–0–230–39277–9

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources. Logging, pulping and manufacturing processes are expected to conform to the environmental regulations of the country of origin.

A catalogue record for this book is available from the British Library.

A catalog record for this book is available from the Library of Congress.

Typeset by MPS Limited, Chennai, India.

Contents

Preface vi
Editorial Board ix
List of Contributors x

Entries A–Z within the following sections:

Volume I

Biographies 1

Country and regional analysis 249

Culture and the arts 471

History 543

Volume II

History (*continued*) 746

Movements and ideologies 805

Political economy 975

Themes and concepts 1191

Index 1396

Political Affairs. His areas of interest include: the history of the communist movement in the US and its activists, and the role of anti-communism in US history.

Carlos J. Maya-Ambía has a doctoral degree in Social and Economic Sciences from the Free University Berlin (Germany). He has authored five books and his research interests include: Japan's horticultural market, political economy of agriculture and food, and the critique of Karl Polanyi to the market society.

Lucie Mercier is completing a PhD in philosophy under the supervision of Peter Osborne and Etienne Balibar at the Centre for Research in Modern European Philosophy, Kingston University. Her thesis explores translation in thinking a critical and post-colonial philosophy of history.

Marcelo Milan has a PhD in economics from the University of Massachusetts Amherst. She is also a member of a working group on the Economic History of Latin American Dependency. Her research interests include: radical political economics, international political economy, macroeconomics, finance and history. She has done recent research about financial crises and hegemonic currencies.

Shahrzad Mojab is a professor of Adult Education and Women's Studies at the University of Toronto. She is also an academic-activist, specialising in educational policy studies; gender, state, migration and diaspora; women, war, violence, and learning; Marxist-feminism and anti-racism pedagogy.

Lilia D. Monzó is Assistant Professor of Education in the College of Educational Studies at Chapman University. She has published in such journals as *Anthropology & Education Quarterly*, *School Community Journal*, *Journal of Critical Educational Studies*, and *Policy Futures in Education*. She teaches courses in Teacher Education and Qualitative Research Methodologies.

Mother Tongue is a research-led curatorial project formed in 2009 by **Tiffany Boyle** and **Jessica Carden**. The project concerns post-colonialism, language, heritage, ethnicity, whiteness, indigenousness, migration, movement, sexuality, and technology. They are currently both undertaking individual PhDs: Boyle at Birkbeck, University of London; and Carden at TrAIN: Transnational Research Centre for Art, Identity and Nation, at University of the Arts London.

David Murphy is Professor of French and Postcolonial Studies at the University of Stirling. He has written widely on Francophone African, particularly Senegalese, culture. He has also published two monographs on African cinema and has co-edited several collections of essays.

Amber Murrey-Ndewa is a poet, ethnographer, novice filmmaker and a feminist decolonial political geographer. She is currently a doctoral candidate at the School for Geography and the Environment at the University of Oxford. She earned her Master's Degree in Pan-African Studies from Syracuse University.

Patience Mutopo is a Senior Lecturer in the Centre for Development Studies at Chinhoyi University of Technology. She holds a PhD with a Magna Cum Laude from the University of Cologne. Her research interests are gender, land, and agrarian reforms, the anthropology of markets, livelihood analysis, and policy analysis.

Sirisha C. Naidu is an Associate Professor of economics at Wright State University. She graduated with a PhD from University of Massachusetts Amherst in 2007. Her research intersects issues of development and environment in the global South.

Emmanuel Ndour is a PhD candidate at the University Paris-Est Créteil. He holds an MA in African Literature from Gaston Berger University in Saint-Louis, Senegal, and a Master's Degree in Comparative Literature from the University of Toulouse, France. Since 2003 he has been teaching French language and literature in secondary schools in both Senegal and France.

Patrick Neveling is Senior Researcher at the Historical Institute of Berne University. His expertise combines regional (Insular South-East Asia and Mascarene Islands) and global perspectives (Global Trade Agreements, International Organisations, Border Regimes, and other central phenomena of the capitalist world system).

Howard Nicholas is currently a Senior Lecturer in Economics and Convenor of the MA in Economics of Development at the International Institute of Social Studies,

Erasmus University of Rotterdam. He also holds a PhD from the University of East Anglia. His research interests include the macroeconomic dynamics of the global economy, financial markets, and theories of price and money.

Paolo Novak is a Lecturer in Development Studies at the School of Oriental and African Studies, University of London. His research deals with the relation between borders and the development process at large. He is particularly concerned with exploring the definitional boundaries of development's analytical units, and the tensions between state-centred and non-state-centred forms of analysis and representation.

Fletcher O'Leary is undertaking a Master's degree in Philosophy with the School of History and Politics at the University of Adelaide. In 2013 he was awarded the Tinline Prize for highest attainment of a BA (Hons) in History, and was joint recipient of the Lynda Tapp Prize in History for his final dissertation. His research interests are in South-East Asia, the Cold War, and labour movement histories.

Liam O'Ruairc is a Belfast-based writer. His work has appeared in *Fortnight* magazine, *History Ireland*, and *Radical Philosophy* amongst others.

Franklin Obeng-Odoom is the Chancellor's Postdoctoral Research Fellow at the School of the Built Environment, University of Technology. His research is in the fields of urban political economy, political economy of development, agrarian political economy, and political economy of natural resources. He is also a recipient of the maiden World Social Science Fellowship in sustainable urbanism awarded by the International Social Science Council.

Glen Olson is a PhD candidate of US history at The Graduate Center, The City University of New York. His research focuses on the spread of slavery in the 19th century, and the mix of private and public power necessary for that expansion. He received his MA from University of Chicago.

Ayokunle O. Omobowale holds a PhD in Sociology from the University of Ibadan. His interests are African issues in Development, Cultural, Political and Urban studies. Previously he was a lecturer at the University of Lagos. He has served on the Editorial Board of the International Encyclopaedia of Revolution and Protest (2009), guest edited volume 43 of the International Journal of Sociology on "African Social Sciences Scholarship in a Globalized Academy" (2013) and authored The Tokunbo Phenomenon and the Second-Hand Economy in Nigeria (2013).

Özgür Orhangazi is an Associate Professor of Economics at Kadir Has University in Istanbul. He holds a PhD from the University of Massachusetts Amherst and previously taught economics at Roosevelt University in Chicago.

Shaianne Osterreich is an Associate Professor of Economics at Ithaca College in Ithaca, NY. She received her PhD in 2002 from the University of Utah. Her dissertation was an empirical and theoretical investigation of the role of gender inequality in unequal exchange, à la Arghiri Emmanuel, in North–South international trade in manufacturing. Her research focus is on global production, employment outcomes, poverty, and gender.

David Scott Palmer is Professor of International Relations and Political Science Emeritus at Boston University. He has a PhD from Cornell and formerly served as Director of Latin American and Caribbean Studies at the Foreign Service Institute of the US State Department and as a Peace Corps Volunteer Leader in Ayacucho, Peru, 1962–64.

Panikos Panayi is Professor of European History at De Montfort University and a Corresponding Member of the Institut für Migrationsforschung und Interkulturelle Studien at the University of Osnabrück. His research has revolved around the relationship between ethnic majorities and minorities.

Prabhat Patnaik is an economist who holds the position of Professor Emeritus at Jawaharlal Nehru University, New Delhi. He held the Sukhamoy Chakravarty Chair at the Jawaharial Nehru University until his retirement in 2010. Between 2006 and 2011 he was also the Vice-Chairman of the Planning Board in the state of Kerala. He is the editor of the journal *Social Scientist*.

Jacques R. Pauwels studied history at the University of Ghent, then went on to earn a doctorate in that field at York University in Toronto. He also earned both an MA and a

PhD in political science at the University of Toronto. He taught courses in European history at a number of universities in Ontario, including the University of Toronto.

Sheila Pelizzon graduated from Boston University with a major in anthropology. She holds a PhD in Sociology from State University of New York at Binghamton. She currently teaches World Economic and Social History in the Faculty of Economics and Administration in Middle East Technical University, Ankara, Turkey.

Camilo Pérez-Bustillo is a Research Professor of the Graduate Program in Human Rights at the Autonomous University of Mexico City. He was the first scholar appointed to the Emil Bustamante Regional Chair in Human Rights. He was also the first Latino appointed to the endowed W. Haywood Burns Memorial Chair in Civil Rights Law at The City University of New York Law School during 2002–03.

Fredrik Petersson teaches History at Russian State University for the Humanities, (RGGU), Moscow. He has a PhD from Åbo Akademi University. Petersson is currently pursuing post-doctoral studies, aiming to produce a comparative study on the global history of anti-colonialism between the First World War and the Bandung Conference in 1955. He has published articles on the LAI, international communism, and the Comintern.

Anna Piva is an independent scholar, and principal, with **Edward George**, of Flow Motion, a London-based duo comprising artists, electronic musicians, and filmmakers. From 2008–10, George and Piva were artists-in-residence at the International Institute of Visual Arts (Iniva). Their resulting multimedia art project *Promised Lands* explores the trope of the promised land in historical and contemporary accounts of migration, through music, images, and texts.

Rakesh Ramamoorthy works as Assistant Professor in the Department of English, St John's College. His areas of interest include cricket writings, Indian writing in English, post-colonial studies and cultural studies. He also serves as the South Asia Reviews Editor of the *International Journal of History of Sport* (Taylor & Francis).

Neil Redfern teaches modern European history and politics at two leading academic institutions in Manchester on a semi-retired basis. Over the years his primary area of research has been communism but as of recently he investigates the impact of imperialism on the British working class.

Tom Reifer is an Associate Professor of Sociology and an Associate Fellow at the Amsterdam-based Transnational Institute, an international fellowship of committed scholar-activists. He has published widely on questions of human rights, development, militarism, global inequality, and social change.

Brian Richardson works as a barrister with a criminal court practice in London. He is an executive committee member of the Haldane Society of Socialist Lawyers. He is a regular speaker on a range of issues including race, class, and culture; and he is a frequent contributor to the monthly Socialist Review magazine *Socialist Lawyer*, and has edited two books.

John Michael Roberts is a Senior Lecturer in Sociology and Communications at Brunel University. His research interests focus on the relationship between free speech, the public sphere, and demonstrations, social theory, voluntary activity in communities, neo-liberal state projects and imperialism and financialisation.

Clyde C. Robertson is an Associate Professor of History at Tuskegee University. He earned a PhD in African Studies from Temple University in 1998 and an MA in Mass Communications Theory from Howard University in 1982.

Viviane Saglier is a PhD student in Film and Moving Image Studies at Concordia University in Montreal. She also studied French Literature, Aesthetics, and Art History at the Sorbonne and the Ecole du Louvre in Paris. She has contributed to covering, curating, and organising several film festivals in Europe, France, and Quebec.

E. San Juan, Jr. was recently fellow of the Harry Ransom Center, University of Texas, Austin; and of the W.E.B. Du Bois Institute, Harvard University. He was previously Fulbright professor of American Studies at the Katholieke Universiteit Leuven in Belgium and fellow of the Center for the Humanities at Wesleyan University.

Chelsea Schields is a doctoral student at The Graduate Center, The City University of

countries are too rich to be able to absorb all the new capital that is formed in them, and the underdeveloped countries are too poor to offer attractive investment prospects to this same capital, apart from their few import-substitution industries. All this, in turn, keeps them poor, or makes them even poorer. Imperialism is not self-destructive: it is self-reproducing (Emmanuel 1974). It is possible, despite these general deficiencies, for certain marginal movements of capital to enable a developing country to cross the threshold of development. Such examples would include the ability of an individual to rise out of their social or economic class. The prospects, however, for underdeveloped countries becoming developed are so slight that there is no danger of capitalists losing a workforce to operate the factories, and it is perfectly reasonable to believe that those countries in the periphery will continue to follow the same path. In a separate analysis, Stephen Hymer (1979) refers to the enormous 'latent surplus-population' or reserve army of labour in both the backward areas of the developed economies and the underdeveloped countries, 'which could be broken down to form a constantly flowing surplus population to work at the bottom of the ladder'. Hymer reinforces Marx's understanding (1967) of the accumulation of capital as an increase of the proletariat. The vast 'external reserve army' in the Third World, supplementing the 'internal reserve army' within the developed capitalist countries, constituted the real material basis on which multinational capital was able to internationalise production – creating a continual movement of surplus population into the labour force, and weakening labour globally through a process of 'divide and rule' (Foster and McChesney 2012).

Consequently, Emmanuel concludes that in order for developing countries to push up wages at home and thus improve their trade position, they will have to resort to policies of economic diversification and protectionism rather than seeking to select and develop industries which have proved to be dynamic in the developed world. In recognising that no country can hope to improve its living standard without trade, Emmanuel argues that unequal exchange cannot be rectified simply by channelling additional funds into poor countries in the form of investment capital, foreign aid, expanded exports, or higher commodity prices. These funds must also be transformed by one means or another into an increase in the general wage level in the country. Herein he identifies 'a link between the variations in wages and those of development ... based directly on the incentives to invest, on capital movements, and on the subsequent specialisation and techniques'. Thus it is not unequal exchange that determines development, but the very rise in wage itself (Emmanuel 1972: 54).

Stacy Warner Maddern

References

Bernal, Richard L. (1980). 'Emmanuel's Unequal Exchange as a Theory of Underdevelopment'. *Social and Economic Studies*, 29:4, 152–174.

Brewer, A. (2012). *Marxist Theories of Imperialism: A Critical Survey*. New York: Taylor and Francis.

Emmanuel, A. (1972). *Unequal Exchange*. New York: Monthly Review Press.

Emmanuel, A. (1974). 'Myths of Development versus Myths of Underdevelopment'. *New Left Review*, 1:85, 61–82.

Foster, John Bellamy, and McChesney, Robert W.W. (2012). *The Endless Crisis: How Monopoly Finance Capital Produces Stagnation and Upheaval from the USA to China*. New York: Monthly Review Press.

Hymer, Stephen Herbert (1979). *The Multinational Corporation*. Cambridge: Cambridge University Press.

Marx, Karl (1967). *Capital*, trans. Ernest Untermann. New York: International Publishers.

Finance, Finance Capital, Financialisation

The late 1800s and early 1900s witnessed a wave of colonial expansion and increasingly hostile rivalries among major capitalist countries, while at the same time significant transformations were taking place in these countries' economic structures. Capital concentration and centralisation were growing, integration between financial and industrial capital increased with finance seemingly having the upper hand, and cross-border capital movements expanded. Hobson (1902), a British left liberal, provided a first explanation that brought these two developments

exploitation provides for their high standard of living. Such loyalty to nation, according to Emmanuel, transcends class interests, and 'national integration has been made possible in the big industrial countries at the expense of the international disintegration of the proletariat'; he goes on to suggest that in the coming global revolution, workers in the West are likely to be on the wrong side (1972: 339–340).

At its core, Emmanuel's contribution can be viewed as a rejection of Ricardo's theory of comparative costs and international division of labour because of its assumption that capital was immobile and wages could be equalised in a full-employment economy. According to Emmanuel, the rate of profit was equalised because of the mobility of capital, thus contributing to Marx's Labour Theory of Value in its understanding that wages may not always be determined by biological factors, but must recognise the impact of sociological and factors as well. For example, Emmanuel highlights trade unionism as an essential factor in determining higher wages in developed countries. Consequentially, in developing countries the product of their labour will have lower value in international trade in comparison to the amount of labour in a developed country. Emmanuel contextualises imperialism as a means of exploitation and inequality rather than political or military domination of one country over another. Such a view underlines an essential feature of imperialism, whether colonial or not, which is that it is mercantile in character. While this is not a direct intention of Emmanuel it does serve as a by-product of his analysis (Bernal 1980; Brewer 2012).

In terms of development, Emmanuel cites unequal exchange as a mechanism that permits relatively high wages in one country without a corresponding relative depression of profits. He argues that the 'organic composition of capital' occurs when capitalists try to minimise costs by substituting means of production for labour when wages are high. By exploiting the means of production produced in low-wage countries they can avoid price increases occurring from high-wage labour (Brewer 2012). The consequence for the high-wage country is a reduction of employment in much the same way as that effected by substitution of lower-priced for higher-priced products, and a reduction in the attraction of capital to the production of non-traded goods in high-wage areas. Emmanuel argues that the cause of development and underdevelopment is the transfer of value involved in international trade. There is a transfer of value from underdeveloped countries to developed countries which is sufficiently large to cause development in the recipient countries and underdevelopment in the countries from which value is drained. Simply put, relatively high wages preceded and are the cause of economic development, and low wages cause underdevelopment (Emmanuel 1972: 103). Emmanuel argues that once wage disparities exist, a 'cumulative' process of interaction between economic development and wage levels results. The mechanism which operationalises and sustains this process is unequal exchange, through which value is transferred from the underdeveloped countries, thus retarding accumulation, to the developed countries to fuel accumulation. Herein, 'the impoverishment of one country becomes an increasing function of the enrichment of another ... super-profit from unequal exchange ensures a faster rate of growth' (Emmanuel 1972: 130).

Through the integration of 'unequal exchange and the theory of international value into the general theory of value' (1972: 266) Emmanuel demonstrates that exploitation of underdeveloped countries by developed countries takes place through international trade. Draining value from underdeveloped countries severely handicaps the ability to accumulate capital and therefore prevents economic development. Developed countries offer high wages, high organic composition of capital, continual technological improvement, and high productivity of labour. In contrast, developing countries have low wages, low organic composition of capital, a lack of technological improvement, and low productivity of labour. Such exploitation of developing countries through international trade was a product of manipulated exchange by mercantilist policies during colonialism before 1840. After 1870 unequal exchange continued under the guise of 'free trade' (Emmanuel 1972: 186–188).

Whereas raw materials and certain agricultural products have to be sought where they can be found, Emmanuel suggests that the movement of capital is not an increasing but a decreasing function of difference in incomes. Because of the limits to import-substituting industrialisation the advanced

together and a number of Marxists, including Hilferding (1910), Luxemburg (1913), Kautsky (1914), Bukharin (1917), and Lenin (1917) theorised the relationship between the rise of finance and imperialism. The broad argument was that the concentration and centralization of capital indicated a new era in capitalism and competition was giving way to monopolies. In order to sustain profitable accumulation, these monopolies had to constantly expand, not only to export products but also to export capital. In the meantime, finance capital acquired greater power and a dominant position, pushing the state towards imperialist expansion to secure its international investments and to acquire colonies.

The concept of *finance capital* was first used by Rudolf Hilferding, who analysed the rise of the financial capitalists in the context of Germany and Austria and focused on the relations between credit, banks and industrial capital in *Finance Capital: A Study of the Latest Phase of Capitalist Development*, published in German in 1910. Hilferding (1910) argued that under modern capitalism 'free competition' was replaced by a process of concentration and centralisation of capital that led to the creation of cartels and trusts. This process brought banks and industrial capitalists together as finance capital – a close integration of the financial capital of banks with industrial capital in which banks acquired a dominant position and representatives of banks started sitting on the boards of corporations in a reflection of not just economic leverage but direct control as well. Finance capital was created as large monopolistic corporations had to rely increasingly on banks to finance their investments. This new institution was not only economically important but it also impacted social and political power as finance capital pushed governments to implement policies that would protect it domestically while supporting it internationally in efforts towards global expansion. Hilferding (1910) wrote:

> The demand for an expansionist policy revolutionizes the whole world view of the bourgeoisie, which ceases to be peace-loving and humanitarian. The old free traders believed in free trade not only as the best economic policy but also as the beginning of an era of peace. Finance capital abandoned this belief long ago. It has no faith in the harmony of capitalist interests, and knows well that competition is becoming increasingly a political power struggle. The ideal of peace has lost its luster, and in place of the idea of humanity there emerges a glorification of the greatness and power of the state .... The ideal now is to secure for one's own nation the domination of the world. (335)

Hilferding thought that imperialism was a direct outcome of finance capital, but he did not regard imperialist wars as the inevitable outcome. Instead, he saw the dominance of finance capital over the state as a structure that could be taken over and used by the working class. Later, Bukharin (1917) defined imperialism as 'a policy of finance capital' in *Imperialism and World Economy*. Lenin (1917) took the core arguments of Hilferding and Bukharin and produced what would later become the classical Marxist theory of imperialism in *Imperialism: The Highest Stage of Capitalism*. He saw finance capital as directly related to imperialism since states attempt to gain power not only through trade but also through export of capital. The rise of finance capital resulted in the establishment of trade barriers, the export of capital, and a drive towards militarism and imperialism. Imperialist powers searched for colonies where finance capital could export its excess capital and surplus. Lenin particularly emphasised that imperialism was not a political choice but a necessity rooted in the modern capitalist system; the centralisation and concentration of capital both underlay finance capital but were also given added impetus by it. Therefore, finance capital was inseparable from imperialism:

> [F]inance capital, literally, one might say, spreads its net over all countries of the world .... The capital exporting countries have divided the world among themselves in the figurative sense of the term. But finance capital has led to the *actual* division of the world. (66–67, emphasis in the original)

> The characteristic feature of imperialism is not industrial *but* finance capital. It is not an accident that in France it was precisely the extraordinarily rapid development of *finance* capital and the weakening of industrial capital, that from the eighties onwards, gave rise to the extreme intensification of annexationist (colonial) policy. (91, emphasis in the original)

Hobson (1902) had argued that the principal driving force behind capital export was insufficient demand among lower-income groups of the core countries, and had suggested that the problem could be solved by a redistribution of income. Lenin (1917) did not see this as a possibility and argued that within the context of finance capital, since the world was already divided, further expansions would result in a struggle for a re-division and this would be the principal reason for imperialist wars. Hence, imperialist wars were a direct outcome of the dominance of finance capital.

At the time, this theory of imperialism was both new and sophisticated and seemed to provide an explanation for the events that were unfolding. The period from 1914–45 witnessed two world wars, one great depression and the emergence of the Soviet bloc. After 1945, the capitalist world entered a new era. The conflict among capitalist powers gave way to the Cold War, while a process of decolonisation changed the nature of the relationship between advanced capitalist countries and the rest of the world. As the uncontrolled expansion of finance was seen as one of the major causes of the Great Depression, the international financial system and domestic financial structures were strictly regulated and attention turned towards state-led economic growth. This led to a change in the focus of theories of imperialism, since in this new set-up the thesis of finance-driven imperialism seemed out of date. New theories of imperialism relied on concepts such as monopoly capital (Baran and Sweezy 1966) and dependency and unequal exchange (Amin 1974; Frank 1966; Emmanuel 1972; Wallerstein 1974) rather than finance capital. In fact, the finance capital thesis was criticised for representing more of a transitional phase that only applied to Germany but not the US or UK. Instead, the new focus was on management-controlled and largely self-financed corporations and it was argued that imperialism occurred mostly through trade, not so much through finance. In this view, surplus is transferred from the dependent periphery to the core, while excess surplus in the core is directed to wasteful expenditures such as military spending.

The multifaceted crisis of the 1970s, which included declining profitability and stagflation in leading economies and the collapse of state-led, import-substitution industrialisation strategies in less-developed countries, paved the way for major changes. As all these countries opened their doors to neo-liberal policies in the 1980s, finance was once again ascendant, this time globally. The concept of *financialisation* was developed as a means of analysing this era. It refers to the increase in the size, importance, and power of financial markets, as well as transactions, institutions, motives, and financial elites in the functioning of the economy. Some describe the financialisation process as a shift from productive activities to financial activities, while others emphasise the dominance of finance in general over economic activities. Indicators of financialisation are abundant. For example, total global financial assets as a percentage of the world's gross domestic product (GDP) increased from 109 per cent in 1980 to 263 per cent in 1990, 310 per cent in 2000 and 355 per cent in 2007. Moreover, the size of the financial sector with respect to the GDP, financial incomes as a percentage of national incomes, financial corporations' profits with respect to non-financial corporations' profits, debt to GDP ratios, non-financial corporations' financial incomes, and financial payments have all shown sharp increases in the last three decades (Orhangazi 2008; 2011). Financialisation has also entailed an increase in cross-border capital movements in the forms of foreign direct investment and portfolio investment flows. In some regards, the era of financialisation bears similarities to that of Hilferding's and Lenin's theorisation: the world economy is dominated by large corporations (though these are more multinational today), capital export has substantially grown, the role and power of finance has substantially increased, and imperialism has reasserted itself. However, there are no trade barriers corresponding to territorial powers. Moreover, in the new era, finance is not limited to banks, not even to financial institutions, as large non-financial corporations now also run sizeable financial operations integrated with productive and commercial operations.

This new rise of finance led some scholars to argue that it has played a key role in securing the hegemony of the US as the leading imperialist power (Gowan 1999; Hudson 2003;). Some have interpreted financialisation as a 'sign of autumn' marking the decline of the US as an imperial power (Arrighi 1994). According to this approach, as rivalries among economic powers intensify, a financial expansion centred around the

hegemonic power in decline occurs and a new locus of power in the world economy begins to emerge. In this formulation, these financial expansions are repeated throughout capitalist history at times of imperial decline. The prime reason behind this is the over-accumulation of capital – reflected as an exhaustion of profitable investment opportunities in the real sector, preceded by increased competition in product markets. Profits grow relative to stagnant business opportunities and this gives rise to financial liquidity. The difference between the post-1980 period and the early 20th century is that the US, as the major imperialist power, now has greater potential than Britain did to preserve its declining hegemony through 'exploitative domination', which includes both taking advantage of financial flows into the US and the use of military power to secure resources (Arrighi and Silver 1999). However, financialisation undermines the hegemonic power's imperial position at the same time, since it weakens the industrial sector as US firms turn to offshoring. The US economy becomes more and more a *rentier* economy with respect to the rest of the world, while domestically it shifts towards a service economy (Harvey 2003).

Leaving aside the debate about whether US hegemony is in fact facing a decline, the relationship between financialisation and imperialism is presented through the argument that financial mechanisms are managed by the imperialist power(s) and work in their interests. In particular, the US Federal Reserve, together with the US Treasury and Wall Street, sets the conditions for financialisation. The International Monetary Fund (IMF) and the World Bank support this set-up globally. The US Federal Reserve can largely determine the levels of international interest rates by moving its domestic interest rate targets. Washington decides the level of financial regulation and supervision through its (de)regulatory interventions. When faced with international financial crises, the US Treasury and the IMF intervene in the interests of the large financial corporations and investors of the core countries.

The US and other leading powers benefit from this set-up through the availability of low-cost funds from the rest of the world. This is ensured in the US case by the reserve role of the US dollar and in the UK case by the London-based banking system. While the role of the US dollar as a reserve currency was created before the era of financialisation, it has been dramatically strengthened in recent decades (Vasudevan 2008). Moreover, the dollar holdings of developing countries in the form of reserve accumulation – mostly in US Treasury bonds – have become a seigniorage tax levied by the US on the rest of the world (Hudson 2003). However, in contrast to the earlier era of finance capital when Britain was a major capital exporter, the US is a large capital importer. In the late 2000s, the US economy received financial investments from the rest of the world equal to more than twice the amount of US financial investments abroad. However, there is an asymmetry here since the rates of return realised on US capital exports are about twice as high as the rate of returns obtained from capital exports to the US from the rest of the world. A main reason behind this is the composition of these investments. A significant portion of capital exports to the US goes into low-return treasury bills. While capital incomes coming from abroad now constitute a large and increasing portion of capital income in the US, other major powers – including the UK, Germany, and France – also acquire large flows of financial income from the rest of the world (Duménil and Lévy 2011). Furthermore, the financial centres located in core countries capture a share of the globally produced surplus value as they provide financial services, including loans, to the rest of the world; and in return, they receive large sums of interest and other financial payments, both from government and private enterprises. In addition, by financing the operations of the core's large corporations either through bank financing or through the stock market, they enable concentration and centralisation of capital globally.

Furthermore, the increased cross-country mobility of financial capital together with frequent financial crises have been effective in imposing on countries in the periphery an increasingly deregulated and liberalised financial system that works in the interest of imperialist powers and a small group of elites in these countries. Financial crises have been occasions for furthering financial deregulation and liberalisation, while financial capital has used them for quick returns and transfers of ownership, and hence power in its favour. The crises in Latin American countries in the 1980s, the 1997 Asian crisis and the 2001 crisis in Turkey are all examples of this (Dufour and Orhangazi 2009; Wade and Veneroso 1998).

increasing unemployment and impoverishment, as well as the loss of public services through privatisations after these crises, led to a shift in the tone of anti-imperialism as well.

In short, the nexus between finance and imperialism has been theorised since the early 1900s. Even though there is no definite fully fledged theory of the link between financialisation and imperialism, there is much interest in the issue. Clearly, there is still a need for more empirical work examining the propositions advanced in the literature. On the other hand, the 2007–08 US financial crisis and the ensuing global financial crisis and economic slowdown suggests that while the US and other leading powers might have benefited from being able to manage the process of financialisation, the future of financialisation and the position of the core within this set-up remains uncertain.

Özgür Orhangazi

References

Amin, S. 1974. *Accumulation on a World Scale: A Critique of the Theory of Underdevelopment*. New York: Monthly Review Press.

Arrighi, G. 1994. *The Long Twentieth Century: Money, Power and the Origins of our Times*. London: Verso.

Arrighi, G. and B. Silver. 1999. *Chaos and Governance in the Modern World System*. Minneapolis, MN: University of Minnesota Press.

Baran, P. and P. Sweezy. 1966. *Monopoly Capital: An Essay on the American Economic and Social Order*. New York: Modern Reader Paperbacks.

Bukharin, N. 1917 [1972]. *Imperialism and World Economy*. London: Merlin.

Dufour, M. and Orhangazi, O. 2009. 'The 2000–01 financial crisis in Turkey: a crisis for whom?', *Review of Political Economy*, 21(1): 101–122.

Dumenil, G. and D. Levy. 2011. *The Crisis of Neoliberalism*. Cambridge, MA: Harvard University Press.

Emmanuel, A. 1972. *Unequal Exchange. A Study of the Imperialism of Trade*. New York: Monthly Review Press.

Frank, A.G. 1966. 'The Development of Underdevelopment', *Monthly Review*, 18(4): 17–30.

Gowan, P. 1999. *The Global Gamble: Washington's Faustian Bid for World Dominance*. New York: Verso.

Harvey, D. 2003. *New Imperialism*, Oxford: Oxford University Press.

Hilferding, R. 1910 [1981]. *Finance Capital: A Study of the Latest Phase of Capitalist Development*. London: Routledge & Kegan Paul.

Hobson, J. 1902 [1965]. *Imperialism: A Study*. Ann Arbor, MI: University of Michigan Press.

Hudson, M. 2003. *Super Imperialism: The Origin and Fundamentals of US World Dominance*. London: Pluto Press.

Kautsky, K. 1914 [1970]. 'Ultra-imperialism', *New Left Review* 59: 41–46.

Lenin, V.I. 1917 [1987]. *Imperialism: The Highest Stage of Capitalism*. New York: Dover Publications, Inc.

Luxemburg, R. 1913 [1951]. *The Accumulation of Capital*. New Haven, CN: Yale University Press.

Orhangazi, Ö. 2008. *Financialization and the US Economy*. Cheltenham, UK and Northampton, MA: Edward Elgar.

Orhangazi, Ö. 2011. 'Financial vs. "Real": An overview of the contradictory role and place of finance in the modern economy', in P. Zarembka and R. Desai (eds), *Research in Political Economy*, vol. 27 (Bingley: Emerald Group).

Vasudevan, R. 2008. 'Finance, imperialism, and the hegemony of the dollar', *Monthly Review*, 59(11): 35–50.

Wade, R. and F. Veneroso. 1998. 'The Asian Crisis: the high debt model versus the Wall Street-Treasury-IMF complex', *New Left Review* 228: 3–23.

Wallerstein, I.M. 1974. *The Modern World-System. Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*. New York: Academic Press.

Free Trade Zones, Export Processing Zones, Special Economic Zones and Global Imperial Formations 200 BCE to 2015 CE

Introduction: Imperialism old and new?

Export processing zones (EPZs) – historically often labelled Free Trade Zones (FTZs)