More than a dozen years ago, at the very end of his book, *The Age of Extremes*, Eric Hobsbawm, the noted historian of Capitalism and Empire, had observed: “The twentieth century ended in a global disorder whose nature was unclear, and without an obvious mechanism for either ending it or keeping it under control…. The future cannot be a continuation of the past, and there are signs, both externally and, as it were, internally, that we have reached a point of historical crisis.”

At that time his prediction went virtually unheeded. The Cold war had just come to an end. Capitalism had finally triumphed over socialism ending a two century-old ideological conflict. Its spread would be accompanied by the spread of democracy, and that would ensure peace. No wonder Francis Fukuyama predicted that the world would become a rather boring place.

But few predictions have gone so spectacularly wrong. There is a progressive disorganisation of life in the industrialised market economies. Regulations that governed condition of work and pay have been thrown away; trade unions have either disintegrated or become shadows of their former selves. All of them are plagued by a phenomenon that they had not known for two hundred years—chronic, non-cyclical unemployment among the able bodied. The socialist economic system has disintegrated and an empire has crumbled. Among the poor countries of the world state failure, resulting in generalised civil war or bouts of genocidal violence, is becoming frequent.

Wars have not petered out but multiplied, and changed their form. The number of peacekeeping missions undertaken by the UN has skyrocketed. Military assaults by one or more nations on another without the sanction of the UN Security Council are becoming more, not less frequent. A new doctrine has been propounded to justify these assaults: ‘Deterrence’ does not work against non-state actors such as international terrorists. ‘Pre-emptive’ military action is, therefore, a surer guarantee of world peace.
This shift is undermining the three-century-old Westphalian state system, and threatening to push the world back into Hobbes’ ‘State of Nature’. But as Hobbes had himself warned, the state of nature is a state of war. The new security doctrine has therefore already gone a long way towards erasing the time-tested distinction between war and peace. To cope with this change the functions of the UN are being redefined: it is no longer the guardian of peace, but the janitor brought in to pick up the pieces of nation states after they have been demolished by these ‘necessary’ wars. There is even a new name for this function. It is called ‘peace-building’.

There is no better proof of this change than resolution 1701 of the Security Council, on the war in Lebanon. Whereas only a few years earlier the UN Security Council would be convened within hours of the outbreak of hostilities in any part of the world, on this occasion it took the Council five weeks to convene. And the resolution it passed did not contain a single word of condemnation of Israel. Instead it put all the blame for the ‘hundreds of deaths and injuries…, extensive damage to civilian infrastructure and hundreds of thousands of internally displaced persons’, upon the Hezbollah. Israel was, no doubt, provoked by Hezbollah’s kidnapping of one soldier and killing of five more in the chase that followed, but its response was grossly disproportionate. What is more, it was not aimed at the Hezbollah but at the state of Lebanon, and almost entirely at its civilian population. By not saying a word in condemnation of this response, the UN Security Council tacitly legitimised the US’ National Security doctrine, of 2002, in which defence would be based not upon deterrence but Pre-emptive assault, for it legitimised attacks upon a state in order to punish it for harbouring hostile non-state actors within it. Thus has the UN itself become the instrument for demolishing the UN.

As the Westphalian state system has begun to unravel, time honoured international treaties and domestic laws have begun to come apart. Among the casualties are the Geneva convention on the treatment of prisoners of War and on torture; the International convention banning the use of chemical weapons, and domestic laws guaranteeing individual freedom, the right to privacy and habeas corpus. Perhaps the most disturbing is the unravelling of the Nuclear Non-Proliferation treaty, which has begun with North Korea’s announcement that it has carried out a nuclear explosion. It is
both an effect and a contributory cause of the ever more rapid return to Hobbes’ State of Nature.

The mounting chaos has touched off a frantic search for explanations. As the architect of the new security doctrine and prime mover behind every pre-emptive intervention, the US has been at the epicentre of the controversy that it has unleashed. Its aggressiveness has been defended as an unavoidable response to the rise of global terrorism, and condemned as a product of the neo-conservatives’ thirst for Empire.

But in popular debate and, regrettably, in the making of policy in the powerful nations of the world, there remains a strong touch of denial. The belief, fostered in the early nineties, that Globalisation would spread affluence; that affluence would strengthen, or release pressures for democracy, and that the spread of democracy would bring world peace, still remains strong⁵. Indeed it has now been given a new Messianic form. If it doesn’t happen automatically it must be made to happen, if necessary by the sword⁶.

It is the contention of this paper that both the supporters and the critics of recent US policies credit it with far more capacity for autonomous action than it actually possesses. It suggests that the US itself is only a pawn of forces released by a vastly larger global convulsion. That convulsion began in the world economy more than thirty years ago, and it is what we refer to as Globalisation.

Since Globalisation first manifested itself in the world economy more than three decades ago, most of its existing definitions – and there are many – have been framed in economic terms. But Globalisation is a far more inclusive change, which embraces not only the economic relations within and between states, but political relations as well. All of these are being transformed almost simultaneously. The disorder it is creating is therefore systemic. It is enveloping us because Capitalism has burst the ‘container’ of the Nation State and begun to turn a large part of the world into its new container.

The concept of a 'container' for capitalism was coined by the French historian Fernand Braudel⁷. It refers to the social, economic and political unit that is large enough to organise and contain all the interrelated functions of capitalism -- finance, production and marketing. While the linkages that define this unit are primarily economic, Capitalism’s need for a secure environment within which to operate turns it into a political and military unit as well.
Technology is the engine that pushes the growth of Capitalism's container, for each new development in it enlarges the minimum economic scale of production. This is not, therefore, the first time that capitalism has burst its 'container'. Since its birth in the north Italian city states in the 13th century, Capitalism has done so on three other occasions. The first was when the hub of what was still a small largely European capitalist system shifted from the city states of Northern Italy, notably Genoa and Venice, to Amsterdam. The second jump took place from Amsterdam to Britain, and the third when Capitalism shifted its base from Britain to the US. The city state remained the container of capitalism during its first and second incarnations, but by the time capitalism made its next leap, it was too large to be contained within even a hybrid, nation-backed, city-state like Amsterdam, and needed to mould economic, technical and political relations in an entire nation state to turn it into its container. By the end of the 19th century Capitalism was outgrowing even the small nation state. So the USA replaced Britain as the hub of capitalism. But today Capitalism has outgrown even a large nation state and is making an incomparably larger jump than it did in any of its previous cycles of expansion is turning a large part of the globe into its container. That is the process that the world refers to as Globalisation.

Each new cycle of expansion has bee heralded by a ‘signal crisis’ when suddenly the global economic and political system suddenly loses the capacity to develop corrective responses to external shocks. The first signs that it was doing so came in the early seventies, when, during the recession that followed the first oil price shock, the industrialised countries found that time honoured methods of dealing with recession, such as pump priming, no longer worked. All it did was to stimulate imports of manufactured goods without reviving domestic industry and its associated activities. This new phenomenon was promptly given a name -- stagflation. The imports were, moreover not coming from other industrialised countries but from the low wage, newly industrialised countries of Asia and Latin America. And horror of horrors, most of these imports were being produced, or being licensed for production, by companies that had been producing them in their home countries before.

In the attempt to cope with this new situation industrialised countries have speedily dismantled most of the institutions that they had created to moderate social
conflict within their societies between the gainers and losers from Capitalism – between Capital and Labour. Foremost among them were trade unions and several of the institutions and laws of the welfare state. The resulting decline in the bargaining power of the poor has led to a rapid widening of income inequalities, the emergence of chronic unemployment, and the return of pauperism after 200 years. It has also led to the collapse of the former socialist countries and to the exclusion of large number of the poorest countries of the world from the process of trade based growth. Hobsbawm has christened these the ‘crisis decades’.

In the last three decades the world has come to accept, and live with, the disorder created by Economic globalisation. It has also gone some way towards building new, and adapting existing, international institutions that can help us to cope with its worst effects. But as in previous cycles of capitalism, Global Capitalism needs the construction of a new political container as well – one that encompasses most, if not all, of the world. It is here that it has entered uncharted territory.

One crucial asymmetry between economic and political globalisation is that while a market economy does tend to return equilibrium even after severe external shocks, there is no such self corrective mechanism in politics. In previous cycles, therefore, order has had to be restored by a hegemonic power, and its rise has invariably been preceded by a long period of violence. Thus north Italian city state system emerged after a 100 years of internecine war from 1420 to 1520. Amsterdam emerged as the next hegemonic centre of power only after 80 years of war, 50 of them between Holland and Spain and the last thirty a general conflict that came to be called the “Thirty years’ war.” The rise of Britain was preceded by almost sixty years of war between Britain and Holland and France, from the seven year War in 1756 till the end of the Napoleonic Wars in 1815. This period also saw one failed and two successful revolutions in Holland (Batavia), and France and the United States. Finally the shift from the British to American cycle saw 41 years of turmoil, two world wars which killed about 80 million persons, and the Holocaust.

There is a disturbing trend beneath these cycles. The construction of each new container has had to be accomplished in a shorter period, over a larger part of the globe,
and has therefore involved more violence. Will this trend continue in the future? There is no automatic mechanism, like the market, that can ensure that it will not.

The second reason why the world has entered uncharted territory is that while the struggle for power between gainers and losers that was unleashed by each of the previous transformations of capitalism took place within the framework of a pre-existent city or nation state, which could act as referee or moderator, there is no global counterpart that can perform this function during the creation of the global container for capitalism. We are breaking the mould and weakening or destroying the institutions of the nation state and nation-state based capitalism, but without anything to take its place. Other than the natural aversion to violence, there is thus no choke, no moderator of the global conflict that is now erupting. And, as the late nineties and the first six years of this century have already shown, the natural inhibition to violence is wearing thin.

Most of the current disorder in the world results from attempts to build a new world order that are going wrong and yielding completely unanticipated side effects that have created more problems than the ones the innovators set out to resolve. The disorder in the international state system that erupted after the Cold War necessitated an unprecedented increase in military interventions. Initially these were carried out with the consent of, and under the banner of the United Nations. But beginning with the aerial bombing of Serbia, the UN began to be bypassed. After 9/11 the US has decided to dispense with the consultative and consensual approach altogether and be guided solely by its own national interest and security perceptions.

Chaos is spreading because the US is not willing to recognise that the construction of the new global polity requires the suppression of nationalism not only in other nation states but in its own as well. Instead it is attempting to expand the perimeters of its own nation state to encompass the world. This is the true genesis of the drive towards Empire. It is also, unfortunately the genesis of international terrorism. Today the two are feeding off each other to snuff out democracy.

The attempt to build an empire is in deep trouble, but even if it were to succeed it would be at the cost of more violence than human society can stand. The Empire project has locked the US and its allies into a relentless confrontation with smaller nation states
and virtually ruled out accommodation as a way to create a stable world order. Confrontation has turned into a no-holds-barred struggle to prevent the spread of nuclear technology on the one hand and chemical and biological weapons on the other. The struggle is further heightening the confrontation and the fear that dominates relations between nations. Atoms, germs and fear make a deadly cocktail.

(The writer is a former editor of the Hindustan Times, New Delhi, India, and a former adviser to the Indian Prime minister. He is the author of a forthcoming book, “The Twilight of the Nation State: Globalisation, Chaos and War”, published by the University of Michigan Press.)

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3 As of now there have been 61 UN peacekeeping missions. 11 were completed before the end of the Cold war. 50 have taken place in the period between 1991 and 2006, of which 16 are current missions. See http://en.wikipedia.org/wiki/List_of_all_UN_peacekeeping_missions#Completed_missions.
4 This is President George W. Bush’s National Security Doctrine, unveiled at West Point on June 2, 2002.
5 This belief can be traced back to French philosophers like Montesquieu. Karl Polanyi’s explanation of the causes of the ‘Hundred Years’ Peace’ in the 19th century relies upon this inter-relationship (The Great Transformation- Beacon Press 1957). It was revived by Samuel Huntington in his “The Third Wave-Democratization in the late Twentieth Century”. University of Oklahoma Press 1991.
8 The term ‘signal crisis’ is Giovanni Arrighi’s. He called the disorder that sets in a ‘systemic Chaos’. (The Long Twentieth Century: Money, Power and the Origins of Our Times. Verso 1994.)