The current financial crisis has forcefully, if perversely, demonstrated the centrality of the US in the global capitalist system. It is difficult to make any sense of recent events without emphasizing the imperial dimension of America’s relationship to the rest of the world. The crisis began in the US, rapidly spread to other parts of the world and continues to be shaped by American political and economic developments.

Even before the crisis had been able to force any major American institutions to their knees, it was not only British banks, with their long tradition of a wide variety of transatlantic linkages, which immediately felt the brunt of the subprime crunch in the summer and fall of 2007; so did German regional banks (often still seen as epitomizing the virtues of coordinated capitalism and bank-based financial systems) which had invested heavily in American mortgage-backed securities. Indeed, although the media were initially mystified as to how small towns in Norway could be bankrupted by problems in the American housing market, it soon became clear that even the most tenuous connections to the world of global finance were sufficient to be drawn into America’s problems. European countries had also quickly suffered the consequences of the bursting of the dot-com bubble in 2001, yet that crisis had still somewhat respected the traditional boundaries of high finance and low finance: stock markets plummeted around the world but fears that this would trigger a prolonged credit crunch and economic paralysis proved exaggerated. Financial dynamism was restored with relative ease and a range of new, highly profitable financial practices emerged without much delay. But this time, the astounding speed with which the contradictions spread from the American financial system across the world was testimony to the extent to which markets for money, bonds and equity everywhere had become so much further integrated in the past decade. And as Wall Street had become more and more dependent on the mundane world of US mortgage and consumer debt, so was the ground being laid for a worldwide financial crisis.

The logic of the crisis played itself out in the context of an international financial regime organized around American financial practices and
institutions, and this has shown yet again how the distinctive nature of American finance as it has been shaped domestically constitutes a key dimension of US imperial structures. Defying the hopes and expectations of a great many commentators, the crisis has not produced any meaningful delinking from the US-centred global order. And in this respect the situation is dramatically different from the 1930s, when the world economy quickly fragmented. In the age of American empire, such autonomy is much harder to achieve.

For some time many had their eyes on Europe, viewing the steady rise of the euro vis-à-vis the dollar as an expression of the fact that American capitalism had had its day and was ceding terrain to Europe’s more civilized version of capitalism and its more benign international ambitions. But it did not take long for such notions to look rather dated as Europe was dragged into the downward spiral of financial meltdown and economic depression. Significantly, it was the export-dependent German economy, often portrayed as a bastion of relatively non-financialized industrial growth leading the rise of the Eurozone, which performed worst, contracting at a rate of 2.1 per cent during the last quarter of 2008. Under headlines like ‘Eurozone slump worst in 50 years’, data on the European economy has increasingly been presented as ‘highlight[ing] how the fortunes of the world’s economies have become entwined as the global crisis has unfolded’ (Atkins et al. 2009).

On the eve of the crisis, even more common was the view that this decade was shaping up as Asia’s moment as the new pole of accumulation and growth. But expectations that the largest Asian countries would be able to decouple from the US amidst the crisis and position themselves as new, independent centres of growth were soon dispelled by the serious impact of the crisis on their economies. The Chinese export position and trade balance have deteriorated dramatically, and although it has a long way to go before getting into the kind of negative growth figures currently plaguing Western economies, the precipitous decline in its growth rates now make it look like just another export-led economy, vulnerable to all the dependence on foreign buyers that such a status entails (Wolf 2009). The Japanese economy, meanwhile, shrank by a stunning 3.2 per cent during the last quarter of 2008, and the decline of its manufacturing output and exports accelerated with the start of 2009, throwing its political establishment into disarray (Dickie, Financial Times 2009). All this spoke to the undeniable fact that Asia is thoroughly locked into the dynamics of US-led global capitalism. As Bello (2008) has put it, ‘China’s main foreign market is the US and China in turn imports raw materials and intermediate goods that it uses for its exports to the US from Japan, Korea, and South-East Asia. Globalization has made “decoupling” impossible. The US, China, and East Asia are like three prisoners bound together in a chain-gang.’ Rather than imperial allies, Japan and China look like France and Germany in the 1930s, locked into a battle over a shrinking economic pie. All this makes