

American Hegemony in the 21st Century

A Neo Neo-Gramscian Perspective

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Chapter 2

Construction and Projection of US Hegemony

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Creating a New World Order: From ‘One World’ to ‘Free World’

Prior to the Second World War (WII), and despite its evident economic and military prowess, the US’s geopolitical priorities remained focused on its enlarged ‘sphere of influence’. The State Department and even the powerful pro-international business think-tank, the Council of Foreign Relations, conceived of US foreign and economic policy in terms of a *Grand Area* encompassing the Western Hemisphere, East Asia, and the Pacific, as expressed in 1914 by then Assistant Secretary of the Navy, Franklin D. Roosevelt (FDR): “Our national defence must extend all over the western hemisphere, must go out a thousand miles into the sea, must embrace the Philippines and over the seas wherever our commerce may be.”¹ Participation in the WWII,² however, caused a radical re-think in the American world view.

First, there was a strategic aspect. Protected by the Atlantic Ocean on one side and the Pacific on the other, the US was not only spared expensive war damage but could base its entire military strategy on an offensive tactics (increasingly based on air-power). It was the only country in WWII who could truly claim to have fought on a global scale: possessing the capabilities to project its power at great distances – either to the West (Europe) or East (Asia) – and facilitated by a global system of communication.

This had major effects on the ‘formal’ state structure. Thanks to the enormous logistics required, all departments of the state were involved in planning and coordination activities, though the key ones were the White House, the State Department, and the War Department. What set post-WWII apart from previous periods (with the possible exception of the American War of Independence) was that now the heads of the armed forces – the Joint Chiefs of Staff – occupied the upper echelons of power, enjoying a pivotal role in forming US policy, constituting an enduring transformation in American civil-military relations.

The US now possessed a global military-economic-political infrastructure, encompassing a worldwide network of military installations,

which elites were eager to take advantage of. At the front of the queue was American capital, which relished the possibility of tapping into hitherto inaccessible energy resources, minerals, and other raw materials. Increasingly, from 1945 onwards, Washington ceased referring to 'foreign policy' in favour of the broader, more militarised, *national security* policy, defined in 'global' terms. "It no longer appears practical to continue...hemispheric defence as a satisfactory basis for our security", army chief and Harry S. Truman's future Secretary of State, George C. Marshall, explained, "We are now concerned with the peace of the entire world".³ The *Grand Area* thus expanded to take in Western Europe, the Middle East, and the former British Empire. The State Department now prioritised 'strategic' conditions and geopolitics alongside its traditional concerns for economics and diplomacy.

Fighting WWII, of course, also had major economic effects. The estimated \$300 billion (over \$4.1 trillion in present money) spent on equipping its military between 1941 and 1945 represented a massive boon for all productive sectors.⁴ Between 1939 and 1945 the US GNP increased by two-thirds,⁵ ending the war with almost two-thirds of the world's industrial production and over 70% of its gold.⁶ The state became universally recognised as a key economic actor, not just in mobilising resources but even substituting for market processes via strategically planned debt-financed industrial policies: Keynesian-style 'pump-priming' universally credited with dragging the US out of the Great Depression. Truman's Secretary of Commerce, Averell Harriman announced in 1946: "People in this country are no longer scared of such words as 'planning'...people have accepted the fact that the government has got to plan as well as individuals in this country".⁷

All American capital did benefit but perhaps no group more than the industrial sector. In a speech delivered to the Army Ordinance Association in January 1944 Charles E. Wilson, president of General Electric and the vice executive chairman of the *War Production Board*, called for an "institutionalised war economy" and that every corporation should have a "liaison" representative with the military; binding businesses and the military together in single military-industrial-complex (MIC).⁸ This semi-command economy – directed by corporate executives in liaison with military chiefs and paid for by the public – represented a significant shift away from traditional liberal capitalism.

Yet despite enjoying a position of relative power and security unparalleled in human history, *the* single most important challenge facing State Department planners and corporate leaders alike, one that would underpin all aforementioned geopolitical objectives, was *how* to sustain/increase present output levels. With the winding down of the war and declining sales, Washington was haunted by the real fear that systemic over-production/capacity and rising inflation could drag the US back into a depression. As early as 1943, a future Nobel Prize economist warned

of the possibility that the US could experience “the greatest period of unemployment and industrial dislocation which any economy had ever faced”.⁹ The New Deal capital-labour compromise would simply collapse under the strain of class conflict.

Maintaining demand in the post-war period would require, at a minimum, a continued large export surplus and improved access to foreign markets (notably Britain, USSR, and China) as guaranteed under the Lend-Lease programme (1941–45). As Undersecretary of State Dean Acheson (later Truman’s Secretary of State) put it to a special Congressional committee in 1944:

The United States has unlimited creative energy. The important thing is markets. We have got to see that what the country produces is used and is sold under financial arrangements, which make its production possible...You must look to foreign markets.¹⁰

The future health of the national economy, therefore, was intricately connected to the on-going stability and continuing expansion of the global economy (Harvey’s *spatial fix*), tantamount to President Woodrow Wilson’s *Open Door*.¹¹ This, in turn, depended upon the US creating, in the words of Marx, “a world after its own image”,¹² exporting the American capitalist model abroad, as it were. In reality, this had long been underway. The social forces emerging out of the US’s huge economy of scale were dramatically shaping ‘foreign’ social relations of production (SROP) in accordance with Harvey’s *capitalist logic of power* analysis.

By the end of the First World War, the American vertically integrated corporate model had already replaced the British (family) system of business enterprise as the dominant form of capitalist organisation.¹³ But what truly transformed the capitalist world was when these corporations adopted Ford’s revolutionary mass production methods and a scientific exploitation of the labour-force. For Gramsci, *Fordism* (or “Americanism”) went beyond a shift in SROP; it constituted socio-political regime designed to nurture “a new type of worker and man” who accepted their subordinate, assimilating the corporate ethos in return for concrete benefits. This was achieved, in true hegemonic fashion, with the tempering of “compulsion” (heightened managerial control over the production process and intrusion into workers’ private lives) with “persuasion and consent” (the promise of an improved standard of living, a degree of collective bargaining, and high wages). Not only would the latter offset political radicalism but higher wages (at least for the “labour aristocracy”), would help enable workers to purchase the goods they were making, therein helping offset capitalism’s perennial over-production problem.¹⁴ Throughout the 1920/30s the huge productivity gains meant Ford’s regime was copied by the most important sectors of US industry, marking the emergence of a consumer society.¹⁵

Global competition meant the basic characteristics of Fordist mass production system – noticeably Taylorism – started to appear in core countries (e.g. UK, Canada, and Australia) and even the USSR (the basis of the Five-Year Plans) either by imitation of American foreign direct investment (FDI). In those countries beset by “antiquated economic and social basis”, with a weak bourgeoisie, “Americanisation” could only be achieved by a ‘passive revolution’ (e.g. Italy under Mussolini).¹⁶ Fordism evidently developed out of the US’s unique social history, so its full socio-political regime, social institutions included, remained largely an American phenomenon in the 1940s.

Social forces also colluded to promote ‘the American way of life’ at the level of ‘civil society’. Gramsci noted the American bourgeoisie sought to “impose a network of organisations and movements under its leadership”¹⁷ such as the Rotary Club, and the Young Man’s Christian Association (YMCA) to shape intersubjective forms of consciousness and make the world safe for expanding markets and foreign investment opportunities. The American culture industry was also having its influence felt. Nowhere was this more powerfully demonstrated, perhaps, than regards cinema: Hollywood projecting glamorous images of the joys of mass consumption and the American societal model in the most glamorous manner imaginable which, in tandem with a cutting-edge marketing and advertising industry, had a huge effect in stimulating foreign demand for US goods and services.

But these processes, however important, were *ad hoc* and uncoordinated. If American capitalism was going to avoid post-war depression and guarantee market access, and it was vital to launch a new US-centred regime of accumulation and institutionalise world hegemony. As Cox indicated, the best way to do was by setting up international organisations and agencies. It was time to resuscitate Wilson’s *one world* liberal internationalism.

As early as the spring of 1943 Council of Foreign Relations directors, Hamilton Armstrong and Normal H. Davis forwarded a plan for a “supranational organisation” to Secretary of State, staunch free trade advocate, Cordell Hull.¹⁸ State Department officials realised they had to sell the new international institutions to policy-makers and public alike as forming part of an ethical and moral crusade for the promotion of global peace.

In July 1943, the US State Department released the first draft of its “Constitution of International Organisation”; paying special attention to classic liberal ideals of ‘peace’, ‘freedom’, ‘equality’, and ‘opportunities accessible to all’. In the following months, US officials worked to flesh out the composition of this ‘United Nations’ adhering to two basic tenets of the League of Nations: (1) a universally accessible organisation, composed of ‘equal’ sovereign states; and (2) a renewed dedication to peace and security for the resolution of armed conflicts, though this time,

crucially, with an enforcer remit. In addition, the proposed entity would recognise 'self-determination' as a guiding principle of international law and a general commitment to human rights protection.

Unlike the League, however, the United Nations (UN) would be hierarchically structured. At the lower level, there would be a 'general assembly' of sovereign states, including many formal colonies, which would constitute an institutionalised forum for dialogue and problem-solving and, it was hoped, facilitate countries' economic integration into an open international economy and draw them away from pre-war ideas of spheres of influence or autarky. Real authority in the UN, however, would lie at the upper level – the directorate – built upon the wartime political-military "Grand Alliance" coalition of the 'big three' (the US, Britain, and the Soviet Union). Roosevelt's idealism was always tempered with a fair degree of realism when it came to power politics.¹⁹

Though the UN order was officially set up in a two-month period (25th April to 25th June 1945), culminating in its Charter launched at the San Francisco Conference, the fundamental decisions were taken at the Dumbarton Oaks Conference in September 1944 and at Yalta, February 1945.²⁰ In his classic study of the negotiations at Dumbarton Oaks, Robert Hilderbrand reveals that the main diplomatic challenge for the US was to try and convince the Allies of the benefits of the UN's universal structure when both Britain and the USSR were more interested in maintaining regional arrangements.²¹

London was understandably suspicious of Washington's internationalist ambitions, considering the UN's dual principle of self-determination/sovereign equality of states, like Lend-Lease conditions (see below), as directly aimed at dismantling the British Empire (and especially the British Free Trade Area), and thus undermining its leadership in Europe.²² Instead, Churchill proposed dividing the UN into regional Councils (Council of the Americas, a Council of Europe, and a Council of East Asia) thus leaving South Asia, the Middle East, and Africa (i.e. most of the British Empire) unregulated.²³ After certain deliberation,²⁴ FDR rejected the latter's regionalist 'sphere of influence' suggestion as being incompatible with US long-term Open Door objectives.

The Soviet Union's regional concerns, however, were more focused on security, having suffered massive military and civilian deaths at the hands of the Germans, and suspicious of the Allies' reticence to open up a second front until 1944. Any post-war institutional arrangement, Stalin insisted, had to buttress the geopolitical security of the Soviet state. This involved having its 1939 recognised, the establishment of a series of 'buffer' states in Eastern Europe, and Germany neutralised and de-militarised,²⁵ to offset what it imaged would be a US-dominated Europe.²⁶

At the Yalta Conference in February 1945, the basic outlines of the post-war period were laid out and the limits of US globalism were most

clearly revealed. The UN would comprise of a Security Council, based on the 'Grand Alliance' but the Soviets would be granted regional security arrangement it demanded in Eastern Europe, reparations from defeated Germany and a veto in the Security Council (where it would be outnumbered by capitalist states). Not only had the Red Army liberated all of Eastern Europe from fascism, but most importantly, the US believed it still needed Soviet cooperation and power to defeat the Japanese and subsequently prevent the re-emergence of Germany or Japan in the post-war world. To clarify any possible doubts the new President, Harry Truman, dispatched his aid Harry Hopkins to Moscow in spring 1945 with the message that: "Poland, Romania, Bulgaria, Czechoslovakia, Austria (sic), Yugoslavia, Latvia, Lithuania, Estonia etc al (re-sic), makes no difference to US interests".²⁷

Thus, when 46 countries sent delegates to San Francisco in April 1945 for the establishment of the UN, it was FDR's last Secretary of State, former Director of US Steel and Ford Vice-President, Edward Stettinius who banged out a final agreement with the other Great Powers at his penthouse in the Fairmont Hotel. Article 51 of the UN Charter on self-defence was kept purposefully vague, while the General Assembly would be stripped of any real significant policy-making competence, and power would remain squarely with the Security Council. It was tacitly agreed that the US would exercise hegemony over the Western Hemisphere and Western Europe, while the Soviets would be granted their security belt in Eastern Europe.²⁸

Roosevelt's *one world* vision also came under attack from within the US where powerful conservative forces questioned whether such liberal idealism was conducive to US power projection in the post-war capitalist world order (WO). One of the central tenets of the UN, for example, the principle of absolute sovereignty, sat uneasily with Washington's desires to reorganise advanced capitalist states' SROP, form of state (FOS), and eradicate alternative development models. Thanks to WWII, after all, the US now had both the resources and capabilities to intervene wherever it chose. Second, vehemently anti-communist, this conservative 'coalition' harboured deep animosity to the inclusion of the USSR into any global 'community of states'.

The inflection point came with the successful testing of the nuclear bomb in New Mexico on the 16th July 1945. Another beneficiary of wartime military expenditure,²⁹ the Manhattan Project constituted "a new order in international relations,"³⁰ shifting the global balance of power dramatically. Truman immediately sought to renegotiate the terms of Yalta and the San Francisco Conference with Stalin. Churchill described Truman as "a changed man" at Potsdam in July 1945, who "told the Russians just where they got on and got off and generally bossed the whole meeting".³¹ "From that moment", Churchill told the House of Commons, "our outlook on the future was transformed (...) we were in

the presence of a new factor in human affairs, and possessed of powers which were irresistible”³²

Opposed by most US military chiefs, the decision to drop the bomb on Hiroshima and Nagasaki was taken overwhelmingly for political reasons, to reshape the post-war geo-political WO. First, it would keep the Russians out of Japan, leaving the US as the sole occupying power, affording them absolute freedom to shape the country’s reconstruction and base for American hegemony promotion in East Asia; second, Soviet cooperation was no longer required in Europe. Indeed, the nuclear show of strength was the backdrop for Washington to reverse many of the provisions agreed in Yalta with regards to Germany.³³ Anti-communist forces were gathering momentum.

Determined to intervene to support conservative forces in the Greek Civil War Truman acted on Dean Acheson’s advice to “scare the hell out of the country”³⁴ delivering his famously doom-laden eponymous Doctrine speech to Congress on the 12th March 1947. Warning of the imminent dangers of the spread of communism through the Mediterranean, Truman pledged American support for ‘free people’ everywhere, converting George F. Kennan’s ‘containment policy’ telegram into official State Department, despite the fact that the USSR was financially bankrupt and undergoing a rapid mass demobilisation of the Red Army.³⁵

Debates over Washington’s *Grand Strategy*³⁶ had been settled. In the clash between competing ‘hegemonic projects’ Roosevelt’s inclusive liberal internationalist *one-world* vision, and its accompanying emphasis on self-determination, equality of states, and human rights, had lost out to Truman’s regionalist *free-world* paradigm, with its stark choice between ‘good’ (the emancipated) against ‘evil’ (the enslaved). The ‘friend-foe’ (‘self-radical Other’) construction that had proven so successful throughout American history was back with a vengeance. While 19th-century continental expansion was justified as a fight against a national enemy – the Native American Indians – international expansion was now to be justified to US citizens and foreigner alike as a struggle against a global enemy – communism. It was just the Manifest Destiny myth transposed to the worldwide scale.³⁷

Just four months later the National Security Act was signed in July 1947, representing a major reconstruction of the military and intelligence agencies. A new Department of Defense (under the Secretary of Defense) was created, while the Joint Chiefs of Staff structure (and Central Intelligence Agency – CIA) was recognised as vital and permanent part of the US foreign policy establishment, formally institutionalised within the National Security Council (which replaced the State-War-Navy Coordinating Committee).

This setting up of *national security state* (NSS) – or “garrison state”³⁸ – finally launched what American industrial corporations had long been demanding: a *permanent war economy* during peacetime, to

stave off declining demand and profits.³⁹ It was a recognition that the civilian economy by itself would be incapable of generating sufficient national growth (and demand) by itself. Furthermore, the benefits of *military* rather than classic Keynesianism as far as large American capital was concerned, was that it did not ‘crowd out’ the private sector. A vision shared by hawkish Republicans, military chiefs, and intelligence services.

Ideologically the Cold War left societies with a stark choice. Inside the American-led ‘free world’ there was liberty, democracy, individual rights, peace, and prosperity; outside there was nothing but dictatorship, coercion, war, and poverty. Thus, though US hegemony was fundamentally expansive, concerned with promoting market access (the Open Door), and helping underwrite a regime of accumulation, it was always justified in narrow security terms as a defensive arrangement to protect national democracies. (Hobbesian) security rather than (Lockean) free trade became *the* ideological touchstone of American hegemony.

The conceptualisation of ‘national security’ was now limitless, and necessarily expansionist, just like the Frontier Myth it drew upon.⁴⁰ In its name, and in true Orwellian style, Washington could justify all manner of foreign military and covert operations abroad and establish its “empire of bases”⁴¹ dotted around the world closely matching Yale geostrategist Nicholas J. Spykman’s “Rimland Theory” recommendations: world hegemony depended upon exercising military hegemony over the three key areas of wealth creation of Eurasia’s ‘maritime’ rimland – Western Europe, the Middle East, and East Asia.⁴²

Taking the 1945 Act of Chapultepec as its prototype,⁴³ Washington set up a whole series of collective defence arrangements to formalise its politico-military dominance over key regional powers. In terms of the most important centres of capitalism in Eurasia, Western Europe, and Japan, this found its expression in the North Atlantic Treaty Organization (1949) and the US-Japan Mutual Security Treaty (1951). Under these security umbrellas, the US would underwrite the respective regions’ political stability and national security (i.e. protect them from the communist threat ‘within’ and ‘without’) in return for agreeing American bases on their soil and, tacitly, the abandonment of an independent foreign policy. This regional political alliance strategy represented the definitive blow for the authority of the UN and any dream of liberal universalism.

While American anti-communist discourse was popular with Western European capital – to which communism did genuinely constitute a threat in the immediate post-war period (see below) – the huge disparity between the US productive model and the decimated state of its own meant there was little political support for the Open Door. Apart from reconstruction priorities, Western Europe’s developmental programmes were heavily reliant on state planning and macroeconomic management policies designed to prioritise full employment, economic stability, and

protectionism. Accordingly, the fundamental objective of American state planners, especially from 1947 onwards, became the rehabilitation and reconstruction of other advanced capitalist states' economies, which given the acute post-war malaise, was enthusiastically received by most European economic and political elites.

But anti-communism was never just about legitimising the international projection of American hegemony and militarisation of the state, it was, first and foremost, about forwarding the class interests of *capital*. In the US, its fundamental utility was to attack and weaken the labour movement which had begun to threaten profit rates. Furthermore, the Roosevelt's New Deal historical bloc (HB) harboured strong isolationist tendencies, most notably amongst the unions, who opposed any international commitments that could jeopardise Keynesian demand management programmes to maintain full employment. It was fundamental to reconstitute the national HB.

Reconstituting the National Historical Bloc

Since the introduction of the National Labor Relations Act of 1935 (commonly known as the Wagner Act), sections of corporate America had launched a counter-offensive to claw back some of the New Deal gains won by the unions. Between 1937 and 1945 they fought and won a long series of legal battles in the Supreme Court to reduce the scope of permitted industrial action. Moreover, wartime was also used by companies to impose wage freezes and extract voluntary no-strike pledges from union heads while they recorded unprecedented profits. But labour did not take this lying down. Unhappy with stagnating wages, the no-strike pledges, working conditions and management-labour relations in general, around 6,770,000 industrial workers took matters into their own hands participating in a record-breaking 14,000 strikes during WWII.⁴⁴

Capital-labour relations became even more fraught in 1946, by which time union membership had hit its all-time high, more than double its pre-WWII rate, representing around a third of all workers.⁴⁵ The unions staged a virtual general strike, demanding large wage increases to compensate for lost wartime earnings and the removal of no-strike clauses. The whole country was brought to a halt as workers in the industrial sector (e.g. miners, foundrymen, meat-packers, machinists, auto and electrical appliance workers, etc.) were joined by those in transport, communication, and public sectors (e.g. sailors, railroad workers, the teamsters, the longshoremen, telegraph workers, and teachers, etc.). The US Bureau of Labor Statistics qualified the first six months of 1946 as "the most concentrated period of labor-management strife in the country's history", estimating the number of strikers at around 3 million, rising to 4.6 million for the whole year.⁴⁶ Of particular concern to both

corporate and union bosses was the increase in wild-cat (unauthorised) industrial action.

The labour movement, the White House maintained, was getting out of hand. Writing in his memoirs Truman explained, “it was clear to me that the time had come for action on the part of the government”. After fact-finding boards set up to negotiate with strikers failed, the President authorised the direct seizure of the industries including the railways and the mines, and seeking injunctions against the unions. “We used the weapons that we had at hand in order to fight a rebellion against the government”, he clarified. Apart from the United Mine Workers – who were fined \$3.5 million – all the workers in the major industries did return to their jobs once their industries were seized, though not without securing an average 18% pay increase first.⁴⁷

This horrified capital. Though under institutionalised Fordism wage rises could actually help bolster aggregate demand, American corporate leaders only thought in terms of mounting production costs. Already they had successfully lobbied the ‘conservative coalition’ which dominated Congress (made up of Republicans and Southern Democrats) to make sure that Truman’s Employment Act (signed on 20th February 1946) only set full employment as an ‘objective’ rather than a formal commitment, as was originally planned, which represented yet another blow for classic Keynesianism.

With the Congressional elections in November 1946, an alliance between conservative groups launched a backlash against the working class, reviving Woodrow Wilson’s *Red Scare* campaign to denounce unions, workers, and independents as ‘communists’, accusing them of the worst crime imaginable for a public brought up on Manifest Destiny: being *un-American*. The Republicans decided to run their entire campaign on an anti-strike/anti-communist line. “Had enough?” the Republican campaign slogan asked, referring to both the scale of nationwide industrial action as well as Truman’s considered the inept handling of it, warning the public that they were now in the midst of a war: “Communism vs. Republicanism”.⁴⁸ The campaign message and the Republican’s pledge to cut organised labour’s growing political and industrial power struck a chord with the general public. The Democrats lost control of both the House of Representatives and the Senate to the Republicans; their biggest defeat since 1928.

According to Founding Father, James Madison, foreign and domestic policies anyway were inseparable, and the “means of defence against foreign danger historically have become the instruments of tyranny at home”.⁴⁹ Just nine days after Truman pledged to support for “free people” everywhere (12th March 1947), the President signed Executive Order 9835 authorising the Federal Employees Loyalty Act. This sought to uncover “disloyal persons” amongst Federal Government employees, sanctioning the dismissal of anyone believed to be conspiring with the Soviet

Union or guilty of so-called “Un-American” behaviour. Truman’s Justice Department also instigated a series of prosecutions against alleged communist collaborators, including the famous Rosenberg trials.

Still, the Executive Order 9835 did not go far enough for capital. Arch-conservative Senator Robert A. Taft drafted a bill, the Labor-Management Act – universally referred to as the Taft-Hartley Act – which represented a major revision of the Wagner Act, and the most serious attempt of some 250 bills circulating Congress in 1947, to undermine worker militancy.

Dubbed the ‘slave labour bill’ by union leaders, the Taft-Hartley Act: prohibited jurisdictional strikes, secondary boycotts, closed-shops, and mass picketing; authorised injunctions for national emergency disputes; prevented unions from directly financing federal candidates in elections; and empowered the President to declare an 80-day “cooling-off period” before strike action could take place. Critically, and what would be one of the opening shots of the Cold War, communists or other radicals were barred from holding union office. Though Truman publicly opposed the bill, forcing the Congress to over-ride his veto, he nonetheless invoked it 12 times during his presidency to discipline unions/resolve labour disputes.

One of the clear objectives of the act was to strengthen the position of union leaders relative to their members, offering them certain institutional benefits while making them liable for not restraining/disciplining radical elements in their midst. By the end of 1947, thanks to the Taft-Hartley Act and a flood of other such legislation enacted by Congress, including the aforementioned National Security Act (which like Wilson’s Espionage Act of 1917 introduced measures to monitor and discipline leftists), most unions had adopted a far more conservative position.

The outbreak of the Cold War, as expected, strengthened still further the position of the hawks within the State Department and the national security establishment *per se*. In what is now considered to be *the* official US Cold War statement, the then top-secret National Security Council official planning document, NSC-68, in April 1950, the new strategy of “roll-back” was announced. According to NSC-68, “the cold war is in effect a real war in which the survival of the free world is at stake,” and the US had the “responsibility of world leadership” and the need to assert itself everywhere around the world.⁵⁰

The militarisation of the state, of course, extended into American ‘civil society’, where citizens were to expect “a large measure of sacrifice and discipline” and “asked to give up some of the benefits they have come to associate with their freedoms”, notable cutbacks in social programmes. Communism was not just an external threat, it operated *within* American society. In line with James Madison’s thesis, NSC-68 declared the need for “just suppression” over institutions within civil society, notably the unions.⁵¹ The CIO⁵² underwent a de-radicalisation, beginning with the dismissal of any leaders suspected of being communist sympathisers and

extending to the expulsion of militant left-wing unions or those who opposed the international projection of US hegemony and associated granting of Marshall Aid (see below).

But it would not be *all* stick for the lower classes. Ahead of the 1948 elections, Truman announced a series of progressive New Deal-type measures including the proposed repeal of the Taft-Hartley Act, the introduction of national health insurance, a public housing provision, and a civil rights programme which collectively would become known as the “Fair Deal” (set out in his January 1949 State of Union address). Unfortunately, for reformers within the Truman administration, the conservative coalition made sure this “Fair Deal” remained at the purely rhetorical level, except for the Housing Act of 1949.

With the introduction of the Taft-Hartley Act and adherence to US Cold War foreign policy objectives, the American trade union tradition laid to rest any fleeting pretensions it might have harboured of constituting a genuine class movement, especially once tripartite collective bargaining arrangements (involving capital, government, and unions) became fully institutionalised in the early 1950s. It was the Cold War, in essence, that finally stabilised Fordist SROP. Under this modified regime there was a general agreement that capital and labour had mutual interests in: (1) increasing productivity and increasing the standard of living of the workers; and (2) the state should regulate labour and industrial relations. Unions, hence, enjoyed the right to engage in collective negotiations as long as workers accepted their subordinate position within a for-profit capitalist system.

By the late 1940s, most mainstream unions in the US had signed binding contracts curtailing their right to strike in return for guaranteed employment and tangible improvements in their standard of living, and by the early 1950s, almost all industrial union contracts stipulated severe penalties for strikes, which left leaving only corporatist arbitration and mediation methods. In parallel, union leaders were assimilated into elite economic and political circles, enjoying the perks of travel, high wages and expense accounts, becoming little more than CEOs of ‘business unions’ – which Gramsci had so vehemently attacked – politically conservative, selling labour at the highest price, while disciplining unruly rank and file.⁵³ Moreover, given the narrow bipartisan nature of American politics, the Democratic Party knew the union vote was guaranteed, hence having little incentive to shift leftwards.

And, so it was, that industrial unions took their place as subordinate members of the post-war American HB and willing supporters of Washington’s declared anti-communist foreign policy agenda. It did not mean the end of sporadic incidents of labour unrest, however. But as in the early 1930s (and Italy in the 1920s), such industrial action would be most effective when unofficial and outside the recognised institutional framework.

Apart from de-radicalising the unions and hence reconstituting the SROP, the anti-communist crusade was also vital in galvanising support for American hegemony amongst the general public, and curtailing isolationist and protectionist preferences, Truman depicted the global ‘war on communism’ in Jeffersonian terms, as bringing ‘good government’ to the rest of the world. This legitimisation was important because projecting and maintaining American hegemony would be a costly business paid for by a notoriously fiscally-conservative citizenry. The existence of an external threat was pivotal. As Hobsbawm noted: “[i]f America was not safe, then there could be no withdrawal from responsibilities – and rewards – of world leadership, as after the First World War”.⁵⁴

Yet ultimately the American post-war national HB could not be constructed *solely* on coercion or communist scapegoating. The key here was the promise of access to unprecedented affluence: “[t]he promise of democracy was that of plenitude”.⁵⁵ Under collective bargaining arrangements, unionised industrial workers would be able to negotiate rising ‘real’ wages, linked to productivity growth and/or the cost of living, in addition to New Deal-sanctioned social insurance, pensions, and state aid. The Cold War pledge to labour was that only liberal capitalism could deliver individual rights, prosperity, and a better quality of life. Even Ford, that notoriously vehement anti-union company, accepted tripartism as an integral part of the Cold War American business model which was to be a beacon to the rest of the world:

Right now the peoples of many nations are faced with a choice between Communism and Democracy...And they are looking to us for help and leadership. They are looking at the promise of individual reward that has stimulated American invention and business enterprise; at American technical progress which has performed miracles of mass production; at American workers free to organize, to bargain collectively with their employers...and constantly increasing real wages for shorter working hours.⁵⁶

On the back of the post-war boom, institutionalised Fordism and a dramatically extended credit system, genuine mass consumer society was born, helping to hold disparate (white) social classes together within the American HB. Despite the fact that 20th-century business concentration had squeezed out many small businesses, reducing many capitalists to salaried employees, these could still be considered middle class, liberals argued, if the category was defined in terms of consumption of hitherto inaccessible goods and services (property) rather than *productive* property. Mass consumption represented the drive to ‘democratise desire’: a ‘good life’ based on material abundance available to all. It was in essence, the fulfilment of the American Dream,⁵⁷ a promise that would remain central to US hegemony.

So, by the late 1940s, the fundamental elements of a true HB were in place. Productive capital and moderate labour were institutionalised in corporatist structures within a Fordist accumulation strategy (SROP) and particular FOS – a *welfare-warfare* state. Holding the HB together was a unique American hegemonic culture based on liberalism, consumerism, and anti-communism. Its continual reproduction required access to foreign markets, (close to) full employment and sustainable high growth which in turn depended on the US exporting its socio-economic model abroad.

The essence of American post-war hegemony, in short, was driven by social forces emerging out of its evolving HB who attempted to realign the ‘free world’, if not exactly in its own image, then at least conducive to its interests. This necessary involved leading foreign capital into a new dynamic period of sustained accumulation.

Embedding American Hegemony in the European Core

According to Paul Nitze, assistant to Truman’s Secretary of State, Dean Acheson, American foreign policy in the late 1940s was dominated by the belief that US interests and security had become “directly dependent on the creation and maintenance of some form of world order compatible with our continued development as the kind of nation we are.”⁵⁸ Truman’s abandonment of Roosevelt’s ‘one worldism’ did not in any way imply the eschewing of international organisations *per se*, on the contrary, those geared to promoting the new liberal economic order (the Open Door) played a vital role in helping restructure other capitalist countries’ SROP and FOS, compatible with Cox’s analysis discussed in Chapter 1. The construction of this new, American-centred WO was completed, according to Nitze, by 1953.

Nominally this process of international institution-building was carried out within the context of the UN. Washington’s blueprint for a global trading and financial system had been presented at Bretton Woods in July 1944, out of which were born: (1) the ill-fated International Trade Organisation (ITO) – a multilateral free trade regime; (2) the International Monetary Fund (IMF) – promoting monetary policy and currency convertibility; and (3) International Bank for Reconstruction and Development – commonly referred to as the World Bank, and charged with offering aid for reconstruction and balance of payment (BOP) problems.

The US elite remained divided regarding the exact nature of the post-war trade and monetary system, however. On the one hand, the State Department backed by Wall Street prioritised trade liberalisation, capital movement, and greater international monetary/fiscal discipline (i.e. a return to the gold standard). On the other hand, the Treasury Department and the New Deal coalition – the ‘planners’ – insisted on preserving a directing role for the state in the economy. Furthermore, there were many

powerful voices in the Congress and even in the executive that remained wary of substantial financial commitments by the US to an institution over which it would not have full discretionary control.

British economist John M. Keynes believed that a compromise was possible between these two positions, proposing a 'Clearing Union' which while preserving national autonomy in economic policy (favoured by Europe and the Treasury Department) committed states to international cooperation arrangements, both in the creation of credit and in the avoidance of measures that would export inflation (reflecting the interests of Wall Street and the City of London). Moreover, Keynes' Clearing Union offered a solution to the perennial problem of BOP disequilibria by obliging not just the deficit countries, but also the surplus countries, to adjust their exchange rates. In addition, countries could settle outstanding balances or conduct international trade with a new supranational currency – *bancor* – whose value would be based on a basket of the major currencies.

Keynes' final plans were backed by Britain, Europe, the Commonwealth, and Latin America. Anticipating major trade surpluses, any forced revaluation of the dollar was unacceptable to Washington, however. US Treasury Department negotiator Dexter White rejected Keynes' proposal out of hand "we have been perfectly adamant on that point. We have taken the position of no, on that".⁵⁹ When the IMF was finally put into place in March 1946, it was not Keynes's 'internationalist' scheme that prevailed but White's 'hegemonic' version in which exchange rates were to be fixed onto the dollar (rather than *bancor*), convertible into gold at a fixed price (\$35 per ounce); and loans from the Fund were made conditional upon the adoption of national economic policies facilitating a return to payments equilibrium. Nevertheless, some concessions were made to both Keynesians and Wall Street/the City.

First, aware that countries had low reserves of gold and foreign exchange and the currency convertibility was still a while off, the US agreed to introduce capital controls without which welfare-states were unsustainable. Keynesian economic theory, after, was all based on a relatively closed economy, where trade was considered a 'leakage' and free capital movement disruptive of governmental control of savings, investment, interest rates, and ultimately full employment.⁶⁰

Second, although Wall Street and the City favoured returning to the gold standard, hegemonic ambitions and practicalities⁶¹ induced the Treasury to adopt the more flexible (and as it turned out highly profitable) dollar-gold standard, which would, in principal, prevent excessive dollar printing while at the same time allow deficit countries to settle international balances in 'greenbacks'. Obviously, this meant that despite aforementioned restrictions on general capital flow, the US itself would have to allow a sufficient flow of dollars abroad to supply global *liquidity* (i.e. run a BOP deficit) in order to function as the global reserve currency,

but at the same time would must maintain *confidence* in the greenback (i.e. run a BOP surplus). This quandary was known as *Triffin's Dilemma*.⁶²

The agreement on global free trade was an even more complex issue. The proposed ITO aimed to regulate and reduce restrictions on international trade, while establishing global rules on tariffs, trade preferences, quantitative restrictions, subsidies, and raw material price agreements.⁶³ It drew upon two sources: the 1934 *Reciprocal Trade Agreements Act* and its famed “most-favoured nation” clause; and Article VII of the wartime Lend-Lease agreements with the Allies, which stipulated that any state receiving aid had to agree “to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers”.⁶⁴

With regards to the rest of the capitalist world, the main concern centred on the timing and extent of liberalisation given the massive productive capacity of American manufacturing and agricultural sectors.⁶⁵ The US government ceded to European demands that trade liberalisation be postponed in the short term so as not to undermine domestic reconstruction exigencies.⁶⁶ In addition, and to the annoyance of Washington countries such as Britain and France still maintained preferential trade arrangements with their soon to be ex-colonies. Less developed countries too demanded trade concessions to aid development programmes.

Ironically, and despite government lobbying, American capital remained ambivalent on the virtues of full trade liberalisation. Apart from high-profile internationally orientated corporations, most US firms were domestically based and opposed to opening themselves up to foreign competition. Furthermore, even those firms that were export-driven remained sceptical that the ITO could guarantee foreign market access during the reconstruction period.⁶⁷ Domestic political concerns over the loss of national sovereignty and tensions between the executive and the Congress over who executed political competence in the area meant a comprehensive multilateral trade agreement was doomed.

Nevertheless, the American elite did agree that reciprocity and non-discrimination in trade relations could form a foundation for mutual benefits from international trade in a climate of on-going liberalisation.⁶⁸ These basic principles were generally acceptable to the rest of the world provided they were permitted certain opt-outs and a reasonable transition period to open up with domestic objectives and national sovereignty. Thus, the trade pillar of Bretton Woods was abandoned to be replaced by a watered down, derivative version – the General Agreement on Tariffs and Trade (GATT) – a set of rules and a sufficient basis for intergovernmental cooperation on trade. The first multilateral round under GATT took place in Geneva 1947.

But these trade debates were largely academic, at least in the short term. The extent of war-damage, the state of public finances, negative trade balances, and the desperate need for dollars, meant that no country

could seriously contemplate making their currencies freely convertible, let alone liberalise trade. With the US committed to high levels of exports there seemed a little possibility that the so-called ‘dollar shortage’ would be solved any time soon. British Chancellor of the Exchequer, Hugh Dalton, complained in 1947:

The Americans have half the total income of the world, but won’t spend it in buying other people’s goods or lending it or giving it away on any sufficient scale. The Fund and the Bank still do nothing. How soon will this dollar shortage become a general crisis?⁶⁹

One other problem worrying the post-war European elite, eluded to above, was of a more political nature. When Churchill gave his famous “Iron Curtain” speech at Fulton, Missouri, March 1946, he was not just denouncing Soviet continental expansionism or upping the ante to secure Britain a huge post-war loan from Washington,⁷⁰ but expressing genuine class concern over the rising support for far-left political parties across Europe, markedly in West Germany, Italy, and France, a situation that would be magnified following the terrible harvest and appalling winter of 1946/47.

All Western European governments, ranging from the social democrat Left to the conservative Right, were vehemently anti-socialist/communist, and urged Washington to forward aid to help economic recovery and to stem this leftward shift. Truman’s ‘Doctrine’ speech constituted the US’s reply:

[t]he seeds of totalitarian regimes are nurtured by misery and want. They spread and grow in the evil soil of poverty and strife. They reach their full growth when the hope of people for a better life has died. We must keep that hope alive.⁷¹

Less than three months later the Marshall Aid (or officially, the European Recovery Program) was announced.

In his speech at Harvard University, 5th June 1947, US Secretary of State, George Marshall, declared that “the US should do whatever is able to do to assist in the return of normal economic health to the world without which there can be no political stability and no assured peace”, and while stressing that it was “not directed against any country, but against hunger and poverty, desperation and chaos” he set as its aim the establishment of “free institutions.”⁷² Drawing on a Council for Foreign Relations study entitled “Reconstruction in Western Europe”, co-written by New York Lawyer, Charles Spofford and Chase Manhattan’s David Rockefeller, the Marshall Plan, on a basic level, was an example of international Keynesian stimulation, designed to counter the leftward shift in European politics.

When addressing American business Marshall was more candid, justifying the foreign ‘pump-priming’ programme in more national self-interested terms: either as a way for the US to get rid of its present surplus production, or the need to build up future markets for its exports. Marshall told *US News*: “The real idea behind the program, thus, is that the United States, to prevent depression at home, must put up the dollars that it will take to prevent a collapse abroad”.⁷³ If the Bretton Woods system was going to be a success, and the ‘greenback’ converted into the global currency/main form of global *liquidity*, it was vital that the US redistribute funds to resolve the aforementioned ‘dollar shortage’. Not only would this help European economies recover and help curb political radicalism, but it would also offset US over-production by creating stable guaranteed markets abroad. The Marshall Plan other key long-term ambitions.

The Truman administration had the very real worry that European elites could, at any time, actually eschew American hegemonic multilateralism, restrict international trade and investment and opt instead for national/autarkic capitalism. Speaking in January 1948 Marshall urged decisive action: “it is idle to think that a Europe left to its own efforts in these serious problems of recovery would remain open to American business in the same way that we have known it in the past”.⁷⁴ Indeed, excepting some sectors of large capital and high finance, the majority of European business leaders, politicians, state officials were sceptical about free trade, favouring national economic autonomy (which included preferential trade with their ex-colonies). As in the US, WWII vindicated the role of the state in the accumulation process, helping the private sector in numerous ways: undertaking those tasks not considered profitable; offering financial aid (e.g. subsidies, price support, tax reductions), and even nationalising key industries (e.g. coal, steel, automobiles), as in Britain, France, Italy.

The American New Deal FOS had its parallel in the European post-war *national welfare-state*. Although each had its own version, most Western European countries adhered to some variant of Keynesianism (using fiscal and monetary policy to manage aggregate demand and promote reasonably full employment and economic growth), the existence of a welfare state,⁷⁵ with trade unions institutionalised in collective bargaining arrangements, sometimes extending to the state (tripartite consultations). While the state in Europe remained capitalist, and therefore concerned with capital accumulation, the greater complex of its social history (e.g. the strength of the Left) meant market activity was embedded in a different socio-politico-judicial framework than in the US. The main objective of these welfare-nationalist states was to try to enhance the power of national capital and preserve some of the social commitments required for the reproduction of their respective HB, though always located within competitive global capitalist economy characterised

by uneven development. The challenge for Washington was how to get European countries to adjust their economies so as to be compatible with the American capitalist model and hence US hegemony.

This is where the Marshall Plan comes in again. Its long-term objective was to provide the sufficient funds (a total of \$13 billion of grants and low-interest loans), technological assistance, and incentives to stimulate reconstruction and enable state elites to modify their respective SROP, HB, and FOS, in line with the Bretton Woods framework. It was, in Gramscian terms, essentially a Europe-wide *passive revolution*. The US had already a template to follow. Under the terms of the Lend-Lease and Anglo-American Loan Agreement, Washington had tied aid to London to the latter meeting a series of tough conditions: high-interest rates, scrapping of import controls, dismantling its imperial preference system, and full convertibility of sterling. Similarly, Marshall Aid would only be given to countries that adhered to American stipulations and committed to an open and expanding capitalist world economy (the Open Door).

Following established practice, the first step was to incorporate countries into a multilateral institutional framework.⁷⁶ Hence, to receive funds from the European Recovery Plan the 17 participating countries had to first integrate into the newly formed Organisation of European Economic Cooperation (OEEC)⁷⁷ and negotiate with each other, and then collectively with the US, rather than on a bilateral basis. In accordance with Cox's international organisation analysis, membership of the OEEC would bestow benefits but at the same time delimit political options. Vital aid would be forthcoming in return for governments agreeing on a series of measures compatible with American capitalist model and the social transformation underway stateside. These measures included reducing trade barriers on goods and services *en route* to multilateral trading steps towards trade liberalisation; meeting Bretton Wood's monetary policy objectives (e.g. balancing budgets, possible devaluations, controlling inflation by limiting wage increases); and only permitting moderate (i.e. not communist or socialist) trade unions to form part of tripartite industrial relations negotiations.⁷⁸

The Marshall Plan had huge symbolic value for US hegemony, reinforcing its *intellectual and moral leadership* over the European core. It was also largely successful in alleviating short-term resource shortages, opening markets for American businesses hit by chronic over-capacity, and setting in motion the desired social transformation. Unfortunately, it did not have much effect on the continent's economic growth, which remained sluggish,⁷⁹ nor did it resolve the 'dollar shortage' since so few dollars actually crossed the Atlantic.⁸⁰

As Keynes had warned, any country printing the global reserve currency would have to run a large BOP deficit to stimulate global demand and assure international liquidity, but the US trade surplus with rest of the world showed little sign of relenting.

The turning point came with the heightening of Cold War tensions in 1949, following the proclamation of the People's Republic of China (PRC). In the context of the Korean War, the US launched a massive rearmament programme, almost quadrupling its military budget from \$12.2 billion in 1951 to \$46.3 billion in 1954 (constituting an astounding 70% of total federal expenditure).⁸¹ It was only after Washington international Keynesianism (Marshall Plan) to international *military* Keynesianism – injected unprecedented liquidity into the global economy via direct military expenditure abroad and military aid to governments – that industrial production really took off in advanced capital countries and the ‘dollar shortage’ was reversed. It is no coincidence, Giovanni Arrighi notes that the so-called ‘Golden Age of Capitalism’ (1950 and 1973) coincides directly with the beginning and end of the Korean War and Vietnam War, respectively.⁸²

No country benefitted more economically from this pump-priming than Japan, converted into the US's industrial base for both conflicts. Following the ‘loss’ of China, Tokyo became Washington's key ally in East Asia (the extreme of Spykman's Rimland), whose security it underwrote in return for permanent military bases and direction of its foreign policy. Due to the exigencies of rapid industrialisation Japan was permitted a higher degree of protectionism, restrictions on FDI, and state intervention than would be tolerated elsewhere, which included resuscitating the imperial-age vertically structured *zaibatsu* conglomerates in the form of *keiretsu* corporations. This mix of US military spending, protectionism, and preferential trade access to the American market would prove hugely successful⁸³ and provide a prototype developmental model to follow for other East Asian countries (see Chapter 3).

The final and definitive push in reconstituting Europe's SROP, HB, and accompanying FOS, however, would only take place with the large-scale global expansion of the American Fordist multidivisional administrative corporation.

Concerned about over-production and inflationary pressure, the Treasury Department had long been offering American businesses generous fiscal incentives to ‘go global’, but the latter were reticent, given the political instability, fragmentary nature, and size of foreign markets compared to the US. From the early 1950s, American multinational corporations (MNCs) did start to set up branches in Europe. The key here was the role of US institutions, notably the OEEC, which pushed European reconciliation and cooperation and lowered tariff barriers across the region, and NATO, which guaranteed their political and military protection.

The ‘new American invasion’ of Europe began in earnest, however, following the launching of regional integration projects, namely the European Coal and Steel Community (Treaty of Paris, 1952), but above all and the European Economic Community (Treaty of Rome, 1957), which dovetailed perfectly with Washington's desire to revoke Yalta and

re-industrialise and re-integrate West Germany back into Europe.⁸⁴ The granting of full currency convertibility in 1958 and the adoption of the Code of Liberalisation of Capital Movements (CLCM)⁸⁵ by the newly enlarged OEEC (the OECD) in 1961, saw US FDI in the region rise from \$1.7 billion in 1950 to \$24.5 billion in 1970.⁸⁶ The arrival of capital-intensive industries and service providers (e.g. banks, law firms, advertising agencies, and consultancies) drew Europe further into American circuits of capital, compelling companies to restructure their business model along similar lines. US hegemony was always about 'creating a world in our image': getting the rest of the capitalist world to emulate your corporate model and associated business culture (e.g. management and accounting practices) was an essential part of that.

As economic growth increased, the post-war leftward thrust in European politics was stemmed. The boom of the 1950s was presided over, almost everywhere, by centre-right governments, reflecting the internal restructuring of countries' FOS (moving away from welfare-nationalist states towards more internationally orientated liberal states). This did not mean state planning or Keynesian demand management were abandoned but states now formed part of regional security alliances and their economies were more dependent on international trade and access to foreign resources.

Nominally, all the main social actors shared the same industrial paradigm: rising production, growing foreign trade, full employment, industrialisation, and modernisation involving government control and management of mixed economies. Under institutionalised tripartite collective bargaining arrangements all could be 'winners', it seemed: capital had its right to healthy profits recognised; privileged institutionalised industrial labour could enjoy production-related wage increases and fringe benefits, such as a welfare state; while the government got to guarantee capitalist accumulation *and* social stability via macro-economic demand management programmes, albeit within the constraints of a dynamic global economy. Moderate unions were led by conservative leaders well-versed in the importance of BOP considerations and the need to keep export industries internationally competitive.⁸⁷

During the reconstruction period, the Bretton Woods objectives of trade liberalisation, currency convertibility, and BOP correction were adhered to only to the extent they were compatible with the Keynesian states' domestic commitments and macroeconomic management programmes, but as Cox indicated in Chapter 1 from the 1950s this IOS process gathered pace, reinforced by emergence of transnational economic structures, increased international trade, and a growing web of international economic interdependence amongst domestic firms (Cox's IOP).

This reciprocal relationship would find its political expression, as we saw in Chapter 1, in a modification of core countries' FOS (e.g. giving pride of place to the most internationalised branches of state government

and bureaucracies), as they became “part of a larger and more complex political structure that is the counterpart to international production”.⁸⁸ Leo Panitch and Sam Gindin summarised the change as “a state’s acceptance of responsibility for managing its own domestic capitalist order in [sic] that contributes to managing the international capitalist order.”⁸⁹ A good example of this how, from the 1960s, the advanced capitalist economies were also expected to engage in mutual consultation and criticism of each other’s national monetary and trade policies in the different international organisation they were party to.

By the mid-1960s US hegemony was at its height. As reiterated throughout this chapter, the basis of American ‘intellectual and moral leadership’ as far as the capitalist class in the core were concerned, political stability and security guarantees aside, was Washington’s capacity to underwrite a profitable regime of accumulation, which in this case involved privileged and non-reciprocal access to the US’s vast and highly lucrative domestic market and war-time technology (e.g. electronics, jet aircrafts). American corporations, meanwhile, were now free to tap into markets and resources throughout Western Europe, Latin America, East Asia, and the Middle East, described by Dwight Eisenhower as the richest and most “strategically important area in the world.”⁹⁰

Under *Pax Americana*, advanced capitalist countries experienced a huge post-war boom between 1950 and 1973, a *belle époque* reflected in rapid industrialisation, record high rates of economic growth (with average annual increases in GDP standing at 4.9% in the 1950s and 1960s, compared to 2.6% for 1870–1913 and 1.9% for 1913–50) and soaring global trade (increasing on average, by 6% p.a. between 1948 and 1960, and by 8% p.a. between 1960 and 1973).⁹¹ American cultural hegemony, transmitted through the hegemonic apparatus, found its expressions in multiple forms and mediums, especially potent in popular culture (e.g. film, television, music, theatre, literature, and fashion). Overwhelmingly, these cultural expressions celebrated (or at least reflected) the American market-place society of which the most potent image was of Eisenhower’s “Consumers’ Republic”: a middle-class of material opulence and promise of social advancement and outward trappings of success: house, cars, refrigerators, TVs, telephones, and other consumer durables. For subaltern classes in the core capitalist countries, US’s intellectual and moral legitimacy was indirect, dependent on increased standards of living, near full employment, and consumption of opportunities.

The reality, of course, was never so benign. Consistent with Gramsci’s conceptualisation of hegemony, the US would never actually abandon recourse to *coercion* in order to persuade or subjugate both allied and antagonistic groups alike, be it at home or abroad. The militarisation of the American state not only afforded the MIC a level of economic and political power that even out-going president, Eisenhower saw fit to censure,⁹² but conforming to Madison’s truism it was increasingly

projected into domestic ‘civil society’. The Senate Select-Committee’s Report of 1976, the so-called *Church Committee Report*,⁹³ indicated the extent to which the NSS, via the various intelligence agencies, used anti-communism as an ideological smokescreen to undermine civil liberties of a wide cross-section of political and social groups. ‘Subversive’ domestic elements, including civil rights/black activists (notably Martin Luther King, Malcolm X, the Black Panthers), leftists, ‘rebel rousers’, anti-war demonstrators, or feminists were all subjected to heavy surveillance operations and multiple ‘dirty trick’ campaigns to soil their public image.⁹⁴

And not all capitalist countries fell under the spell of US hegemony. At the Bandung Conference, a group of newly decolonised “Third World” countries opted-out of the Cold War framework, opting for state-driven national economic policies – state import substitution industrialisation – under a different FOS – neo-mercantilist developmental state – to lead to a ‘catch up’ with the West and liberate themselves from ‘free trade imperialism’ and ‘colonial oppression’.

Ultimately, Pax Americana would not work for everyone, nor would the US-led regime of accumulation bring an end to the class conflict or resolve the internal contradictions of capitalism. American hegemony was entering a period of crisis and restructuring, before emerging into a different form.

Notes

- 1 Dallek (1979), p. 9.
- 2 Like Woodrow Wilson before him Franklin D. Roosevelt knew the importance of entering WWII, however late, to “create the geopolitical basis for a post-war world order that they would both build and lead”. McCormick (1995), p. 33. On this point, see also Hull (1948) and Kolko (1968).
- 3 Sherry (1977), p. 202.
- 4 Daggett (2010), p. 2.
- 5 van der Wee (1987), p. 30.
- 6 Hobsbawm (1994), p. 258, p. 241.
- 7 Maier (1987), p. 129.
- 8 Bellamy Foster *et al.* (2008)
- 9 Samuelson (1942), p. 51.
- 10 Cited in Williams (1959), pp. 235–6.
- 11 Frustrated by European colonial domination of foreign markets (especially China), President Wilson demanded equal access for American corporations and freedom of navigation of the seas: the ‘Open Door’.
- 12 Marx & Engels (1992), p. 7.
- 13 See Arrighi *et al.* (1999), pp. 115–34. Examples include the New York Central Railroad, Union Pacific, Standard Oil, the Carnegie Steel Company, General Electric, Eastman Kodak, American Bell Telephone Company, International Harvester, Singer, Edison, Otis Elevator.
- 14 Gramsci (1971), pp. 302–9.
- 15 The Fordist production also created new ‘white collar’ occupations such as industrial managers, engineers, financial advisers, administrative and clerical workers, who thanks to a dramatic expansion of the credit system

- (‘buy now, pay later’), were able not only to purchase the latest range of cars, electrical goods and domestic appliances. For more on Fordism, see Rupert (1995, 2000).
- 16 Gramsci (1971). p. 317.
 - 17 Gramsci (1971), p. 286.
 - 18 Burnett & Games (2005), p. 106.
 - 19 Earlier in his Presidency FDR had authorised military and economic intervention in Mexico, Cuba, Nicaragua, and Haiti (whose constitution he even claimed to have written) to restructure unfriendly regimes.
 - 20 Schlesinger (2003). According to Schlesinger, the creation of the UN was “from the beginning, a project of the United States, devised by the State Department, expertly guided by two hands-on Presidents, and propelled by US power”. *Ibid.*, p. 174.
 - 21 Hilderbrand (1990).
 - 22 According to Gabriel Kolko, Churchill was also heavily critical of the US for nominating its client-state China, under Chiang Kai-Shek, onto the UN directorate. Kolko (1968), pp. 266–7. Britain countered by forwarding France’s candidacy, and even proposing the UK aid the latter’s ailing Empire in Indochina to prevent American expansionism in Asia.
 - 23 Hull (1948), vol. ii, p. 1640.
 - 24 Initially, this was attractive to the US since it did not rule out intervention at both ends of Eurasia – e.g. Europe (Germany, bases on the Med) or East Asia (Japan, Korea, Formosa) – and helped them retain their control over Central and South America.
 - 25 Dallek (1979), p. 351.
 - 26 Hilderbrand (1990), p. 215.
 - 27 Schlesinger (2003), p. 213, xvii.
 - 28 Isaacson & Thomas (1986), pp. 275–6.
 - 29 It represented the largest and most costly scientific-industrial project to date, unthinkable in peacetime, where such high public expenditure on new, extremely risky, the military technology could hardly be justified.
 - 30 Hewlett & Anderson (1962), p. 276.
 - 31 Alperovitz (1985), p. 199.
 - 32 Churchill (1945).
 - 33 Despite the fiery rhetoric, Washington generally did respect the Soviet’s ‘sphere of influence’ in East Europe as agreed at Yalta, never intervening to support the various democratic forces/popular uprisings that took place in Czechoslovakia, East Berlin, Hungary, Poland etc., throughout the Cold War.
 - 34 Milhalkanin (2004), p. 9.
 - 35 Soviet post-war troop demobilisation occurred almost as quickly as the US. The Red Army was reduced from its peak in 1945 of around 11.3 million soldiers to 2.8 million by late 1948. Quoted in Odem (1998), p. 39.
 - 36 Understood as a sufficiently coherent unifying ideological doctrine to assure long-term American ‘intellectual and moral leadership’.
 - 37 In an Editorial in *The New York Morning News* (27th December 1845) John L. O’ Sullivan famously declared “the right of our manifest destiny to overspread and to possess the whole of the continent which Providence has given us for the development of the great experiment of Liberty and federated self-government entrusted in us”. Quoted in McCrisken (2002), p. 68.
 - 38 Lasswell (1941), pp. 456–68.
 - 39 Melman (1974).
 - 40 Turner (1983).
 - 41 Johnson (2004), pp. 151–85.
 - 42 Spykman (1944).

- 43 This later became the Treaty of Rio (1947). Since 1940, under Nelson Rockefeller, the Co-ordinator of Inter-American Affairs (later promoted to Assistant Secretary of State for Latin American Affairs), the US had signed a series of military-security alliance with Latin American governments committing itself to defend them from 'external aggression' (read, 'internal opposition'), in return for giving American corporations such as Standard Oil, Guggenheim, General Electric, AT & T and United Fruit, access to resources and markets. Eisenhower's Secretary of State, John Foster Dulles, an earlier critic of Rockefeller recognised the "incalculable value" of the latter's intervention, admitting to Rockefeller that, "If you fellows hadn't done it, we might never have had NATO". See Collier & Horowitz (1976), pp. 230–6, p. 174.
- 44 Zinn (2005), p. 390.
- 45 Mayer (2004), Figure 1.
- 46 Quoted in Siedman (1953), p. 235, p. 1.
- 47 Truman (1955), p. 498, 504.
- 48 One is reminded here of Theodore (Teddy) Roosevelt's reaction to rising industrial action and social unrest. A year before the outbreak of the Spanish-American War Roosevelt confessed to his friend: "In strict confidence...I should welcome almost any war, for I think this country needs one". Quoted in Rorabaugh et al. (2004), p. 449.
- 49 Barry (2011), p. 300.
- 50 Truman (1950).
- 51 Truman (1950).
- 52 The CIO would merge with the American Federation of Labor (AFL) to form the AFL-CIO in 1955.
- 53 Rupert (2000), p. 179.
- 54 Hobsbawm (1994), p. 235.
- 55 Zunz (1998), p. 75.
- 56 Ford Motor Company, quoted Rupert (1995), pp. 160–1.
- 57 The dominant American liberal myth which maintained that opportunities were available to all, independent of social origins: any poor immigrant settler could, through hard work, diligence, creativity could become wealthy. A perennial narrative in American public life, given its modern twist by renowned historian James Truslow Adams his book *The Epic of America* (1931).
- 58 Nitze (1959).
- 59 Skidelsky (2004), p. 672.
- 60 Later, in the 1960s, two IMF economists developed the Mundell-Fleming model which confirmed the *trilemma*. This asserted that governments and central banks overseeing open economies could not simultaneously: (1) fixed exchange rates; (2) independence in monetary policy, and (3) capital mobility. Only the two of these objectives were possible at the same time, the third necessarily undermining one of the other. Emphasis on free trade, exchange rate stability/convertibility and concessions to Keynesianism (point ii.) meant capital movements had to be sacrificed.
- 61 As Jan Toporowski explains: "Central banks without gold reserves could not return to the gold standard, and over four-fifths of the gold outside the Soviet Union was in the United States." Quoted in Saad-Filho & Johnston (2005), p. 107.
- 62 Triffin (1960).
- 63 Spero & Hart (1997), p. 50.
- 64 Notter (1949).
- 65 In the post-war period it has been estimated that 1/3 of all exports from major high-income countries came from the US. Kenwood & Lougheed (1992), p. 289.
- 66 Gardner (1981).

- 67 The US was especially sceptical about the commitment of the British to dismantle the imperial preference system. Gardner (1981), pp. 372–80.
- 68 Curzon & Curzon (1976), pp. 143–67.
- 69 Quoted in Wood (1986), p. 33.
- 70 The *Anglo-American Loan Agreement* was signed in July 1946 with the final payment made in December 2006.
- 71 Truman (1947).
- 72 Jay (2005), p. 243.
- 73 Quoted in Wood (1986), p. 36.
- 74 Marshall (1948).
- 75 Between 1946 and 1948, for example, Britain's Labour Party introduced a universal welfare system including the National Health Service, unemployment benefit, public pensions, and public education paid for by an institutionalised progressive taxation and redistributive policies.
- 76 Spero & Hart (1997), p. 55.
- 77 In 1960, the OEEC as renamed OECD and expanded to include the US, Canada, and Japan; all the major capitalist countries thereby reasserting their commitments to the new WO.
- 78 Hogan (1987), pp. 42–5.
- 79 De Long & Eichengreen (1993), pp. 189–230.
- 80 Receipt of Marshall Aid was largely tied to the purchase of American goods. In practice, this involved the US government paying American producers to ship the goods to Europe to be bought in local currencies.
- 81 Cox & Skidmore-Hess (1999), pp. 68–9.
- 82 Arrighi (2005), p. 15.
- 83 Japan's manufacturing output double from 1949 to 1953, reaching its peak growth level (14.6% p.a.) during 1966–70. Hobsbawm (1994), p. 276.
- 84 Within the US state structure, the State and Defense Departments, respectively, favoured plans for European integration, while the Commerce Department voiced its opposition.
- 85 The CLCM also forbade governments from discriminating against foreign corporations, offering them the same level of protection as their national counterparts.
- 86 Chandler (1978), pp. 127–8.
- 87 The role Keynesianism and tripartite corporatism played in guaranteeing both economic development and class harmony was celebrated in key “common-sense” texts such as Anthony Crosland's *The Future of Socialism*; J.K. Galbraith's *The Affluent Society*; Gunnar Myrdal's *Beyond the Welfare State*; and Daniel Bell's *The End of Ideology*.
- 88 Cox (1987), pp. 253–4.
- 89 Panitch & Gindin (2004), p. 42.
- 90 Cited in Spiegel (1985), p. 52.
- 91 Hugill (1995), p. 293, 286.
- 92 In his *Farewell Address* on the 17 January 1961 Eisenhower warned:
- The conjunction of an immense military establishment and a huge arms industry is new in the American experience. The total influence – economic, political, and even spiritual – is in every city, every state house, and every office of the federal government...In the councils of government we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex.
- Eisenhower (1961)
- 93 Created on 27th January 1975 by the Senate in wake of the Watergate scandal, the 11-member select committee (The Church Committee) with a supporting

staff of 150 was given the task of investigating the role of the intelligence services. Gaining access to hundreds of classified documents and interviewing 800 individuals and carried out 250 executive and 21 public hearings, the Church Committee published its 14-volume report in May 1976. See AARC Public Digital Library (1976).

- 94 According to the Church Committee, one of the intelligence services favoured tactics to discredit a 'subversive' activist was to use "cooperative new media sources" to place completely false stories in the press/TV/radio. The Report also acknowledged that by 1975 the FBI headquarters alone housed around half a million intelligence files on its nationals. Yet despite the 500,000 separate investigations carried out by the FBI between 1960 and 1974 on 'subversive' persons and groups not a single one was prosecuted after 1957. For its part the CIA opened and photographed the contents of nearly 250,000 first class letters between 1953 and 1973, producing a computer index of 1.5 million names, See AARC Public Digital Library (1976) "Book II: Intelligence Activities and the Rights of Americans", pp. 6, 16, 19.

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