

# Are the War and Globalization Really Connected?

by Mark Engler | October 18, 2004

To be radical, in the oldest sense of the word, is to go to the root. One strength of truly progressive analysis is that it places what appear to be isolated events in a larger context. It seeks to make connections between seemingly disparate political issues by revealing underlying ideological frameworks.

And so it has been a central task, in the post 9-11 era, for activists to demonstrate how the war against terror and the drive for corporate globalization are one and the same—how peace and global justice movements share vital common ground. That these two issues *are* connected, in a fundamental way, is an article of faith on the political left, reinforced by the fact that many participants in globalization protests have also mobilized against the Bush administration's militarism.

All such articles of faith deserve a bit of critical skepticism, so I would like to offer a constructive challenge. Many of the arguments wedding the war in Iraq with a strategy for neoliberal expansion are not readily convincing. They risk reading causality into tangential relationships. And, in their drive to connect, they overlook important disjunctures between the Bush administration's foreign policy and the policy preferred by many business elites. Activists have good reason to look again at the neo-conservative hawks now in power and to consider whether they have outdone the corporate globalists of earlier years or whether they have betrayed them.

## Arguing for a Link

Let's start by examining some of the strongest arguments for the link between the war on terror and corporate globalization. First, the White House has been eager to make big business a partner in the execution of the Iraq War and the subsequent occupation. This has been most prominently evidenced by the high-priced reconstruction contracts snatched up by well-connected companies like Halliburton and Bechtel.

Second, the president has advanced a neoliberal agenda domestically by cutting taxes for the wealthy and further eroding social safety nets. His administration has employed the rhetoric of the war on terror to attack unions—most notably in the summer of 2002, when it threatened to intervene for “national security” purposes in a West Coast dock workers strike. Activists are also correct

to note that the war abroad has been used to suppress dissent at home. Of the \$87 billion passed by Congress last October for the occupation of Iraq, \$8.5 million went for policing the protests in Miami opposing the Free Trade Area of the Americas (FTAA). Moreover conservatives attack both antiwar and globalization protesters as unpatriotic and helpful to terrorists.

Finally, activists have seen a connection between war and corporate globalization in the privatization of Iraq's economy. Political commentators Naomi Klein and Antonia Juhasz, among others, have detailed how the occupation of Iraq allowed the U.S. governing authority to restructure the country's economy based on strict neoliberal principles. Following what *The Economist* magazine called a “wish-list that foreign investors and donor agencies dream of for developing markets,” Washington instituted measures providing for the privatization of 200 Iraqi state firms, for 100% foreign ownership in Iraqi companies outside the oil production and refinement sectors, for full repatriation of profits, and for a 15% cap on corporate taxes.

Juhasz explains in a July 2004 article for *Foreign Policy in Focus* entitled “The Hand-Over that Wasn't” that the executive orders issued by U.S. administrator Paul Bremer will be difficult to overturn, even though a transfer of sovereignty has officially taken place. Not only is the interim government prohibited “from taking ‘any actions affecting Iraq's destiny’ beyond the election of an Iraqi government,” but, Juhasz writes, the occupiers have stacked “every Ministry with U.S.-appointed authorities with five-year terms—well into the period of the new, elected government.”

## How Deep a Connection?

Although these attempts to link neoconservative militarism and corporate globalization have merit, each of them has important weaknesses. First, let's consider war profiteering. Although corporations do exhibit shameless



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opportunism in seizing business opportunities created by U.S. military action, this does not connect war and globalization in a deep way. As Robert Jensen recently argued in his critique of *Fahrenheit 9/11*, Michael Moore's overreliance on this argument both leads to a weak explanation of the causes of war and overlooks Democratic Party patronage of the military-industrial complex:

“A family member of a soldier who died asks, ‘for what?’ and Moore cuts to the subject of war profiteering.... [D]oes Moore really want us to believe that a major war was launched so that Halliburton and other companies could increase its profits for a few years? Yes, war profiteering happens, but it is not the reason nations go to war. This kind of distorted analysis helps keep viewers’ attention focused on the Bush administration... not the routine way in which corporate America makes money off the misnamed Department of Defense, no matter who is in the White House.”

A focus on profiteering risks ignoring the stated neoconservative goal of reinforcing U.S. hegemony in the Middle East and beyond, something far more significant than short-term kickbacks to corporate sponsors. Also, it assumes that the objectives of specific businesses like Halliburton and U.S. arms contractors accurately reflect the general interests of all multinational corporations, an idea that deserves scrutiny.

As for the “war at home,” there is no question that the Bush administration has used the specter of terrorism to push a regressive domestic agenda. However, this can also be considered opportunistic behavior rather than evidence of a systematic relationship between war and globalization. Republican realists who opposed the invasion of Iraq have generally promoted tax cuts and the Patriot Act, while many stalwart globalizers from the Clinton administration have fought these domestic measures. There is little reason to think that war in Iraq was a necessary condition for advancing Bush's domestic neoliberalism, even if it provided politically convenient cover for many actions.

## Does Capital Gain?

The forced privatization of Iraq's economy provides the most vivid link between war and neoliberalism. Yet to determine whether this restructuring is representative of a larger trend—of a new phase of corporate globalization in which the “freeing” of markets will be more militaristically regulated—we must look at the wider state of trade and development policy under George W. Bush. Activists often point to the president himself as a bridge between global-

ization and militarism, as someone who vocally supports both free trade and preemptive war. However, the Bush administration's actions in the trade arena have often contradicted its rhetoric, distinguishing it from its globalist predecessors.

Globalization has always been a vague term, employed for many different purposes. Confusion over the use of the word has often muddled analysis of the state of the global economy. In the 1990s, “corporate globalization” most frequently referred to a “rules-based” international order, designed for the benefit of multinational corporations and regulated primarily by a set of multilateral financial institutions.

Particularly since September 11, 2001, Bush's globalization policy has been quite different from what characterized the Clinton years. As in its military actions, the current administration has shown a penchant for go-it-alone nationalism in its economic negotiations. This has led to a type of bare-knuckles promotion of U.S. interests distinct from the multilateralist model of global capitalism advanced in the 1990s. As a result of this shift, as well as a concurrent global economic downturn, trade talks in recent years have been combative, tense, and often unproductive.

Actually, much of the business elite would prefer Clinton's multilateralist globalization to Bush's imperial version. Prior to the war, many corporate leaders feared that the invasion of Iraq would be bad for business. Writing from the World Economic Forum in Davos, Switzerland, in February 2003, *Newsday* reporter Laurie Garrett observed that “The rich—whether they are French or Chinese or just about anybody—are livid about the Iraq crisis primarily because they believe it will sink their financial fortunes.” Noted Garrett, “When Colin Powell gave the speech of his life, trying to win over the non-American delegates, the sharpest attack on his comments came not from Amnesty International or some Islamic representative—it came from the head of the largest bank in the Netherlands!”

And corporate worries persisted as the war effort went forward. After the invasion had begun, the *Washington Post* reported on March 23, 2003, that: “Discord over the Iraq War is putting uncomfortable strains on economic links between the United States and Europe, a relationship that many view as a cornerstone of global prosperity. Guardians of transatlantic harmony are scrambling to keep the diplomatic rift from poisoning economic ties.” The article continued, “the animosity that has flared of

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late appears almost certain to seep into transatlantic trade and investment issues.”

Of greatest concern in the *Washington Post* article was “that lingering acrimony among top policymakers will spark tit-for-tat trade wars, and wreck the U.S.-European cooperation needed to strike a worldwide trade accord that could help spur global growth.” A 2002-03 dispute over U.S. steel tariffs provides a prime illustration of just such a trade war. President Bush’s March 2002 decision to institute protective tariffs against foreign steel sparked harsh rebukes and an immediate complaint to the World Trade Organization (WTO) by the European Union, Brazil, China, Japan, Korea, New Zealand, Norway, and Switzerland. The WTO ultimately ruled against the tariffs in November 2003.

Similarly, nationalist resistance on the part of the United States to opening its markets played a major role in deadlocking talks at last September’s WTO ministerial in Cancún, Mexico. Since then, the institution has floundered. The same U.S. intransigence appeared again at November’s FTAA ministerial in Miami, derailing the once-seemingly inevitable trade pact and forcing Washington to pursue much smaller, bilateral agreements with individual nations.

One can argue that the Bush administration’s economic nationalism has effectively defended U.S. interests, but few will contend that it has bolstered the international financial institutions. And not many European corporations or other multinational enterprises based outside the United States—previously stalwart partners in the global expansion of corporate power—will praise current American economic policy.

### McDonald’s and McDonnell Douglas

Returning to the case of Iraq, there is no question that the U.S. occupying authority has opportunistically used its power to impose “free market” reforms on Iraq’s economy. But this alone is not reason to assume that Bush’s militarism represents the new face of globalization. In fact, this assumption has produced some wobbly analysis. For example, Arundhati Roy has argued that it was international grassroots pressure against the advance of corporate globalization that forced those in power to adopt a more

militaristic posture. In a January 2003 address to the World Social Forum in Porto Alegre, Brazil, Roy argued: “We may not have stopped [empire] in its tracks—yet—but we have stripped it down. We have made it drop its mask. We have forced it into the open. It now stands before us on the world’s stage in all its brutish, iniquitous nakedness.”

There are several problems with this assertion. First, it closely equates empire and corporate globalization with U.S. nationalist ambitions, something quite different from the usual global justice interpretation of a dominant corporate empire that operates largely outside the power of a diminished nation-state. Roy’s analysis leaves little room for businesspeople who would argue that Bush’s economic

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nationalism and warmongering make for bad capitalism and that global corporations would be better off with a Clinton- or Kerry-style multilateralist in office. It also contradicts the viewpoint that Iraq was an elective war, waged in pursuit of an extreme neoconservative ideological vision of U.S. dominance that is out of step not just with leftists but with the approach favored by most business and

foreign policy elites. And Roy’s assertion appears to overlook the fact that the more subtle mechanisms of corporate globalization—i.e., conditions imposed by the International Monetary Fund (IMF) and World Bank—are still functioning quietly and effectively, constraining the potentially autonomous economic policy of countries like Brazil, for example.

If anything, social movement pressure is probably forcing empire back into its closet. In recent months, President Bush has scrambled to internationalize the occupation of Iraq and to temper his nationalism in trade talks, bringing institutions like the UN and IMF back onto center stage in his foreign policy. If John Kerry is elected in November, he will no doubt push even further in a multilateralist direction in both arenas, a move that will comfort many businesspeople.

In his 1999 book *The Lexus and the Olive Tree*, *New York Times* columnist Thomas Friedman wrote: “The hidden hand of the market will never work without a hidden fist.... McDonald’s cannot flourish without McDonnell Douglas, the designer of the U.S. Air Force F-15. And the hidden fist that keeps the world safe for Silicon Valley’s

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technologies to flourish is called the U.S. Army, Air Force, Navy and Marine Corps.”

Activists have frequently quoted this view, coming from a mainstream observer, as vindication of their arguments linking militarism and corporate expansion. However, it is important to note that Friedman was writing about the Clinton years, an era in which a multilateral consensus around a post-Cold War U.S. military dominance was being carefully cultivated. The Bush administration's post-Sept. 11 decision to take the fist out of hiding and wield it in a widely unpopular war significantly shook the international order that for years had provided a climate of business stability. In doing so, President Bush has arguably illustrated the manner in which McDonald's and McDonnell Douglas's interests collide. Indeed, by privileging specific sectors of the U.S. economy such as energy companies and arms contractors, the White House has rattled the global marketplace in which U.S. financial capital and consumer-based industries must operate.

## Competing Globalizations

Part of the confusion surrounding the analysis of Iraq comes from sloppy use of the term globalization. Dissenters to the neoliberal order have long argued that they are not opposed to globalization, but are advocates of a very different type of globalization than that favored by corporate free traders or IMF economists; namely, a globalization of justice and solidarity. Appreciating this lesson about the diversity of globalizations also requires recognizing that the spectrum of national and business interests are not entirely united in their vision of an ideal world order. Diverse nations and corporations often present

competing interests. Clinton's corporate version of globalization and Bush's imperial one are less a continuous progression in foreign policy than they are dissonant visions of international economics. The current administration's militarism is not linked to Clinton's rules-based economic order; rather it represents a departure from it that may soon be reversed.

But let's move beyond the concept of globalization and look for a deeper level of connection. Ultimately, there is an ongoing need to develop coherent theories of how the struggle to control limited oil reserves will shape the future of capitalist economics. (The war in Iraq is related to this, not because it is a bid to seize ownership of Iraq's oil fields, but because it is another step in Washington's protracted efforts to manipulate and control Middle Eastern politics.) It is also important to consider how war plays into the boom-and-bust business cycle that has long affected both the U.S. and global economies.

To refocus on these questions can open a new discussion about war and the global economy, one not commonly featured in current antiwar critiques. Combating the crass corporate favoritism and neoconservative aggression of the Bush administration is a worthy goal in its own right. But because there are many who will oppose George Bush while eagerly anticipating a return to the high times of an earlier neoliberalism, the struggle to build an alternative globalization will continue for many Novembers to come.

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