



# World Order and World Economy

By Jack Stauder

**What are the long-term political and economic implications of the US military victory in the Gulf War?**

**Jack Stauder argues that the war must be analyzed within the framework of a rapidly growing internationalization of capital, labour and markets.**

**His article in RMR is part of a longer study, written before the war:**

**“Oil Internationalism – The crisis in the Gulf in Broad Perspective.”**

The phrase “new world order” has recently been used a lot by statesmen and pundits, referring to the new constellation of international relationships apparent in the Gulf crisis, especially those obtaining between the major powers, including the Soviet Union. The world order in itself, however, is not new. As a system of international political and economic arrangements and understandings that operate over the globe, the world order has come into existence over the past 500 years, its material basis being the formation of a truly world economy.

The process of forming this world economy began at the time of the explorations of Vasco da Gama and Columbus, and European colonization of the Americas, Asia, Africa and the Pacific. During this process, rival European powers fought each other like cats and dogs, but despite their competition (or perhaps partly because of it) they succeeded in creating a world economy: one dominated by the Europeans, of course, but still indisputably international. The world economy was from the beginning based on capitalism, which gave it its dynamic, and eventually on the tremendous productivity of modern industry due to the unlocking of energy from fossil fuels: first coal, later gas and oil.

The world system that developed was never just or peaceful. Aside from the warfare necessary to dominate the colonized countries (the nations now referred to as the “Third World”), there were also constant wars between rival imperialists. Even in our century, World War II can largely be explained as an attempt by Germany and Japan to gain dominance in the world order at the expense of Great Britain, France and the US.

After World War II, the “Cold War” marked another challenge to the world order, this time a more radical, systemic challenge. The Soviet Union and its allies in Eastern Europe, China and other poorer, revolutionary Third World countries tried to challenge the capitalist world order and US hegemony by building an

alternative political and economic order based on socialism. As we have recently witnessed, this communist alternative has miserably collapsed. Presently, the world order based on an international capitalist economy is unchallenged.

The former “socialist” countries, as well as the Third World countries with formerly revolutionary regimes, are all rushing to join up, embrace capitalism, and get their credits from the International Monetary Fund and the World Bank.

The world order has changed in other ways too in recent times. The power of the US has eroded with its economic decline relative to Japan, Germany and Western Europe as a whole, although the US is still leader of the world order by virtue of being the only military superpower left standing in the world. Also, the US still possesses the largest, even if unhealthy, national economy.

One important development following World War II was that the large capitalist powers learned to manage their relationships with a good deal of cooperation. Partly this was based on the experiences that led to World War II, and partly it was based on the need to unite in the face of the communist challenge. National rivalries, while not disappearing, were relegated to secondary importance. The result has been the great degree of political unity seen between Western Europe, the US, and Japan, over more than 40 years, despite changing economic relationships.

The reason for such unity can be understood if we look at the underlying condition: the economies of these nations have become interdependent to a large degree. There has been a growing internationalization of both capital and labor, as well as of markets. In a world economy based on multinational (or more accurately, transnational) corporations, “national” economic rivalries become less and less important. What becomes more important is that the world economy be maintained on a harmonious basis that benefits international capitalism. In other

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words, for example, Japanese capitalists realize a healthy US economy is good for them, and vice versa.

This development since World War II has rendered obsolete an analysis of the world in terms of rival capitalist nationalisms, or in terms of a purely "US" imperialism. This development also laid the ground for the international mobilization we saw around the invasion of Kuwait. There is a common interest, a real economic interest, in the flow of Gulf oil. It is not merely a US interest, and the US is not in this case acting on its own, or concerned with controlling the oil for narrow nationalistic purposes. Such concerns would be stupidly anachronistic within the new world order.

Some commentators on the Gulf crisis have questioned whether the US' motive is not to control the oil there in order to do in its "rivals", Germany and Japan, who depend even more than the US on oil imports. Others have wondered why the US is intervening at all, since our European and Pacific Rim "rivals" depend primarily on Gulf oil, while the US imports relatively little from the Gulf, relying instead on places like Mexico and Venezuela closer to home. And why, many have asked, aren't Germany and Japan sending troops also to the Gulf?

All these questions miss the point. In a unitary world market for oil, it doesn't matter who gets it from where: all are affected by price rises and shortages. If the US wanted to "do in" Germany and Japan, using oil or any other weapon, it could long ago have done this; but as I've indicated, this has never been the US strategy towards its allies. And if it were, why are Germany and Japan backing the US action? True, neither sent armed forces to the spot, but there are obvious constitutional, historical and political reasons for both to hold back on this score. Germany, however, is contributing a billion dollars in aid to the Gulf project, and Japan six billion, certainly not a sign of disunity.

The motive of all the major capitalist powers in the Gulf crisis must be to re-

store the status quo there, a situation in which the oil is back under the business-as-usual control of world capitalism, organized by the oil companies, the international banks, the so-called "free market" of international commerce. The overriding imperative for all these actors is preservation of the world economy by reaffirming its access on reasonable terms to the petroleum on which it depends.

### Future perspectives

Because the whole international community, not just the United States or the Europeans or the Japanese, but the poorer nations too, have an interest in the free flow of oil. By relying on international support, the US has set the scene where it cannot really act alone. In the present situation, other countries want a say, and the United Nations increases its importance as the body mediating world opinion. Whether or not the Gulf forces are put under UN command, the US will be constrained in the long run by international opinion.

The biggest consequence of the internationalization of the crisis will be its linkage with other Middle East problems: specifically, those of the Palestinians and of Lebanon. In this regard, Saddam Hussein may get his way, although it may be the only thing he wins in the end. The logic of the situation created by the world effort to end Iraq's occupation of Kuwait makes it perfectly legitimate to raise the question of other foreign occupations in the area, ie Israel's long military occupation of the West Bank and Gaza, and Israeli and Syrian occupation of parts of Lebanon. The situation also forces the United States and other outside powers to heed Arab political reality. The anti-Saddam alliance cannot afford to ignore the Palestinian issue.

The stage may be set for progress, therefore, towards a more comprehensive peace in the Middle East. Such a general peace settlement is not utopian: it is in fact in the interest of the "world order" explained above to stabilize the political

situation in the Middle East, if only for the long-term protection of the oil resources there. Israel and its supporters will resist, but the long-term logic of the situation is against them: in this crisis, Israel has proved to be an embarrassment rather than the "strategic asset" to the US that they claim to be. And this situation will continue until the Palestinian question is resolved.

If this analysis has emphasized the strength of the "world order," this should not imply any value judgements. Perhaps the world order is evolving into one where international law does prevail, and international bodies like the United Nations will have more autonomy. At present, however, the UN and international law are the resort only when the big powers (especially the US) find it convenient. The world order is still one based primarily on "might makes right."

Also, the world order has never been a just or "fair" system. Only a minority of the world's people actually prosper within the world economy. Some nations are rich, most are poor; and in all nations, there are small classes of the rich, and much larger poorer classes. Roughly speaking, about three-fourths of the world's people today are impoverished to one degree or another, while only a quarter of the world live in conditions at all approaching "affluence." This affluence, which is concentrated in the nations of North America, Western Europe and Japan, depends directly on the resources of the Third World; oil is only one example of such a resource. This fundamental feature of the world economy implies a future of endless conflict between nations over scarce resources, and of hates against have-nots. A truly peaceful world order would have to be one in which some sort of justice and equity obtained. The world at present is far from this situation, and reform is highly desirable, on both moral and practical grounds.

From an American point of view, I would want to see the end of US military intervention abroad. Our role as military



superpower and world policeman should come to an end, to be replaced by international agencies. Military spending has obviously been one of the factors leading to our relative economic decline. We desperately need at this point to reallocate our resources and reorder our priorities to deal with our problems here at home: to meet human needs, to deal with our environmental problems, to renew our economy on a sustainable basis for the 21st century.

The Gulf crisis will endanger our future if it is used to justify continued big military spending, a permanent armed presence in the Middle East, and the preparation for more police-keeping wars in the Third World. This role can only drive us down further economically, morally and environmentally. The Gulf crisis may also be used to justify more environmental degradation here at home, including drilling for oil in offshore and wilderness areas, although it should have the opposite effect: encouraging our society to de-

velop a sensible energy policy emphasizing conservation and alternative energy sources.

While the intervention in the Gulf seems almost inevitable from the viewpoint of protecting the world economy and its lifeline of petroleum, we should use this experience to question the whole basis of this economic system. How long can we afford an industrial economy based on ever-growing consumption of fossil fuels, including petroleum? This dependence is potentially deadly, not so much due to the Saddam Husseins who may want to exploit it, but because of two other developments which are catching up with us.

One, the burning of fossil fuels is destroying our natural ecosystems: polluting our air, land, water, and changing our climate. These environmental problems are well-known, and point to only one solution: phasing out as early as feasible our dependence on fossil fuels, including oil.

Secondly, an economy based on fossil fuel, especially on oil, will be unsustainable in the long run because these fuels are limited and nonrenewable. Oil in particular will soon be in shortage relative to demand, and there simply won't be much left in 30 to 50 years.

From this point of view, an ecological as opposed to an economic point of view, the current conflict in the Middle East is insane.

Even though the US and its allies won a military battle in the deserts of the Gulf, they cannot win a war against nature.

Humanity needs to create a new world economy based on alternative, renewable energy sources, an economy depending as much as possible on local rather than foreign resources. For survival through the 21st century, we need a truly new world order based on a fairer sharing of global resources, together with an international ecological vision and commitment to the Earth as our common home. ■



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