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Globalization and global elite integration, nineteenth to twenty-first Century

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Introduction

Rather than ushering in peace and prosperity, the twenty-first century and the much heralded age of globalization began with a bang and not a whimper. Only a little after a decade past the collapse of the Soviet empire in Eastern Europe and the break-up of the USSR itself, the terrorist attacks of 2001 and the declaration of an endless “war on terror” thereafter, replete with the Anglo-American invasion of Iraq plunged the world into a new round of seeming interminable global conflict.

Once again, what Jack Snyder (1991)—drawing on the work of Gustav Schmoller, Eckart Kehr (1973, 1977), and others members of the German historical school—called the “myths of empire” propelled social imperial overexpansion through logrolled political coalitions. With the ratcheting up of the US’s aggressive foreign policy, projections of an endless peaceful globalization of the world-economy—like those of the late nineteenth and early twentieth century—faded away. The term imperialism, including thorough analyses of the operations of the corporate press and imperial interest groups in terms of Iraq, much like those offered up by John Hobson during the period of Britain’s conquest of South Africa—then home to the world’s largest diamond and gold mines—once again gained currency (Marks 2003). The similarities and differences between these two periods, characterized by waves of financialization, militarization, and polarization of the global system, offers crucial insights into the possible trajectories of the global system in the twenty-first century.

The hypothesis put forward here is that recurrent waves of globalization, global elite integration and global conflict and cooperation are related to changes in the compositions of national and transnational elites, reorganizations of class structures and changing modes of citizenship. Waves of globalization have historically led to the formation of transnational ties among elite families, social classes, large firms, and growing movements for democratic citizenship. They have also led to nationalist resurgence, racialized social imperial expansion, the spread of formal colonialism, revolutionary waves, and increasing global conflict. An asymmetrical form of British-led globalization during the nineteenth century, concomitant with a new burst of overseas imperialism by the great powers led to a combination of increased inter-imperial rivalry along with a massive
backlash against increasing economic instability, ushering in World Wars, Bolshevism, fascism, and the Great Depression.

After World War II, there was a renewal of transnational ties among elite families, social classes, and large firms, along with movements for democratic citizenship. During this period, the United States remade the global system on new and enlarged social foundations. Eventually, however, contradictions of US hegemony and its systemic cycle of accumulation led to the remaking of the global system once again, albeit this time on increasingly narrow social foundations. These were replete with entwined waves of financialization and militarization as well as the rise of a new region, Chinese-led East Asia, and the Arab Revolutions of 2010 and 2011, both of which portend major future transformations of the global system (Arrighi 2007).

The social foundations of global conflict and cooperation

The British hegemony of the 1800s saw a tsunami of international trade, investment, and global integration that peaked in the late nineteenth and early twentieth centuries. Yet growing inequality, intensified uneven development and elite reaction to the growth of democratic movements heightened global instability and violent conflict (Arrighi 2010; Polanyi 2001; Snyder 1991, 2000). During this period, the spread of commercialized trade disrupted economies dependent on domestic production, vastly increasing inequalities between the rich and the poor, and stimulating movements for self-protection against such threats to livelihood and security (Polanyi 2001). The structural contradictions afflicting autocratic states with overgrown military-corporate complexes and narrow domestic economic bases such as Germany, made them fertile grounds for reactionary ideologies such as fascism, and highly vulnerable to democratic disintegration and aggressive war (Arrighi 1990: 38–45). A premium was put on war preparedness and modernization of military-corporate complexes requiring global resources, as the turbulence of world market and interstate competition worked to the temporary advantage of powerful elites that wanted to pursue aggressive foreign policies (Snyder 1991).

By the late nineteenth century, racialized social imperialism, along with elite ideologies and practices of war preparedness and militarized masculinity became the order of the day. The resultant world wars and revolutionary waves were symptomatic of the rising politico-economic and military competition that contributed to the breakdown of the world-economy (Polanyi 2001). Such waves of globalization and global polarization have been closely associated with the narrowing of the domestic and international social bases of declining hegemons.

A large body of literature has demonstrated the close relationship between rising levels of proletarianization, economic development, military conflict, and democratic citizenship rights (Arrighi 1990; Klinkner 1999; Vanhanen 1997; Weber 1961: 240). In terms of military participation, ruling elites have found it necessary to extend citizenship rights to national subjects in exchange for the latter taking on obligations of military service. This was noted long ago by Max Weber (1961: 240) and systematic comparative research has borne him out (Dehio 1962; Downing 1992; Rueschemeyer et al 1992). In the late nineteenth and early twentieth century, the growing socialization of war-making and state-making laid the material basis for the democratization of both citizen-soldiers and shop-floor citizens, whose cooperation became increasingly important for national elites. The expansion and generalization of civil, social, and political citizenship rights in the core countries, and to a lesser extent in the non-core was crucial in the reconstruction of the global system on new and enlarged social foundations under US hegemony. However, the forms of democratic citizenship that emerged were stratified to varying degrees by race/ethnicity, class, gender, and nationality, with profound implications for the form and trajectory of global elite integration (Du Bois 1969; Gordon 1994a, b; Reifer 2007, 2010).
What is important for our purposes is the relationship between these unequal systems of citizenship, forms of integration, and global conflict and cooperation. Elite social groups with interests in overseas expansion or activist foreign policies have traditionally had to form coalitions with other powerful constituencies, including subjects and citizens, in order to pursue their aims. The frequently tenuous nature of these political coalitions often prompted aggressive foreign policies, for as many comparative historical studies have shown, “domestic insecurity of elites is one of the most important causes of war” (Levy 1989; Rosecrance 1963: 306). Specifically, the promotion of strategic myths needed to build logrolled coalitions often increased the power of those groups favoring aggressive foreign policies. Such politico-economic dynamics played central roles in both the British and US cycles of globalization and related forms of militarization (Snyder 1991).

By 1945, many US and European elites had come to understand that volatile currency fluctuations and speculative capital flows played an important contributing role in the breakdown of England’s liberal global economic order, recurrent depressions, the rise of fascism, world wars, and global revolutionary waves (Arrighi 1990; Gardner 1969: 75–76; Polanyi 2001). These concerns led the US and European elites to create a liberal international economic order replete with governed markets that provided tangible benefits to workers in the core and a modicum of state-led nationalist development in the Third World. This compact was a fundamental part of the real but uneven expansion of civil, political, and social citizenship rights across the globe (Arrighi 1990, 2010). In this vision, that of a “global New Deal,” full citizenship rights were to be generalized to the core. At the same time, development was to allow the world’s poorer states to catch up with standards of wealth and ensure that the full extension of citizenship rights were achieved for the largely white working classes and middle strata of this zone. However, US hegemony’s promise of full citizenship and high mass consumption in the core and self-determination and development in non-core zones had definite limits (Wallerstein 1995).

The changing social foundations of US hegemony

After World War II, although many in the US labor movement sought universal social provisions, the lack of basic citizenship rights for blacks in the South and people of color more generally posed an insurmountable obstacle to such a vision (Davis 1986; Du Bois 1969; Iton 2000; Lichtenstein 1995). Moreover, the fiscal nationalism of the conservative coalition ruled out the Congressional passage of aid necessary for the continued reconstruction of Europe and Asia after the Marshall Plan (Borden 1984). Yet by playing upon military nationalism, US elites were able to convince Congress to vastly increase military spending during the Korean War, though much of this money was actually used to buy goods from Western Europe and East Asia. Military spending became a form of welfare for corporations and upper class constituents, centrally helped along by the internalization of allied protection costs, as the United States took responsibility for the military security of its allies. Through this crucial innovation of the internalization of allied protection costs via US-led global military alliances, US Cold War military spending provided for the containment of US enemies and allies, the latter as semi-sovereign states and regions, while providing the military forces to protect US allies and to implement a global policy of counterrevolutionary violence to ensure an Open Door for the United States and allied transnational capital in the Third World. Military spending was much preferred by US elites to other forms of social expenditure as it was possible to get it from Congress; moreover, it helped to deflect a vibrant labor movement seeking universalistic social provisions and greater race, class, and gender equality at home, by allowing for its incorporation instead as a junior partner in the overseas expansion of US state-corporate power (Lichtenstein 1995; Lipsitz 1994; Stephan-Norris and Zeitlin 2002).
Instead of universalistic social provisions, organized workers were forced to negotiate private welfare provisions tied to firms, propped up by a permanent war economy (Davis 1986). This ensured that US social provision would be uniquely stratified by race, class, and gender (Reifer 2010). In contrast to universalistic forms of social citizenship achieved in allied advanced capitalist states, military-service related government transfers, notably veterans’ benefits, the watershed GI Bill of Rights and low-interest loans, went primarily to white male citizen-soldiers. Entitlements such as Social Security and unemployment went to shop-floor citizens, initially largely white males, who also benefited from military-subsidized private welfare states tied to firms. Second-class, means-tested benefits, stigmatized as “welfare,” generally went to the most oppressed—notably women, persons of color, and the white working poor. These different forms of social provision and political attitudes toward overseas intervention among national elites and populations are arguably related. US specialization in providing core military protection subsidized US allies in Western Europe and Japan, leading them to provide more funds for universalistic forms of social welfare provision.

The rise of this US New Deal warfare-welfare state—and its stratification, by race, class, gender, and nationality—has played a key role in shaping elite and popular attitudes toward military versus social spending, based upon the real or expected benefits different groups receive from such programs. It is therefore not surprising that there has long been a race and gender gap on military versus social provisions as well as questions of foreign policy and war and peace more generally, with women and persons of color more supportive of social programs and the peaceful solutions toward international conflict rather than tradition US policies of post-war interventionism. According to two leading political sociologists, although there are gender gaps in policy preferences among men and women cross-nationally, in terms of extent and significance, “No similar ‘gender gap’ has developed in other democratic polities” (Davis 1986: 284–89; Manza and Brooks 1999: 128).

This appears to be in line with the hypothesis concerning the interrelation between the social base of elites, unequal forms of civil, political, and social citizenship, and their relationship to elite integration and related forms of conflict and cooperation put forward here. US military spending plays an integral role in propping up racialized and gendered structures of the warfare-welfare state and the overseas expansion of US state-corporate power at one and the same time. The resulting cleavages on a variety of social issues and restructuring of the political economy has been integral to the development of hegemonic social blocs—as with the rise of the New Right and the right turn of the Eastern Establishment in the 1970s and 1980s—that have been able to continue high levels of military spending and overseas intervention for domestic and global purposes. Here, elites saw high military spending as a way to curb greater spending on health, education, and human resources, while maintaining US military predominance and global hegemony (Davis 1986).

Thus, just as the old exclusive White Anglo Saxon Protestant (WASP) Establishment reaped the fruits of the inflated capital values of a bygone era in the 1920s, so too did the rise of a broad-based US New Right in the 1970s and 1980s aim to valorize the accumulated gains of corporate capital and the broad propriety strata (Baltzell 1987; Davis 1986: 302, 157–255, 284–89, 2002). This new hegemonic social bloc, solidified by resentments generated in part by the stratification of US social provision by race and gender, included the more privileged segments of the white ethnic working classes and middle strata (notably those in the US South), arrayed against workers of color, labor, the poor, and the Third World (Davis 1986).

Future research on these questions may address Jack Levy’s (1998: 143) challenge, heretofore unmet in the literature: “Theories of patriarchy might also help answer the . . . question of variations in war and peace, if they identified differences in the patriarchal structures and gender relations in different historical contexts, and if they incorporated differences into empirically testable hypotheses about the outbreak of war.” Future research from a world-systems perspective
could compare different forms of racialized and gendered social relations, notably in unequal welfare and warfare-welfare states, and relate these to testable hypotheses about forms of elite integration and global conflict and cooperation.

Of course, such studies would have to take into account the changing functions and unintended consequences of elite policies. Take the following example, crucial to the conceptualization of the broadening and narrowing of the social foundations of US hegemony put forward herein. Originally, US military Keynesianism (a form of welfare for the military-corporate complex and upper-class constituents) provided a stimulus to the US and global economy. Military expenditures provided funding for advanced technologies (aerospace, electronics and communications, for example). Such programs thus propped up both US corporate profits and the overseas projection of US military power at one and the same time. Yet over time, the growing costs associated with such policies, in the context of increased global economic competition, led to a fiscal crisis of the New Deal warfare-welfare state and associated world order. During World War II and the early Cold War years, US military spending was based on progressive taxation of corporations and the rich. This was accompanied by limitations on pecuniary accumulation, including federal regulation and anti-trust efforts (Phillips 2002; Reifer 2009–10).

Here was the social basis of the rise of the New Deal world order: reform at home and support for socioeconomic reconstruction and limited forms of nationalist development abroad. Fixed exchange rates, by limiting large fluctuations in currency exchange rates and speculative capital movements, had provided the basis for forms of expansion consonant with the politico-economic and social objectives of the New Deal (Gardner 1969; Helleiner 1994). Yet in the early 1970s, the United States was forced to scrap the Bretton Woods agreements on pegged exchange rates that it had created after World War II. Increasingly, the regressive financing of vastly expanded US military expenditures through borrowing on the global capital markets, rather than expanding the New Deal world order through taxation on corporate profits and the rich, led instead to its ongoing demise (Arrighi 2010; Davis 1986, 2002; Eatwell 1993; Steinherr 1998, 2000). This account suggests a reciprocal causality between changing elite social foundations, including, via unequal systems of citizenship (as in the New Deal warfare-welfare state), and related forms of globalization, global elite integration, and global conflict and cooperation.

Scholars from the “democratic peace school” argue that interstate conflict among core powers is a thing of the past (Brown et al 1996). Recently, however, Jack Snyder (2000) has argued that weakly embedded forms of democratization, in terms of the norms of democratic procedures and governed markets, can promote extreme forms of nationalism and hence intra- and interstate conflict, as with the rise of fascism in Germany and the escalating warfare that has gripped many formerly Communist states of Europe. This raises real questions about Russia, China, and the democratic stability in core powers that jettisoned governed markets, which helped to embed these states within a thick web of institutions.

**Conclusion**

A growing number of experts contend that the global system recurrently breaks down not so much from rising challengers as declining hegemons resist adjustment and accommodation to new entrants. David Calleo (2003a, b) recently raised concerns that US unilateralism is putting it on a collision course with Europe and Asia in a clash involving disputes about global governance, US military power and competing models of capitalism and the provision of social citizenship.

Hegemonic stability theorists hypothesize that declining hegemons attempt to use their remaining strengths to pursue more unilateral advantages that have fewer collective benefits for
the rest of the world. This typically exacerbates rivalry within the core, causing uncertainty, instability, and increasing competition and conflict in the world economy and the interstate system. This narrowing of the benefits that flow from the policies of the declining hegemon is arguably what we are seeing in the US championing of neoliberal policies and military unilateralism, which some fear could spark another round of intra-core conflict and/or global chaos. Indeed, as Noam Chomsky has pointed out, some analysts argue that the US pursuit of continued military hegemony “carries with it an appreciable risk of ultimate doom” and are thus looking to countries like China to support alternative cooperative visions of global security (Steinbruner and Gallagher 2004: 99). Yet despite these dangers, many theorists today hypothesize that global elite integration and/or related processes of globalization represent a fundamental change in the world-system away from great power conflict. In contrast, other scholars, including world-systems analysts, put more emphasis on continued competition among rival global centers and US power (Gowan 1999).

Thus, future research in this area must take up the study of the analogies and differences in the construction of elite social bases in the recurrent remaking of the global system from the nineteenth to twenty-first centuries, as these changing social foundations of the global system will have important implications for the likely trajectory of global cooperation and conflict in the twenty-first century. A major structural difference is the much greater extent to which the United States has relied on military spending as a means of generating support from domestic constituencies and regional elites for the national and global project of US hegemony. By taking on the role of global policeman through the internalization of allied protection costs, the United States allowed other core states to construct political coalitions on social foundations that were substantially demilitarized, most especially Germany and Japan. On the one hand, this policy difference minimizes the likelihood of intra-core war that dominated the global system in the first half of the twentieth century. On the other hand, America’s path-dependent process of militarization and related support for neoliberal forms of globalization is arguably one of the chief causes of global instability in the world today, as the recent uprisings in 2010 and 2011 throughout the Arab World—labeled the Arab 1848 by Tariq Ali—so clearly reveal. Future work will have to trace these changes and try to detect emerging forces that might replace the now discredited Washington Consensus with policy currents that allow for more egalitarian, peaceful, and sustainable futures.

References

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