



Hacettepe University Graduate School of Social Sciences

Department of International Relations

**SUB-IMPERIALISM AND THE MIDDLE EAST: SAUDI ARABIA'S  
REGIONAL POLICY IN THE POST-COLD WAR PERIOD**

Mert Emir YILMAZ

Master's Thesis

Ankara, 2022



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## **ACCEPTANCE AND APPROVAL**

The jury finds that Mert Emir Yılmaz has on the date of 18.05.2022 successfully passed the defense examination and approves his Master Thesis titled “Sub-Imperialism and the Middle East: Saudi Arabia’s Regional Policy in the Post-Cold War Period”.

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Bu çalışmadaki bütün bilgi ve belgeleri akademik kurallar çerçevesinde elde ettiğimi, görsel, işitsel ve yazılı tüm bilgi ve sonuçları bilimsel ahlak kurallarına uygun olarak sunduğumu, kullandığım verilerde herhangi bir tahrifat yapmadığımı, yararlandığım kaynaklara bilimsel normlara uygun olarak atıfta bulunduğumu, tezimin kaynak gösterilen durumlar dışında özgün olduğunu, **Dr. Öğr. Üyesi Engin Sune** danışmanlığında tarafımdan üretildiğini ve Hacettepe Üniversitesi Sosyal Bilimler Enstitüsü Tez Yazım Yönergesine göre yazıldığını beyan ederim.

**Mert Emir Yılmaz**

## ÖZET

Yılmaz, Mert Emir, *Alt-Emperyalizm ve Orta Doğu: Soğuk Savaş Sonrası Suudi Arabistan'ın Bölgesel Politikası*, Yüksek Lisans Tezi, Ankara, 2022

Alt emperyalizm teorisi merkez kapitalist devletlere bağlı ve onlar tarafından domine edilmelerine rağmen göreceli olarak bağımsız politikalarla sermayelerini sınırlarının dışına ihraç edebilen bağımlı kapitalist ülkeler grubuna atıfta bulunur. Suudi Arabistan'ın tüccar sınıflarının desteğine sahip güçlü devlet yapısı, yabancı işçilere uyguladığı aşırı sömürü, ABD ve diğer gelişmiş devletlerle olan “muhalif müttefikliği” ve Suudi etkisini Orta Doğu bölgesine yaymak için sarfettiği üstün çaba faktörleri Suudi Arabistan'ın temel özelliklerinin alt emperyalizm teorisiyle uyuştuğunu göstermektedir. Bu sebeple bu tez Suudi Arabistan'ın Orta Doğu'daki dış politikasını analiz etmek için alt emperyalizm konusunu inceleyecektir. Sovyetler Birliği'nin dağılmasıyla birlikte genel olarak küresel kapitalizmin ve bölgesel olarak Ortadoğu'nun yapısının köklü değişikliklere uğradığı göz önüne alındığında, bu tez özellikle Soğuk Savaş Sonrası döneme odaklanmaktadır. Suudi Arabistan'ın Körfez Savaşı, Irak ve Afganistan'ın ABD tarafından işgali, Arap Baharı ve Yemen İç Savaşı sırasındaki eylemleri kadar Suudi şirketlerinin etkisini Suudi ve Körfez bölgesinin ötesine yayma çabaları Suudi Arabistan'ın Orta Doğu'ya egemen olan ABD hegemonyasının yardımıyla Soğuk Savaş sonrası dönemde etki alanlarının kapsamını ve boyutunu genişletme isteğini göstermektedir. Saudi Arabistan'ın uluslararası politikada hem genişlemeci hem de merkez kapitalist ülkelerle uyumlu tutumunun alt-emperyalizm teorisinin devlet davranışları hakkındaki açıklamalarıyla daha yakından incelenmesi gerekmektedir.

### **Anahtar Sözcükler**

Alt-Emperyalizm, Suudi Arabistan, Khaleeji Kapitalizmi, Körfez ülkeleri, Orta Doğu

## ABSTRACT

Yılmaz, Mert Emir, *Sub-Imperialism and the Middle East: Saudi Arabia's Regional Policy in the Post-Cold War Period*, Master's Thesis, Ankara, 2022

The sub-imperialism theory refers to the policies of a group of dependent capitalist states which are capable of exporting their capital outside of their borders with their relatively independent policy despite of their strong dependence to and domination by core capitalist states. The strong state structure with the support of the merchant class, super-exploitation of migrant workers, “antagonistic alliance” with USA and other developed states, and the intense motivation to expand Saudi influence in the Middle East are all evidences of a state model compatible with the essential features of sub-imperialism theory. Therefore, this thesis scrutinizes the concept of sub-imperialism in order to analyze Saudi Arabia's foreign policy in the Middle East. Regarding that the structure of global capitalism in general and the Middle East as a region in particular have been subjected to radical changes with the demise of Soviet Union, this thesis specifically concentrates on the Post-Cold War Period. The Saudi actions during the Gulf War, the U.S. invasion of Iraq and Afghanistan, the Arab Spring and the Yemeni Civil War as well as the efforts to expand the influence of Saudi conglomerates beyond Saudi and Gulf region reveals a Saudi willingness to expand its sphere of influence more intensely after the end of the Cold War with the help of U.S. unipolarity dominating the Middle East region. Both the expansionist and cooperative attitudes of Saudi Arabia in international politics need to be explained more closely with the sub-imperialism theory's explanations about state behaviour.

### **Keywords**

Sub-Imperialism, Saudi Arabia, Khaleeji Capital, Gulf States, Middle East



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## INTRODUCTION

Imperialism is perhaps one of the most ardently debated concepts in political and economic history. It has been frequently debated during the course of time not only by scholars and statespersons but also by ordinary people alike who have seen it as a key concept shaping the history. Furthermore, its supposedly modern form has gained even more importance in the eyes of the public because of its supposed relevance to today's politics. Without a doubt, imperialism is one of the first concepts to pop into the mind of the people when they are asked about the source of the political, economic, social and cultural conflicts happening around the world.

Linking the concept of imperialism to great powers is certainly a natural way of thought, as imperialism itself is shaped by the very actions of the great, or hegemonic, powers throughout the history. Imperialism owes its great importance to its continuous development evolving it into an "exercise of power either by direct conquest or through political and economic influence" (Young, 2001, p. 27). Imperialism, either covertly or overtly, has been a crucial part of political and economic history, and has had tremendous impact on nations great or small alike, for the better or the worse.

Popular though it may be, imperialism is not a simple concept to perceive at all. First of all, it is not even certain what to understand from the imperialist practices applied for centuries. Any person who has decided to take a peek at imperialism studies might notice a lack of consensus on the essence of imperialism and its consequences. Certainly we may describe imperialism as the act of a group of people's dominance over another group of people with various methods. Even though it is a clear enough definition, anything else outside of the essentials of imperialism lead to a significant degree of debate among theorists. The claims about imperialism ranges from describing it as a form of exploiting resources and labor in victim countries or regions, by presenting it as a beneficial tool for helping the adaptation of colonized or dominated societies to capitalism.

Capitalism, by the way, holds a synonymous position with imperialism at the first look. This is not a wholly wrong estimation due to the close relation between capitalist development and imperialism throughout history. The period of 19th and early 20th century European empires gives enough reasons to people for framing capitalism alongside with imperialism, but it is particularly the advent of neoliberalism which has introduced adequate inspiration to talk about an imperialism of capitalist classes over unfortunate masses in a transnational sense. The close relationship between them holds imperialism as an inevitable exercise of capitalism used for increasing the profits and expanding the area of influence.

The abovementioned opinions pretty much sums up the surface level views on imperialism. There is no point in arguing that these views are misguided or blatant, instead they simply lack a more detailed touch capable of doing justice to the term of imperialism. For instance, imperialism might be described as a practice of active exploitation and domination of an area as well as a group of people by more powerful group of people. However, imperialism does not always have to be an active type of dominance with military might. Moreover, the view of relating the advance of capitalism with imperialism certainly has a significant amount of validity yet only focusing on capitalist imperialism concept misses out the pre-capitalist or non-capitalist versions of imperialism and risks understanding imperialism very closely with capitalism in a dehistoricising manner just by taking the international trade into consideration but not the social relations of production (Kiely, 2010).

Another aspect of imperialism that is visible in the politics of today but not recognized enough is the fact that imperialism is not unique to great powers or hegemonic powers. In other words, witnessing imperialism at its finest in the hands of great powers possessing hegemonic powers does not limit imperialism to states or empires enjoying the zenith of their power. Imperialism is also permissible for middle powers which carry the capability of influencing the area around them while keeping their good graces with great powers.

In addition to its complexity, the study of imperialism also suffers from a vastness making it harder to be explained by only one view. The subfields of imperialism greet us at this point to aid us for overcoming the vastness of imperialism studies. Sub-imperialism study is one of such subfields carrying the aim of drawing attention to lesser known aspects of imperialism. It explains the nature of middle powers which are under the political and economic influence of great powers, nevertheless, trying to expand their influence to the less powerful nations in their region or perhaps in another continents.

The imperialist practices of middle powers might be regarded as an already-known fact due to the apparent expansionist policies of developing states like Brazil, South Africa or India. However, the interpretations about the actions of such states do not usually connect them to a wider imperialist network but rather are conveyed as a “peculiar” characteristics of those state propelling them to act different, either in order to cope with the neoliberal capitalism squeezing the wealth of developing states or to form a line of defense against great powers. These views are only adequate to explain the specific nature of powerful developing states but not adequate enough to explain their sub-imperialist nature connecting them to the capitalism and imperialism as a practitioner, not merely as a victim.

Sub-imperialism is not a completely neglected field thanks to several studies analysing major regional states such as Brazil and South Africa. No matter how convenient these studies are, one major regional state escapes the gaze of sub-imperialism studies: Saudi Arabia. The Kingdom ruled by Al Saud family actually gathers attention from the international community due to its, possibly, unique social, political and economic structure which means it is not a dark spot in scholarly analyses. The attitude towards Saudi Arabia is more negative due to the Kingdom’s problematic history with human rights and its hostile foreign policy in the region especially towards some non-GCC states, for instance Yemen recently.

Nevertheless, Saudi Arabia has a lot more to offer if the focus goes beyond its misdeeds. Saudi Arabia, with Al Saud family at its helm, perhaps best known for its exemplary role in rentier state model in which the oil revenues constitute the main source of state, or royal, treasury instead of getting revenues from direct taxation. Furthermore, Saudi Arabia is one of the Gulf states providing its citizens various benefits like housing, education, employment and other state benefits (Hanieh, 2011). On the other hand, the capitalist merchant classes enjoy a close cooperation and assist from the state institutions rather than a complete neoliberal practice where state is discouraged from being effective in the free market. Furthermore, the Khaleeji Capitalism occurring in GCC region enhances the capabilities of Saudi conglomerates by internationalizing the Saudi capitalism and conforming it to the world economy.

In addition, the foreign policy of Saudi Arabia carries a degree of difference when compared with the general framework of the Middle East politics. More than just trying to impose its strong position towards neighbouring states through mostly traditional military methods, Saudi Arabia aims to enlarge its economic influence by exporting the Saudi capitalism outside of its borders. Although the power struggles of Saudi Arabia with other emerging great powers includes political and military aspects not unique to Saudi Arabia, the role of “The Custodian of Two Holy Mosques” gives Saudi Arabia additional fervor to contest for the leadership of Islamic world and therefore allowing it to use religious rhetorics for political, or more essentially economic, struggles.

An another distinct feature of Saudi foreign policy is the special relationship it enjoys with the Western states, most importantly USA and Israel. This special relationship is amicable at best and antagonistic at worst because of the middle position of Saudi Arabia in which it is able to exercise power over less powerful states but not able to withstand the pressure from developed states, especially the hegemonic ones like USA. The paradoxical middle position of major regional powers is a key feature of sub-imperialism theory and deserves a more elaborated analysis.

Thereof, the thesis specifically concentrates on the analysis of the sub-imperialism in the Middle East region with taking the domestic structure and foreign policy of Saudi Arabia as the main case. The thesis follows a bottom-up method in which the components of the thesis (namely the development of imperialism, sub-imperialism theory and the history, structure and society of Saudi Arabia) are to be analysed separately, and then the sub-imperialist nature of Saudi Arabia is to be exposed by taking its foreign policy choices as references. Saudi capitalism deserves to be explained as a sub-imperialist structure with its exploitative tendency towards the migrant worker class and its internationalizing character while being a crucial part of finance capitalism, making it a vital part in the economies of less fortunate Middle Eastern states while remaining subordinate to the capitalist structures of developed states.

The reason for looking into the presence of a lesser-known theory by taking an unfamiliar country as a case surely brings so many “why” questions with it. It would be more accurate to deconstruct the title of this thesis “Sub-imperialism and the Middle East: Saudi Arabia’s Regional Policy in the Post-Cold War Period” for coming up with an effective answer. “Sub-imperialism” is important because it is a fledgling theory within the imperialism studies that deserve more attention owing to its focus on the actions of strong middle powers. “Middle East”, in this context, is necessary because the sub-imperialism theory has not looked into the Middle East region yet and bringing this region to attention may enrich the sub-imperialism literature. “Saudi Arabia” is pivotal as it is one of the most active powers trying to dominate the region as well as claiming a major role in the world economy. Lastly, “Regional Policy in the Post-Cold War Period” aspect can not be ignored as this thesis aims to utilize sub-imperialism theory for explaining the foreign policy motives of Saudi Arabia. Using sub-imperialism as a foreign policy analysis method might do a tremendous help in understanding the power projection policies of various middle power running after regional dominance, thus this thesis desires to provide that by bringing Saudi Arabia forward.

The main body of the thesis consists of two parts. The first part explains the theoretical ground of the thesis, which includes the development of imperialism in relation with the advance of capitalism and more importantly the definition and implications of the sub-imperialism theory. The second part takes Saudi Arabia as a case study for explaining sub-imperialism in the Middle East region.

The first part of the thesis is essential for explaining the theoretical reasons for choosing sub-imperialism as a central concept to understand international politics. Doing that requires explaining the development of capitalism into today's neoliberal capitalism and how imperialism advanced as an increasingly common, and covert, practice throughout history. The first chapter briefly summarizes the relation of imperialism and capitalism in history with taking milestone periods like Age of Discovery, Mercantilist era, 19th century European Imperialism and ascendancy of USA after the Second World War, as subchapters until the advent of neoliberalism since 1970s. The emergence of neoliberalism and the post-Cold War era with American hegemony is scrutinized further in the second chapter for understanding today's world economy and determining the "inspirations" for the emergence of sub-imperialism theory.

The third chapter explains the sub-imperialism theory itself. It begins with explaining the features and implications of the sub-imperialism theory in the first chapter by referring greatly to Brazilian economist and sociologist Ruy Mauro Marini, who is also one of the founders of the Dependency Theory. The explanation of sub-imperialism theory focuses on the super-exploitation of labor and the expansionist characteristics of sub-imperialist states due to their relevancy to the subject of this thesis. The second chapter end with an emphasis on the importance of sub-imperialism for understanding the dominant states in various regions, thanks to its accuracy in predicting the expansion of prominent regional powers at the expense of weaker ones.

The second part of the thesis takes Saudi Arabia as a case for explaining the increasingly sub-imperialist characteristic of powerful regional powers in the Middle East, particularly the Gulf region. In the first chapter, the increasing financialization of



Saudi capitalism, its crucial role in Gulf Cooperation Council (GCC), its peculiar social structure consisting of relatively narrow citizen population and migrant worker population, the royal family based state structure and its pioneering of Khaleeji Capitalism are analysed in order to determine the presence of sub-imperialism in the essentials of the Kingdom.

Understanding the post-Cold War period, as an era of global radical structural transformations, is more important to determine Saudi Arabia's crucial role in today's world. Therefore, the second chapter concentrates more on exposing Saudi Arabia's sub-imperialist agenda with a focus on Saudi Arabian foreign policy after the end of the Cold War. Saudi Arabia's interests in strengthening its position both in the region and in the world is the central issue of this chapter as it includes Saudi Arabia's tangled economic and political relation with the fellow GCC members, its bid for religious leadership in the Muslim world and its conflicts with Iran in this regard, its close - but still somewhat inconsistent - relations with developed states, and its political and economic power struggles in the region during major events such as the US War on Terror and Arab Spring, aiming at increasing Saudi capabilities to the disadvantage of less powerful developing states in the Middle East. All of these factors are integral for analysing Saudi Arabia's relationship with sub-imperialism.

Lastly, the conclusion part discusses on the question of how the sub-imperialism theory may help further by explaining the increasing adaptation of the Middle East region to the global economy. The increasingly expansionist aims of the regional powers and their consistent dependence to the great powers (USA or China) have the potential to represent a new vibrant study area for the sub-imperialism theory and I will argue about this claim by going over recent events as examples.

# **CHAPTER 1: IMPERIALISM AND SUB-IMPERIALISM: UNDERSTANDING GLOBAL AND REGIONAL POWER RELATIONS**

## **1.1 IMPERIALISM AND CAPITALISM THROUGHOUT HISTORY**

This chapter delves into the history of imperialism and capitalism in order to determine the sources of their current structure by taking a historical approach. Imperialism, along with capitalism, is indeed a centuries-long concept with different implications in different periods of time meaning that a chronological analysis of imperialism is direly needed before moving onto its contemporary implications, namely sub-imperialism in this thesis. Only when an overall picture of imperialism is drawn through its historical development and alterations hand-in-hand with capitalism, which has proved its worth by extraordinarily enhancing the capabilities of imperialist practices, the 21st century imperialism is better understood. Therefore, the history of imperialism and capitalism is explained in the first chapter so as to establish a connection for the causes of contemporary, namely neoliberal, imperialism and sub-imperialism dominating the so-called peripheral regions of the world.

### **1.1.1 The Primitive Framework of Imperialism**

In some ways, the term imperialism is held synonymous with the rise of capitalism. The common view in this case is simple to grasp: the imperialist practices have gained importance with being the locomotive of the expansion of the capitalism which gave the European continent a superiority over the less fortunate parts of the world. This view has a degree of historical truth when we examine the adventures of imperialist states carrying the aim of expanding the reach of their capitalist model, especially during the 19th century. When we look at the pre-capitalist imperialism concept though, it is clear

that imperialism indicates a somewhat different definition than contemporary imperialism.

Imperialism, or in Latin *Imperium*, essentially means a “rule over extensive, far-flung territories, far beyond the original ‘homeland’ of the rulers” (Howe, 2002, p. 13). This definition refers to the foundations of imperialism that we witness from the era of antiquity to the colonial empires, alternatively the time period of pre-capitalist imperialism. The old epoch of militaristic empires occupying vast historical periods without a doubt should be regarded as an active practice of imperialism.<sup>1</sup> However, pre-capitalist imperialism was rather about the extension of a supreme authority (mostly of emperors) to militarily weaker regions through military conquest or vassalage. These aspects of pre-capitalist imperialism have certain similarities with the capitalist imperialism which supports spreading the culture and skills of developed nations to lesser developed nations through its policies. Nevertheless, the old imperialism is certainly much less relevant with the capitalist imperialism mainly in terms of economics because the notion of transforming the subject region into an imperialist control in a passive manner through trade and inciting them to produce for the capital accumulation within the imperial centers was largely unknown, and therefore the pre-capitalist mode of imperialism had ultimately little effect on the economic basis of conquered regions (Magdoff, 1978).

The concepts of “exploiting surplus” was not an irrelevant occurrence during the pre-capitalist imperialism era but it lacked the decisive factor of producing and selling goods in an enlarged scale with efficiency. Being devoid of transforming the conquered regions towards an economic model generating significantly more surplus value to extract, the common economic domination methods of imperial centers were resorting to piracy, plundering, capturing slaves and establishing colonies in a primitive sense which merely served as a bulwark for trading in places where a land route could not be

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<sup>1</sup> As an interesting fact, those old militaristic empires carried quite different characteristics than each other, unlike the commonly liberal and Western characteristics of the imperialist power since the 19th century. Although the empires of the old ages has numerous examples from the Roman Empire to Mongol Empire (carrying different social, cultural, political and economic features), the imperialism they imposed was more similar than believed.

established (Magdoff, 1978, p. 3). The economic root of expansion in pre-capitalist social systems relied mostly on the collection of tribute, or in other words the appropriation of the surplus obtained from the vanquished or dominated societies (Ibid, p. 3).

The simplicity of the pre-capitalist imperialism is tied with the state of the pre-capitalist societies which had more limited sense of dynamism when compared with the capitalist societies. Despite the fact that growth and trade did indeed develop to some level, the more rapid and cumulative transformation came with the emergence of capitalist social relations of production which created an imperative for the owners to invest and innovate for survival (Kiely, 2010). In time, the emergence of industries in Europe with the need of finding new markets for their good while simultaneously wishing to benefit from the raw materials of other continents were the reasons of colonialism which was the final pre-capitalist form of imperialism as well as being a gateway the capitalist imperialism.

The vicious circle of the pre-capitalist imperialism entered into a transformation period with the discovery of the New World starting in the 15th century, a transformation period introducing new ways for generating new innovations for creating a growing surplus in the imperial centers while partially retaining the pre-capitalist methods of control. The colonialism practiced until the late 18th and 19th century was centered around the trade relations between the New World and the rising European imperialist powers wishing to dominate the newly emerged Atlantic trade route. The mode of trade activities during colonial era was tied with the emerging merchant capital which involved the financially backed merchants moving the produced goods of core countries to lesser developed regions for finding suitable markets and thus collecting profit through the methods of creating trade posts, safe maritime bases or white-settler colonies in the small enclaves by slowly driving away the indigenous population. This was the time of the rise of merchant houses introducing the concept of private property to colonies by establishing businesses, which was supported by small financiers in the form of exchanging debt, forming the backbone of financial capitalism which would be

crucial in the later chapters of capitalism and imperialism. Merchant capitalism, owing to its crucial role in making headway for imperialist powers to enhance their trade with the New World, created a model of “primitive capital accumulation” through colonial exploitation and inspiring the capitalist mode of production later on (Magdoff, 1978, p. 3) Therefore, it may certainly be claimed that merchant capitalism provided the framework necessary for the emergence of industrial capitalism of late 18th and 19th century.

According to Harry Magdoff (1978, p. 3-4), the widespread practice of merchant capitalism and the relatively underdeveloped state of manufacturing activity led European nations to four sources for enhancing their wealth and power: (1) establishing dominance over the intra-Asian trade after the removal of traditional merchants in Asian powers and totally controlling the world’s sea routes; (2) capturing the gold and silver sources of the American continent along with the treasures of other conquered territories; (3) supplying the native Asian or American products demanded (or could be demanded) at home; and (4) developing the African slave trade.

One of the most significant results of the merchant capitalism was the increasing competition between imperialist centers, mostly European nations, for controlling the trade in the new routes and preserving the trade interests of their national capitalists. On a smaller scale, this might be related with the occurrence of “colonial wars” which was mostly fought for clinging on the mastership of colonies and getting more advantageous benefits of commerce. On a larger scale though, the conflict of interests between imperial centers led to the emergence of “mercantilism” as the widespread economic policy of the colonial era. Mercantilism might be described as the action of maximizing the exports and minimizing the imports for an economy to counter the threat of competition and economic devastation by rival powers. Mercantilist policies have been a major reason for the wars between colonial powers and a pretext for colonial expansion due to their aim in creating a positive balance of trade and accumulating adequate monetary reserves by imposing tariffs and subsidies on traded goods at the expense of other rival trading nations (Johnson et al., 2012). It promoted a strong

government regulation for keeping an eye on the nation's economic and military capabilities in order to increase the state power and inspired the future economic policies of protectionism. Even after its dismantling, mercantilist characteristics have become embedded in the economic practices of contemporary industrialized states with the utilization of economic interventionism despite the rising trends of free trade and then globalization (Rothbard, 2017).

The legacy of colonialism, with its inherent features of merchant capitalism and mercantilism, is a matter of dispute owing to its mixed effects. The favourable views on colonialism usually center around the claim that it was good to promote the incorporation of economically and socially different territories into the emerging international trading order (Smith, 1981). Therefore, it has been claimed that the incentives provided by colonialism led to the creation of new markets with profits and new areas for investments both of which enhanced the supply of capital to the core nations. The new Atlantic trade routes, thanks to the explorations made during the Age of Exploration mainly by Spanish and Portuguese kingdoms, gave a renewed vigor to the economies of European kingdoms which were being strained by the obstacles and external problems experienced in the already existing land routes, especially the Silk Road. The strain on Europe's supply of land and energy was becoming a matter of crisis not only because of inadequate lands for vast populations but also due to the rising animosity between the European powers. Bearing this in mind, the expansion of the European zone of economy into the New World provided an "ecological relief" for Europe by creating a peripheral zone for Europeans to exchange the manufactured products of their rising industries with the land-intensive products of the New World (Pomeranz, 2000, p. 61).

Moreover, the political aspect of the problems experienced in relation with the trade stagnancy was largely tied with the persistent feudal practices in Europe, or more precisely its obsolescence. The rise of the then-fledgling bourgeoisie class in Europe along with the diminishing importance of feudal lords, who were largely tied to the revenues of their own land instead of the revenue from the Atlantic trade, gave way to

the increasingly absolute reign of the ruler alongside with more politically able citizens. The new political and economic structure in European nations would give way to the modern state system first and then to the democracy owing to the interests of the strengthened bourgeoisie demanding more liberated political atmosphere for economic gains (Kiely, 2010).

In addition to signaling a change in economic and political systems, the efforts of colonial nations to integrate the lesser developed nations to the international trading order curiously created a proto-version of the imperialism with cosmopolitan values destined to be widespread in the 21st century (Cooper, 2002). It was then more precisely about the applicability of the same international customs, and the same of international morality to civilized nations and “barbarian” nations alike (Mill, 2020, p. 121). However, also a precursor to the racism of 19th century imperialism, the emerging “cosmopolitan” ideas mostly devalued the native populations in colonies to the level of “backward savages” who needed help from more developed societies to achieve developed stages of economy and imperialism. Starting with the Age of Colonialism, the notion of superiority and inferiority has become a much referred rhetoric for controlling and exploiting the colonial possessions with actively or passively suppressing the native population and denying to give them equal say.

During the era of mercantilism, developing the African slave trade was a way of accumulating capital by bringing in cheap labor force for production for economic activities in the colonial enclaves (especially plantations) thus profiting from this business converting the New World into an important hub for slave market during the colonial era (Magdoff, 1978, p. 25). The practice of the slave trade became a controversial but widespread way of gaining profit from the colonies and became a landmark on the possibilities of human exploitation brought by the colonial imperialism. The racist views of colonialist powers played a major part for sustaining the slave trade and then for controlling the colonial possessions through force.

The matter of controlling and exploiting the lands with the backing of racist ideas, however, constitutes only a part of the problems with colonial legacy. The mercantilist practices of the colonial era caused problems in the process of trade in a way tied with the imperialist designs of increasing a nation's power at the expense of rival nations and colonized nations. From a classical political economy viewpoint, the application of mercantilism and the resulting imperialism from its practices were creating a distortion in trade because of the monopoly trading practices. The monopolistic tendency of trade at that time was caused by the restrictions in trade (particularly high tariffs) and the need for a military presence in colonies for enforcing maximum profits and kicking out the rival power competition which created increasing unnecessary burdens on the colonial powers (Kiely, 2010, p. 35). Eventually, the mercantilist strain on the trade between colonial powers led to a decrease in the efficiency of colonialism on the economies of European nations, or alternatively we might determine that the economic growth among the economically developed nations reached its limit again which was likely to prompt a search for a new "ecological relief". However, an unnecessarily enforced system of mercantilism ultimately ruled out colonialism as an option for obtaining further economic gains. The following centuries onwards from the colonial era would harbor debates regarding possible abolishment or radical alteration of colonialism.

The other problem about colonialism was the "limits" of imperialism imposed for economic exploitation. The direct appropriation of the surplus of the colonized territories and the wars among colonizing powers were mostly about the division of the gains of trade and of colonial possession. In addition, the productivity in the colonial era was fairly stagnant and most people just produced barely enough for their own use, meaning that the stolen surplus from the colonies was not enough for stimulating growth in imperial centers (Magdoff, 1978, p. 4). What was needed to enrich the imperial centers through the colonies could not be limited with the direct exploitation of native resources or trading the commodities with the native population by confining to trade posts. The next fundamental step had to be the export of the infrastructure for increasing productivity with developed financing methods while using the native populations as a cheap labor force (Ibid, p. 4)



The emerging classical liberals during the colonial period started to advocate a system of free trade, which was seen as a policy of civilized societies, backed by an “liberal empire”. The support for free trade was meant to be a counterweight against the nation-specific interests of mercantilism by putting universal interests forward. Therefore, we might define the classical liberal mission as creating an empire with universal values (like free trade and free will) in order to increase the presence of civilized societies. Indeed, they saw the fulfillment of their wishes with the rise of British Empire in the 18th and 19th century along with the advent of Enlightenment ideas and Industrial Revolution. However, the reality of a liberal empire would turn out to be very different than they had anticipated.

### 1.1.2 The Rising Relevance of Capitalism with Imperialism

So far, this thesis has discussed the pre-capitalist forms of imperialism and their economic implications. Starting with the late 18th century, the advent of imperialism would start with a dynamic structure tied with a nation’s rise to unmatched imperial power. However, the era of British Empire proved to be an example of a “liberal empire” as advocated by classical liberals but it would bring much more different consequences than expected.

Great Britain’s imperial success came with the radical changes brought by the Industrial Revolution, the vast trade system supported by the gold standard and the period of peace brought by “Pax Britannia”. The enlargement of industries with the acceleration of technological innovation requiring raw materials from colonies and thus imposing methods for high productivity tipped off a more dynamic imperialism opening a new era in history.

The British Imperialism emerged because of the relative inadequacy of the initial maritime activity which aimed at creating trade networks with trade posts and safe

harbours. Although the initial desires was limited with commerce and controlling trade routes, the small enclaves in white-settler colonies proved to be important stepping-stones for future conquests as the security of these enclaves (and thus trade interests) were supposedly under threat from indigenous people who viewed small enclaves as an infringement upon their own homelands (Magdoff, 1978, p. 22). The European nations, among which the British was at the forefront, were quick to realize the benefits of expanding the area of the colonial rule.

The result was inevitable conflicts between the colonialist powers and native populations often resulting in the subjugation of the more and more native people and tribes along with the advance of the imperial control towards the inwards of colonial regions (Magdoff, 1978, p. 22). The ambitious spread of the British rule brought fundamental changes for the indigenous societies such as directing the whole indigenous communities towards producing commodities directly for Great Britain through exporting capital and infrastructure and abolishing the system of self-sustainable and self-sufficient villages which previously had contributed to the imperial center thanks to the trade commodities produced in those villages, albeit insufficiently. Additionally, the consolidation of the British rule came with new land-revenue raising methods to finance the British rule in vast areas of land stretching from the Caribbean and to India (Magdoff, 1978, p. 24). The sustainability of such fundamental changes were dependent on forming a local elite class whose interests were aligned with the British, hence one of the main components of sub-imperialism (local elite classes) came to life with British imperialism.

Policies of the British imperialism were not merely impactful towards the indigenous people as it implicated much greater changes towards constructing a British capitalist system. The emergence of the British imperialism was also dependent on the changes in the economic and social dynamics of the British society. The primary change was the replacement of the mercantile economy by an industrial enterprise as the main source of national wealth in order to make the national and colonial policies more compatible with the new hierarchy of interests (Magdoff, 1978, p. 24-5). The aim of the British

imperialism had larger ambitions than simply being the biggest colonial power by having superior amounts of land, like the Spanish Empire, rather than that the goal of British imperialism was to turn Great Britain and its colonies into a “workshop of the world”. This required doing away with the restrictive and monopolistic trade practices (centered around the transatlantic slave trade, plantations in colonies and monopolistic trade companies like the British East India Company) in favour of the free trade model for creating a more effective environment for the British capitalism. Most distinguished by few trade barriers and low tariffs, the free trade model was one of the most influential reasons for the unmatched power of Great Britain during the most of the 19th century (Ibid, p. 25).

The development of the free trade model was hand-in-hand with the gold standard laid out by the British in order to facilitate the conduct of commerce with the rest of the world. The gold standard was largely used for creating a transaction framework instead of primitive bartering systems prevailing in non-capitalist societies, hence it allowed the British to influence the economies of non-capitalist regions despite the fact that some of those regions did not have established monetary systems. As its strength in international monetary system strengthened, the gold standard system allowed Great Britain to become the world’s leading financial and commercial power in the 19th century as well as encouraging other states to adopt the same system (Eichengreen, 2019, p. 5).

The imperialism of the 19th century shaped by the British ascendancy relied on obtaining the profits from the colonies through economic influence rather than military occupation or direct coercion method practiced by European powers other than Great Britain. The precondition for such a different empire building approach certainly came to be with the increasing maturity of the Industrial Revolution and the British dominance in manufacturing, the trade of which was backed by the dominance of the seas by the Royal Navy. The new British trade strategy came with a more economic and financial form of imperialism containing the free trade system and technological innovations. Under the industrial capitalism which encouraged finding new markets for manufactures, the indirect method of ruling with economic influence and expansion of

financialization were found more beneficial than old colonialism practices of showing active force in colonial regions especially due to lack of inter-imperialist rivalry.

The purpose of the colonies was altered to being destinations of international trade network, headed by the British, relying on expanding the banking sector to the colonies and exporting the capitals and its modes of productions to less developed territories. However it should be kept in mind that the export of capital was by no means an effort for industrializing the native population in the form of encouraging their capitalist development. In fact, it was an attempt of de-industrialization by disrupting the pre-capitalist societal system as well as the export economies beneficial for less developed regions and the economic productivity structures still employed by the indigenous population and directing the manpower to capitalist modes of production already practiced by developed regions (Kiely, 2010, p. 71).

The export of capital in this context did not merely followed a pattern of directing the surplus products into the new markets in colonies but rather the export of capital transformed into a phenomenon of building infrastructure in colonized regions by building factories, warehouses, big harbours, canals etc. In other words, the imperial powers, particularly Great Britain, became sellers of their manufactures instead of being buyers of colonial commodities during the mercantilist era (Magdoff, 1978, p. 17). In addition, the export of technological innovations such as building telegraph lines and railroads was becoming a common occurrence as well. Going beyond of disrupting the social and economic system of native societies, the massive scale of the capital export points to the designs of turning the colonial regions into peripheral warehouses in order to turn the British empire, or more specifically the English homeland, into the warehouse of the world (Ibid, p. 17).

Furthermore, the decreasing occurrence of colonial rivalry like in 17th and 18th century owing to the economic and militaristic dominance of the British Empire created a “Pax Britannica” that erased the images of battlefields from the minds of general population temporarily. Regarding all the aforementioned factors, we might at first consider the

“liberal empire” project a success when we describe the British Empire solely as a liberal empire refraining from military conflict and resorting to commercial as well as financial methods for enhancing its power while upholding its own faith in respecting to human rights regardless of the race. However, this was just the bright side of British imperialism often emphasized by liberals while the British imperialism had vicious effects on the world as well, most especially on the colonized populations.

The proponents of the British imperialism generally uphold the view of “free trade provided an economical balance between weak and powerful states” as a dogmatically true opinion and they believe that the continuous backwardness of colonial region was because of their wrongdoing. Let alone the historical inconsistencies, these views interpret the designs of the British imperialism and capitalism partially and way too optimistically. Actually, the view of equilibrium between weak and powerful states in an environment of free trade ignored the different level and stages of production between trading nations (Semmel, 1970). When we take those differences into account it is obvious that the free trade largely has served the interests of already powerful nations, Great Britain being the biggest winner in the 19th century. Even though the British capitalism sought to export its capital to less developed regions, it did not carry the aim of elevating the colonies into an eventual position of technological and technical independence. This was indeed the beginning of the “kicking away the ladder” situation, explained further in sub-imperialism chapter, in which the developed states subjugates the developing states into a dependency by denying to give them chance to develop their own technological innovations and thus ensure their continuous purchase of the products of technology made by developed states. Contrary to the claims that the free trade was an innovation by the British for the good of the world, it actually prove itself as a policy choice representing the British interest more effectively than the restrictiveness of mercantilism because Great Britain was able to buy cheap products while selling its surplus manufactures thanks to its productive superiority (Semmel, 1970).

The success of the liberal empire theory of classical liberal thoughts was another point of contention when the effects of British imperialism is scrutinized. The point of debate is definitely not the question of whether Great Britain was liberal or not, but instead at the question of whether Britain's actions towards its colonies were liberal. The fallacy of the humanitarian aspect of British imperialism also reflects an inherent wrongness of liberal view, which fundamentally implies an equal respect for all human beings but this respect does not include people from less developed regions when their beliefs and culture seemingly excludes the values of "autonomy, individuality, self-determination, secularism, competition and the pursuit of wealth" (Parekh, 1995, p. 97). The liberal view believed that the men and women with such different views can not use their human capacities truly and by failing to live up to 'norms' of their dignity or status representing the image of civilization, were not worthy of any liberal respect (Parekh, 1995). The failure to obtain such liberal respect, therefore, leads to the "inevitable" subjugation of backward societies under the rule of liberal capitalist countries aiming to "teach" them liberal values in addition to help their economic growth through free trade. The ferocity against seemingly illiberal regions and populations by the imperialist powers claiming to uphold the liberal values would paradoxically prevent the spread of liberal values to the colonies.

The reality in this context shows a very different picture: the fact that liberal ideas are quite compatible with the idea of empire and imperialism. The pretext of occupying a country or region for the purpose of exporting liberal values often devolved into an excuse for exploiting and controlling the economic resources of the victim country for the benefit of imperial centers. The British ascendancy was not a quest to spread liberal values across the world but a new stage of imperialism which was "the natural product of the economic pressure of a sudden advance of capitalism which could not find occupation at home and needed foreign markets for goods and for investments" (Hobson, 1988, p. 79).

When explaining the periods of the British empire, the common historical view describes an era of "indifference" during the mid-Victorian years as an exemplary

period of an informal empire which did not expand and seemed to be disintegrating due to restraining anti-imperialist practices contrary to the late-Victorian period which was described as a spectacular extension of British rule with a sharp turn from the innocent and static liberalism of the middle of the century. However, the mid-Victorian years should be defined as a decisive British expansion overseas with using both commercial penetration and political prowess which allowed Great Britain to command the economies of its colonies which could be made to fit best into its own (Gallagher & Robinson, 1953, p. 2). Thus, the economic interests were almost always superior to the application of equal human right and equal opportunities during the period of British imperialism.

### 1.1.3 The Rising Inter-Imperialist Struggles

In spite of its dominating success, the British capitalism with anarchaic aristocratic structure, or alternatively “gentlemanly capitalism” a term coined by Cain and Hopkins in the 1980s, had been claimed to be hindering the progress of British imperialism due to having stronger ties with commerce and finance rather than industry (Cain and Hopkins, 1994 as cited in Kiely, 2010, p. 85). In the face of other rising imperial powers, Britain’s early unmatched development as a sole capitalist imperialist power ultimately became the very reason of its relative decline of power against its rivals. This was primarily because of the lack of need to create institutions and guidelines to provide enhancements and incentives for development by the earlier English capitalism which did not face effective resistance from other European powers. The slow process of the Industrial Revolution in Britain did not create a necessity to develop a widespread bureaucracy for increasing the efficiency of British capitalism, and hence British imperialism, contrary to the characteristics of more rapid industrializations happening in Germany or Japan (Lachmann and Wood, 1993, p. 15).

Still, the British capitalism and imperialism managed to foster a world economy that left few isolated places untouched by trade activities. The world economy in the 19th century was a more intricate system than the old colonial trade systems with its reliance

on heavy capital investments in large-scale units for encouraging the development of new industries (Magdoff, 1978, p. 37). In addition to the advance in heavy capital investment, the financial capital with the banking institutions and stock exchanges became more vital for financing the investments both in the imperial centers and in the colonies. The mutual assistance of industrial and finance capitals ultimately enhanced the capabilities of the industrialized nations which resorted to imperialist methods with their advanced form of capitalism in order to secure more lands and raw materials for the interests of the business groups and the general population. Therefore, the reinvigorated imperialism brought a reinvigorated industrialism whose existence had close relationship with demands by the public or the elites, and technological advancements.

For the colonized world though, the emergence of the world economy meant their assimilation to the international trade by leaving no quarter for any self-sustained economic structure and, moreover, the indigenous people became the subject of a new international division of labor in which they became the supplier of raw materials and food commodities to the developed industrial countries while buying manufactured products from them (Magdoff, 1978, p. 37). The assimilation of untouched regions and exploiting their resources and manpower for their own national economies turned the colonial conquest a form of scramble between old and new imperialist powers, thus kicking off a new round of colonial rivalries.

The rise of new imperialist powers and the subsequent reemergence of colonial rivalries were one of the major reasons for the transformation from a world order dominated by the British towards a multipolar world order shaped by the existence of multiple imperialist systems. Even though the 19th century did not host a truly global conflict between imperialist powers thanks to the settlements between imperialist powers, the tensions between the great powers were nearing towards the brink of an explosion due to the diminishing size of the uncolonized territories and the conflicting trade interests of different imperialist blocs intermingled with the nationalist sentiments.



The reemergence of protectionism as a neo-mercantilist method was the rising trend of imperialist powers wishing to contest the British superiority. Protectionism as an economic policy means the government protection of the fledgling industries in a newly industrialized state through the use of high tariffs and quotas to imports, and subsidies to developing industries. It was required so as to develop economic advantages in the home country to build up a competitive domestic economy capable of resisting to the effects of international trade as, in a situation of free trade, industry could not have a chance to develop adequately against the cheaper imports by already established external producers. (List, 2011, p.79).

However, the use of protectionism has become more widespread in the latter half of the 19th century as the emerging imperialist powers were seeking to contest the dominant British power through developing their own industries and domestic economy. The more widespread pronouncement of protectionism by the newly industrialized imperialist powers than the free trade system introduced by the British Empire was directly related with the wish of increasing the coherence and efficiency of the respective national economical structures (Kiely, 2010). Over time, the fidelity to protectionism in the European mainland and in the USA gave way to the relative decline of the British economy and finance as the more centralized political characteristics of other European countries like France and Germany facilitated establishing a greater links between industry, commerce and finance in Europe than in Britain (Daunton, 1989, p. 119-58). The actions taken by the new imperialist powers like France, Japan and Germany was to expand the borders of their protectionism by spreading it to their colonies whereas Great Britain resorted to expand the borders of its free trade imperialism as well. The anxiety of the British government may be explained as a reaction to the declining strength of the British finance which was under threat from the reemerging restrictions on world trade. The conflicting views on world trade would eventually culminated in a rivalry between “European protectionism at home and territorial expansion abroad, while the established capitalist power used territorial expansion as a means, ultimately unsuccessful, to extend its free trade imperialism (Kiely, 2010, p. 87).

In addition to the commercial and industrial interests, the political and social interests started to be more pronounced with a new militarism fuelled by a new industrialism captivating the general populations of Europe embroiled with the nationalism (Magdoff, 1978, p. 37). The revival of protectionism with an integrated world economy, the rise of racial ideologies, increasing border tensions between imperialist powers (both in the European mainland and in colonial territories) and the view of civilizational superiority over other nations was effective in the surge of nationalist views among the industrialized nations. The widespread and intense nationalism was also a primary reason for the acceptance of imperialist practices by the general population as any territorial gain meant an increase in economic, political and military power of their “glorious” nation. The materials surge inspired by the new militarism had increasing the appeal for raw materials and strategic resources in the imperial centers and thus speeding up the exploitation from the colonial regions as well as enlisting the indigenous people in imperial armies through incentives or force.<sup>2</sup>

The discontent with the market economy and free trade model, outcomes of the British imperialism, would reach a high point during the interwar period along with the full effect of the new militarism. The prestige of capitalism and market economy was greatly damaged due to the havoc of Great Depression in the 1930’s which exacerbated the social problems in developed countries and contributed to the rise of authoritarian ideologies. The appeal of such ideologies was directly linked to the disappointment towards the dangers of non-regulated market economy and the need for government action against the excesses of capitalism. Thus, the trust towards spreading and integrating financial capitalism was temporarily lost and imperialist practices followed a state-sponsored capitalism especially under authoritarian governments (Kiely, 2010; Magdoff, 1978).

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<sup>2</sup> The concept of new militarism during the nationalist atmosphere of the 19th and early 20th century resulting in the increasing rivalry between imperialist powers did not simply occur from the hostile ideas of nations towards one another, more than that the new militarism was the reflection of such hostile ideas into material development and accumulation in the form of arms race, conscription, technological innovations in arms and developing the methods of war

Whereas the new trends of protectionism and new militarism turned up to be disruptive for the relations between imperialist powers, it was downright destructive for the colonized people around the globe. It was discussed previously that the non-capitalist self-sustaining economic and social systems were assimilated into a capitalist mode of production with forming the supplier side of the international division of labor, all for the benefit of imperialist centers. However, the imperial rule over the less developed lands was both ambiguous and inconsistent creating discrepancies in the capitalist development in those regions. The inconsistency of colonial rule was largely embedded in the various approaches to different regions, as relatively more developed colonial regions were able to benefit from smoother transition to capitalist development thanks to the incentives towards industrialization and to the modernization of social relation partially similar to the social norms of the Western nations. Contrary to this phenomenon however, some colonial territories (especially recently conquered tribal regions like in Africa) were deliberately detained from following the path of capitalist development through de-industrialization, and the formation of a liberal society was hindered because of the promotion of the rural tribal rule which necessitated an elite tribal chief to conduct business (Kiernan, 1972, as cited in Kiely, 2010, p. 74).

The effects of protectionism by the new imperialist powers were more detrimental as it often encouraged the exploitation of the surplus value for the development of the reinforcing national economies while the colonies were left without any chance to conduct their own export market. The mode of transferring surplus values from lesser developed regions to developed centers led to the formation of a dependency system in the colonies compelling the impoverished regions to establish their own economic survival on the advanced products of the developed countries (Kiely, 2010, p. 75) The increasing scarcity of trade between imperialist powers and colonies was certainly a crucial factor in the economic deterioration of colonies to the level of survival. Even though the colonies were an integral part for the historical progress of the world trade, the colonies mostly lost their significance of being a destination of exports by the 20th century as “only 17 per cent of total developed world exports went to the periphery, and of these, only half went to the colonies” (Bairoch, 1995, p. 72-3). As time passed by, the

entangled concept of dependency has become a crucial factor in the occurrence of sub-imperialism.

The detrimental impact of the 19th century imperialism on the social norms of colonized populations and the racial understandings of colonizing nations was a particularly dark side of modernity bringing largely disorder to the colonies. Going further than just disrupting the economic structure of the natives, the colonial officials of imperialist nations often involved in inventing new traditions in which the tribal classes fixated in the imperial practices by supporting the so-called higher classes in colonized societies for being “noble savages” tasked with facilitating the spread of civilization in backward societies (Kiely, 2010, p. 74). The constructed differences within the colonized societies would devolve the colonized land ruled by a “divide and conquer” mentality of imperialism and would create an embedded difficulty in the subsequent efforts for modernization even after the departure of the imperialist powers due to the hatred between artificially constructed social castes (Ibid, p. 74).

Aside from racial theories, nationalism and the new militarism of the developed countries were equally guilty of the imperialist misconduct towards colonized regions. The new militarism fused with the racial ideologies generally pushed the imperialist powers towards suppressing the demands and rebellions of indigenous people by force without any showing any steps towards reconciliation at first. This stubbornness arised from a mindset of ill-informed nationalism and imperialist rivalries engulfing the imperial powers from which the colonies were having the worst of it. Hobson (1988) argued that:

For Europe to rule Asia by force for purposes of gain, and to justify that rule by the pretence that she is civilizing Asia and raising her to a higher level of spiritual life, will be adjudged by history, perhaps, to be the crowning wrong and folly of imperialism (p. 327).

Lastly, we might argue that the dark side of the 19th century imperialism exposes the bankruptcy of the liberal empire idea which views the 19th century imperialism with a reductionist approach. The main problem with liberal imperialism is linking the rationalization of its actions by referring solely to intentions of imperialist powers, not their illiberal actions. Thus, liberal imperialism stations itself in self-delusion that it can not lose its argument due to its rightful intentions and should not feel the need to say it is sorry (Runciman, 2009 as cited in Kiely, 2010, p. 76). By focusing on the good intentions, liberal empire arguments lacks a concrete historical view about both the liberal and authoritarian characteristics of imperialism, including the British imperialism commonly revered for sustaining “Pax Britannica”. Far from being a truly peaceful time period, the British imperialism was rife with heavy taxation of the colonies and forced labor methods employed for augmenting the production in the colonies, both of which served to subordinate the colonized regions to the international division of labor and the world economy along with preventing a capitalist transition in those lands (Kiely, 2010). Rather than being a progressive form of capitalism unlike the subsequent imperialist regimes, the British imperialism was merely a form of the exploitative imperialism aiming to fulfil profits for themselves.

#### 1.1.3.1 Early Theories Of Imperialism

The 19th century was a crucial milestone in the formation of modern capitalism and imperialism that have shaped the political and economic features of our today’s world, therefore it has become a fundamental reference point for determining the roots of the capitalist imperialism of the 20th and 21st century. Even though the concepts of capitalism and imperialism has been used in a somewhat identical manner while analysing the actions of imperial powers (this thesis is not an exception in that), the accurate explanation of imperialism requires to make a distinction between capitalism and imperialism. Borrowing from Gulalp (1986), capitalism might be based on the exploitation of wage labor along with the generalization of commodity production and therefore giving rise to the competitive accumulation of capital as well as high rates of economic growth. Meanwhile, imperialism might be described as a process “whereby

an international division of labor is created through the extension of the conditions of capitalist accumulation on a world scale” (Gulalp, 1986, p. 139). Briefly speaking, capitalism has remained as the ultimate economic aspiration of imperialist state for ramping the economy through commodity production especially since the 19th century whereas imperialism has been the tool of capitalist states to spread and enforce capitalist modes of production and social relations within their domain.

During the 19th century, the essential logics of capitalism and imperialism began to take hold in the minds of various thinkers. The logic of capital was grasped as an endless accumulation or the accumulation for the sake of developed countries, and the emerging expanded production was believed to have led to the growth of the labor force and the expansion of the geographical scope of the capitalist system (Brenner, 2006). Karl Marx and his 1867 book *Das Kapital* alongside with Friedrich Engels were without a doubt a major work in defining capitalism and founding the theory of Marxism which has been in a close relationship with imperialism studies and hence sub-imperialism theory. The ideas of Marx about capitalism were towards the social and economic struggle between capitalists and the working class. The struggle was written by Marx as a form of power relationship in which exploitation was a common occurrence for workers at the hands of capitalist overlords and so creating an inevitable social class system (capitalists and the working class) in capitalist societies constantly in conflict with each other. The ultimate showdown, according to Marx, would be a revolution of the working class overthrowing the capitalists and seizing the means of the production and the control of the economy. Although the teachings of Marx is beneficial for linking the aspirations of capitalism with imperialism indirectly, it would take the next generation of Marxist thinkers to take imperialism as the focus of the scholarly studies: Rudolf Hilferding, Nikolay Bukharin, Vladimir Lenin, Rosa Luxemburg, Karl Kautsky and Leon Trotsky. As an exception to the Marxist camp, the arguments of the John Hobson, a liberal, regarding the concept of imperialism also carry a crucial importance.

The more sophisticated study of capitalism was made by Rudolf Hilferding in his work *Finance Capital* (2019), first published in 1981. In his book, Hilferding predicted the

need of capitalism to concentrate and centralize more and more as the time passed which would inevitably fuse the industrial and banking capital into the finance capital. He states that “greater concentration and centralization meant that there was a greater need for increasing money for investment” (Hilferding, 2019, p. 225). Even though he defended that the socializing manner of capital would erode the economic crisis domestically, he foresaw the intensification of international competition between national bourgeoisie classes because of the increasing investment and raw material needs emanating from the expansion and concentration of capital beyond the national borders.

As a supplementation, Nikolay Bukharin believed that the finance capital also reflected an interest towards expanding its territory through the utilization of imperialism. He argued that the finance capital centralizing within the national borders will eventually reach the stage of internationalization by absorbing the national economies and manipulating the state interests. Therefore, every national economy would transform into the form of a big corporation. Bukharin states that:

The development of world capitalism leads, on the one hand, to an internationalisation of the economic life and, on the other, to the levelling of economic differences – and to an infinitely greater degree, the same process of economic development intensifies the tendency to “nationalise” capitalist interests, to form narrow “national” groups armed to the teeth and ready to hurl themselves at one another any moment (2003, p. 109-110).

John Hobson was one of the key figures in the study of imperialism thanks to his influential work *Imperialism: A Study* (1988), first published in 1902, as an economic theory of imperialism. Hobson’s main argument started with the establishment of monopoly owing to the concentration of capital and the subsequent increase in the savings. However, the increase in the saving would render the domestic investment inadequate over time and the capital would need external markets to spread in order to stop the savings from stagnating (Hobson, 1988). Therefore, the annexation of the new territory was paramount for the safeguarding of investments and continuing the capital accumulation. Imperialism, in this context, was a result of the sudden expansion of

capitalism which badly needed external outlets for goods and investments (Ibid). However, rather than accepting it as a natural phenomenon, Hobson believed that imperialism was an ill-fated practice that could not provide solution to decreasing demands and social deficiency at home as those problems had to be concluded with social reforms. For this reason, Hobson viewed imperialism as a costly delay instead of a necessary practice.

Vladimir Lenin regarded imperialism as a parasitic, but inevitable, entity being the highest stage of capitalism in his work *Imperialism* published in 1917. For him, imperialism facilitated the wholesale exploitation of the riches from the colonized regions to advanced capitalist states leaving the exploited regions in a dire situation of backwardness, decay, impoverishment and even starvation. For Lenin (1977), imperialism had five features: “(1) the concentration of production and capital culminating in monopoly, (2) the merging of bank and industrial capital leading to a new era of finance capital, (3) the centrality of the significance of capital export, (4) the formation of international monopolies which divided the world among themselves, and (5) the completion of the territorial division of the world among the large capitalist powers” (p. 177-231).

Two points are crucial in Lenin’s analysis, the first point is the feature of capital export widely utilized by the capitalist states. Lenin (1977, p. 212-13) explains this factor as a result of the necessities of high profits, low wages, scarce capital and low land prices imposed by the capitalist system. He argued that the practice of capital export was linked with the increasing parasitism and decay among the capital exporting countries (Lenin, 1977, p. 240-7) as the working class in the capitalist states was not unfamiliar with the parasitic practices of capitalism. The solution found by the capitalist system was appropriating the profit made by capital export to buy off some workers in the center countries and therefore promoting a labor aristocracy (Lenin, 1977, p. 245-6), a term which would be further explained by Gramsci in the future. The second point, on the other hand, was the insistent argument of inevitable inter-imperialist wars that would take place in the future. Lenin believed that the greedy characteristics of national



capitalist blocs would put the imperial power against each other for the sake of securing more profits from colonial lands. The inter-imperial rivalry would eventually lead to a multipolar or bipolar political system ridden with suspicion and tensions which would in turn lead the way to great wars between capitalist states depleting their resources and strength, and therefore allow the socialist system to replace the capitalist system.

As a supplementation to Lenin's work, we may put forward Rosa Luxemburg's main work on capitalism *The Accumulation of Capital* (1951), first published in 1913. Luxemburg argued that a "third buyer" was necessary for the continuation of capitalism with expanded production and she identified the continued existence of a market in the non-capitalism sphere, making imperialism a necessary feature to protect capitalist interests (Luxemburg, 1972). According to her, capitalism needed non-capitalist social relations for continuing expanded production and imperialism was the force to sustain this "fruitful" relation.

When compared with the revolutionary ideas of Lenin, Karl Kautsky was a more conformist Marxist scholar carrying less radical opinions about imperialism and capitalism. Kautsky (1970), in his 1912 article *Ultra-Imperialism*, differently argued that capital economy was actually damaged by the conflict between capitalist states and defended that "there is no economic necessity for continuing the arms race after the World War, even from the point of the capitalist class itself.." (p. 44-5). He did not believe that imperialism was the highest stage of capitalism, and was especially critical against the view that war was unavoidable between developed capitalist states (Patomaki, 2007). The prediction of Kautsky was an ever-increasing cooperation between capital states which would create a cartellization of capitalist spilling over to foreign policies at the expense of developing states. The unity of capitalist states would create a phase of ultra-imperialism, "a holy alliance of the imperialists", which would divide the world into two parts (Kautsky, 1970, p. 46).

Lastly, Leon Trotsky's theory focuses on the effects of imperialism rather than its causes. It focuses on how the effects of imperialism gives rise to both diffusion and

combination, in other word to an uneven and combined development. Capitalism, when compared with other economic systems, continuously aims at economic expansion by annexing new territories and assimilating their self-sustaining national economies into the global economy. “Thereby it brings about their reapproachment and equalizes the economic and cultural levels of the most progressive and the most backward countries” (Trotsky, 1974, p. 18). However, according to Trotsky, this assimilation often creates discrepancies in the developing regions by improving certain industries and economies while hampering and damaging certain industries to the degree of stopping its development not only in a country also in relevance to the general world economy (Trotsky, 1974). Therefore, imperialist approach creates a capitalist development in a united but unequal manner.

#### 1.1.4 Towards The Zenith of Capitalist Imperialism

At the time period when the appeal for socialist ideologies after the Second World War increased (and the defeat of fascist ideologies) and traditional European imperialism fell out of its power (primarily British and French imperialism as both countries were affected profoundly by the war), a more dynamic and more integrating U.S. imperialism would take the central stage while the rival socialist bloc with the leadership of Soviet Union was seen as a threat which had to be contained, and the struggle between these two imperialist camps would create the Cold War period.

At the turn of the 20th century, the United States was one of the most developed countries with a strong industry and was free from a potential great power threat thanks to being geographically away from the power struggles in Europe. In spite of its ties with the European continent, the U.S had peculiar features different from European imperialist powers such as remaining loyal to protectionist measures instead of opening up to free trade policies or retaining a much weaker army in the early 20th century despite aiming at expanding its sphere of influence in the Western Hemisphere. On top of that, the U.S had been pretty much a reluctant great power unwilling to take center stage in world politics which was a tendency that led the American policymakers to

revert back to isolationist policies even though there was a potential availability to insert the American power to world politics so as to support European allies against the rise of authoritarianism (Kiely, 2010). It was only after the Second World War and the devastation of the European continent as well as the communist surge across the globe that the American policymakers were encouraged to expand American power and imperialism immensely. The reinvigorated liberal bloc would find strength to withstand against the socialist bloc with the help of US imperialism drawing its power from political alliances, social transformation, multilaterism, vast military capabilities and, most importantly, an evolved capitalism with a new understanding in the global economy. The American imperialism of the Cold War until the neoliberalism period might be explained by referring to three main points: American exceptionalism, political and economic hegemony, and the anti-colonial view.

The American political mission has been a rather peculiar creation drawing its inspirations from sources different than the foundations of European imperialisms.<sup>3</sup> Since its inception, U.S. national identity has been aiming at the expansion of the liberty with an anti-colonial mindset. Therefore, the American ideals was not a mere continuation of the conflict-ridden colonial practices of Europe which eventually devolved into a violent nationalism, instead they were comprised of the spirit of freedom and religion creating a sense of “American exceptionalism” with a will to make the American values universal (Tocqueville, 1988, p. 47). The sentiment of freedom has not been limited to being a source of domestic reform and development for the Americans, as it has been generally perceived as a value that must be expanded by extending the borders of liberty. Hence, the pretext for expansion through direct conquest in North America and indirect expansion of the American sphere of influence was inherent within the essentials features of the US. Later, the increasing strength of capitalism in the industrialising United States contributed to the universal language of

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<sup>3</sup> The Puritan background of American colonists was a crucial component in the formation of the American political mission as they saw the North American lands as a bestowed blessing away from the evil practices of the oppressive European nations. Therefore, the Puritan mindset believed in a morally superior American exemplariness.

American liberal democratic ideology thanks to its worldwide appeal (Panitch & Gindin, 2003, p. 10).

Even if the US political mission emphasises the importance of freedom and free will, the willingness to “spread” these ideals to illiberal parts of the world and expanding the area of liberty can not be explained without touching upon the imperialist tendencies of the USA. Despite the mythical description of “isolationist” USA during the 19th century until the sudden turn to interventionist starting with the Spanish-American War of 1898, the 19th century USA was in fact a state heading towards being an imperialist great power in a steady and ambitious way. The wars with Mexicans and indigenous Americans for the purpose of the eastward expansion of the USA was an act of imperial annexation in contrast to being explained as a “destiny” of the U.S. and instead being portrayed as internal conflicts (like the colonial conflicts of the European powers). Westad (2007, p. 12) interprets the ordeals of the U.S. as “the image that made possession of the continent America’s ‘manifest destiny’, a term first used in 1845, expressed as myth what in reality was a rather concrete imperialism program”.

The Cold War period was indeed no stranger to the imperialism program of the USA. The U.S. imperialism in the post-war period can be analyzed in two levels: the attitude towards capitalist countries and the attitude towards non-capitalist countries. The U.S. leadership of the capitalist liberal bloc was less about establishing total control over its former foes but more about using the opportunity for reshaping its world image to facilitate its indirect expansion towards the Third World. The major U.S. commitment on three continents was a reflection of the necessary U.S. leadership after the war resulting from the weaknesses of the capitalist states and the huge economic imbalance impacting the world (Saul, 2007, p. 61-2). The U.S. commitment in Europe would promote the strategy of an Atlanticist framework enhanced by the Marshall Plan (1947) and the creation of NATO (1949). Still, despite the common cause of capitalist bloc, the Atlanticist cooperation would only become a formidable force with the weight of U.S. leadership rather than being a cooperation of equals. The key position of USA’s political power in the foreign relations and the prominence of the American dollar in the world finance were able to force the allies of the U.S. to comply with the American

ambitions even if the U.S. interests were not exactly in parallel with the interests of its allies. In some ways, it created an uncertainty among the allies of the USA as the U.S. leadership did not essentially create a world order free from external menaces as effectively as the Pax Britannica period. The delay of American realization of the bipolar political order and the isolationist tendencies of the U.S. policy institutions created an obscurity of the U.S. power within the capitalist core which failed to suppress the socialist bloc in the early Cold War period (Gowan, 2002, p. 1-27). The total political and economic globalization to ensure their suppression was yet to come.

The attitude of the U.S. towards the non-capitalist countries, meanwhile, was a promise of the end of formal imperialism while building up a different and more comprehensive type of imperialism. At the first glance, the U.S. imperialism is pretty much a similar version of the informal imperial practices of Britain yet the informal aspect of the U.S. imperialism was not limited to avoiding direct military commitment. According to Bromley (2008, p. 9), the post-1945 U.S. foreign policy was centered around planning the domestic transformation of the Third World states along with devising strategies for their geopolitical management (containment against a possible Soviet aggression) and for their transformation in accordance with the international order. Despite its vision of freedom, the U.S. was definitely a military imperialist great power as the failures of informal appropriating methods of the U.S. towards the Third World countries often instigate an indirect (covert CIA operations to topple the governments) or direct (military operations) intervention from the USA. The actions of the American state was a paradoxical result of the American exceptionalism which found the right to intervene against the sovereignty of the non-capitalist states if their policies or ideologies were viewed as anti-liberal, which necessitated active action for “freedom” by even acting against the international rules and norms.

Being an economic aspect of the U.S. foreign policy, the open-door policy adopted by the U.S. officials was more about the need for expanding markets for the products of the U.S. corporations, which benefited from increasing exports abroad while supporting protectionism at home, than defending the economic liberty of less developed regions

against imperial powers (LeFeber, 1993, as cited in Kiely, 2010, p. 94). In the context of the U.S. political understanding, the open-door policy assumed two different meanings: the first meaning was using the open-door approach as a promotion of a more embracing form of free trade to encourage the trade activities of the colonies oppressed by the imperialist practices, thus using the open-door policy as a weapon to end colonial empires in order to replace them with numerous sovereign states; the second meaning was using the rapidly emerging independent states as new markets to strengthen the economic aspect of U.S. imperialism by turning those states into markets of U.S. products, which might be likened to the expansionist nature of the previous British imperialism.

The most striking economic aspect of the U.S. leadership in the Cold War era was the internationalization of productive capital throughout the world. The capitalism under the U.S. hegemony would find a greater maneuverability with the increasing trade between developed countries along with the diminishing of protectionist measures and the recovery of war-torn countries, most importantly Germany and Japan. The U.S. economic policy until the epoch of neoliberalism comprised of a thirty year period of Keynesianism that brought the state intervention and state welfare into the center of economics.

The triumvirate of the pre-neoliberal economics under the U.S. hegemony were Keynesian economics, Bretton Woods system and the Gold Standard. Keynesian economics was put forward by John Maynard Keynes in his works in order to come up with a solution against the havoc of the Great Depression. Keynesian school of economics believed that the previous argument about the maintaining full employment in relation with the falling back of wages to lower levels, was a false argument and instead argued that unemployment was an outcome of the insufficient demand for goods and services (Encyclopaedia Britannica, 2006). For encouraging such demand and tackling unemployment, Keynes emphasized the value of public investment and meticulous government action and the power of government practices over the course of market economy as influential by directly influencing the demand instead of letting the

economy to go into crisis with non-regulated market. Therefore, the welfare state model relying on social spending was a method to revive the strained social relations damaged by the Great Depression and the Second World War (Ibid).

The locomotive to implement Keynesian economics was the Bretton Woods system established in 1944 after the summit carrying the same name. Bretton Woods system was an agreement between the representatives of 44 nations to devise a global trade system supported by a fixed exchange rate. It was believed that the fixed currency system might foster the world economy by encouraging trade and maximize international trade profit. So as to back the fixed currency exchange rates, the gold standard was reintroduced by indexing the dollar currency to gold while indexing the other currencies to the dollar currency. Connecting the dollar's value directly with gold made the dollar the global medium of the international trade while the fixed exchanged rates with the backing of the governments, whose economic intervention capabilities were enhanced by the Keynesian economics, have become the backbone of the global trade until the 1970s (Corporate Finance Institute, 2021).

The United States was pretty much the herald of the change in economic environment. However, the difference between the American and British hegemonies was the lack of opposition to U.S. hegemony from its own liberal bloc unlike the hardships endured by the British Empire previously. The U.S. hegemony was beneficial for creating “a strong commitment to international cooperation between advanced capitalist states, the promotion of international organizations and multilateral agreements and ensuring ‘open door’ policies for free trade” (Kiely, 2010, p. 92-3). The dynamism of the American ideals and the indirect means of the U.S. imperialism helped the spread of liberalism further than under the British imperialism. For the U.S., the regional and international integration had to be ensured by suppressing the older forms of nationalisms which ravaged the world with continuous wars.<sup>4</sup> Through economic aid

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<sup>4</sup> For this reason, the European integration project carried a great importance for the US because it had the potential to prevent fragmentations within the capitalist bloc. The US foreign policy generally supported the creation of the European community, notwithstanding the fact that a European bloc with a strong economy had the potential to feud with the economic dominance of the US.

and policy doctrines, the American policymakers sought to prevent the reemergence of economic protectionism and archaic forms of nationalism and promoted the spread of free trade by supporting it with powerful U.S. economy and its dollar currency which was the norm of the international trade.

The U.S. hegemony was innovative for protecting the new trade atmosphere with new multilateral organizations. The multilateralism principle was a key part of establishing United Nations, particularly the United Nations Security Council, for preventing the inter-imperialist conflicts and promoting cooperation among developed states as well as putting the strengthened cooperation into a joint military force with the creation of NATO, just as Kautsky envisaged. Whereas, the agreement of the General Agreement on Tariffs and Trade (GATT) along with the creation of International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD) had the aims of lowering the barriers to international trade and fostering growth with a universal reach but their influence was directly tied to the U.S. dominance (Kiely, 2010, p. 101).

Nonetheless, the introduction of international institutions and agreements did not essentially created equal opportunities for all states and the multilateralism of such institutions and agreements was an illusion for poorer states. First of all, the United Nations was not (and still has not been) a fair institution to address the troubles of the Third World countries because of the veto power of its Security Council consisting of five major powers while the less powerful members have not hold any considerable power, resulting in the manipulation of the United Nations under the national interests of its “big five”. Secondly, the Bretton Woods system did not derive its power from a multilateral international economic order but instead from the establishment of the dollar as the main international reserve currency allowing the United States to manipulate the world economy against any dissident states from the Third World (Kiely, 2010). The power of the U.S. to manipulate the international finance left the new economic institutions such as IMF and IBRD as weak institutions with little power of their own and forcing the poorer countries to deal with USA if they wanted to follow capitalist development.



Another aspect of the post-1945 hegemonic project was the support towards independence movements in the colonies. The U.S. imperialist model had nothing to gain from upholding the obsolete imperialism model and directly ruling over the colonial regions and, contrary to the expectations, it had no desire to support the imperialist schemes of even its closest allies. The U.S. policymakers saw the independence fervour as a chance because it wanted to be perceived as the benevolent enforcer of a reformed world system and wished to break the formal kinds of imperialism in order to decrease the power of its potential rivals (Cox, 2003, p. 18).

On the other side of the coin, the anti-colonial view of the U.S. was a form of power projection against USSR which was more than a potential rival for the USA. The U.S. power projection was able to expand more its own sphere of influence and did not require a direct form of agency actively controlled by the U.S. state, unlike the Soviet power projection. The downfall of the British Empire has created a political void in the colonized region that the United States could not fill at first, despite its enormous economic and military potential (Louis, 1985, p. 395). Thus, the *Pax Americana* could not manifest itself fully. The everlasting threat of a confrontation with the USSR pushed the American government to solidify its power with sometimes hard methods in the poorer satellite states regardless of the indirect source of their power projection. Therefore, any attempt for stepping out of the American sphere of influence towards nationalist and socialist goals meant a heavy American intervention against the subject state and bringing it under its heels with forceful methods which in some ways might be regarded as a neo-colonialist approach. (Kiely, 2010).

#### 1.1.4.1 The Imperialism Theories During the Cold War

The original meaning of the Third World, before its present use for defining poor and underdeveloped countries, was the countries who were neither a part of the socialist bloc nor the capitalist bloc. The Third World movement during the Cold War was an expression of remaining neutral and developing supranationalist or nationalist

ideologies to counter the ideological tide of the Cold War. Decolonization was certainly a part of the Third World movement as the newly independent states across the globe strived to find a suitable place in an increasingly integrating world system and escaping the tightening grip of capitalist or socialist imperialism.

The peculiar nature of the Third World countries was a topic drawing the interest of theorists who wanted to explain the Third World countries and come up with a solution for their “embracement” of the global trade and democratization. Meanwhile, the early Cold War era would also produce more detailed theories and statements about the concept of a stronger and more dynamic imperialism.

One of the earliest theories aiming to forge a path, from a Western perspective, for the Third World was the modernization theory. This theory had the idea that all societies passed through similar stages of development throughout their history in order to mature into a modern society (Rostow, 1971). The ultimate prediction of the theory was the fulfillment of the democratization in less developed societies after the modernization. The highest model of a modern society during the 20th century was undoubtedly the United States with its advanced social development backed by a society based on meritocracy, opportunity and consensus as opposed to the rigid social structure of traditional societies (Kiely, 2010, p. 102). The theory regarded the concept of economic and political development as a linear process and claimed that the Western style of progress could be remade in the newly independent Third World countries as well through the improvement of the internal dynamics in a country. It supported the contact between the Western countries and the Third World countries for the realization of modernization.

Nevertheless, the reality proved that the modernization is not a natural outcome for all societies, especially those under stress from external pressures. The modernization theory carried an overoptimism for the development of the backward countries when the preconditions for such development were hampered by the effects of the past and the present. The past refers to the legacy of the imperialism which impaired the process of

modernization in the colonized regions in the first place. The exploitation of manpower and resources, the racial humiliation, the lack of regard for promoting social protection and blocking the way to build up an export market because of protectionist measure pretty much crippled the prospect of early modernization. On the other hand, the present refers to the political atmosphere of the Cold War. Even though the liberal principles promotes the advance of democracy in everywhere, the American support towards the authoritarian regimes in the Third World just because of the anti-communist tendencies was disrupting or even backtracking the democratic progress in the developing countries. Therefore, the insistence on modernization turned into a smoke screen obscuring the imperialistic designs of the USA. Furthermore, the inherent distrust of the liberal view towards the uneducated masses in the Third World countries was a contradiction with their belief in modernization as the Western liberals believed that an overly politicized population could demand an erosion of market freedom and demand a tyranny of the majority which must be met with their suppression (Tocqueville, 1988).

The opposite view about the development in the Third World was the dependency theory which emerged from Latin America describing capitalism and imperialism as parasitic particularly in the developing world, but as the time passed the dependency theory moved on the basic foundations of Marxist teachings. According to Baran (1957, p. 163-4), the aim of imperialism based on the dominance of monopoly capital was not limited to the extraction of the profits from the places under its domination and assuring the continuity of the flow, but it sought to “rationalize the flow of these receipts so as to be able to count on it in perpetuity”. Dependency theory in this context argued that the monopoly capitalism, relying on economic expansion, technological innovations and social progress, has been the reason of economic and social backwardness due to its parasitic nature rather than being a dynamic and competitive capitalism.

The theory retained the view that the aim of the capitalist imperialism was extracting a surplus capital for accumulation in the imperial centers. However, differently from Lenin’s arguments, dependency theory scholars like Baran and Sweezy argued that the extracted surplus could not be used in the core states, so the developed countries

resorted to creating outlets for directing the surplus such as government spendings, arms race or direct foreign investment. This flow of capitals from the less developed countries to the surplus outlets of the developed countries was believed to have created a widespread under-development in poor countries while the capital remaining in the Third World was squandered on luxury consumption by local elites tied and dependent on the imperialist countries (Kiely, 2010, p. 114). Furthermore, Andre Gunter Frank (1969) developed the theory by stating that both development and underdevelopment lived together through a metropole-satellite exploitation in which “satellites remain under-developed for the lack of access to their own surplus” (p. 9).

Economically, the Import Substitution Industrialization (ISI) model started taking hold in the Third World countries.<sup>5</sup> According to some economists, ISI model was compatible for being an endeavour to reach the industrialization level of the Western states and being an inspiration for entrepreneurship (McClelland, 1961). However, unlike the modernization theory justifying the continuous contact between developed and underdeveloped world, the ISI policies upheld a protectionist view of economy by trying to decrease their imports by increasing the manufacturing output. In other words, the Third World countries sought to industrialise for achieving growth independently from the developed countries.

Although the under-development theory was helpful in explaining the reality of a persistent lack of development in the Third World while the capitalist world kept increasing the concentration of capital, it failed to explain the detailed mechanisms of development and underdevelopment. Moreover, it ignored the fact that the internationalization of capital in the post-war period was characterised more with the accumulation of the capital owing to the increasing trade mostly between the developed countries instead of a wholesale capital extraction from the poor countries. Among the arguments of its theorists, Frank’s emphasis of a “metropole-satellite” relationship

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<sup>5</sup> ISI model was an economic measure taken by the newly developing countries by improving and protecting their domestic industries to compete with imported products, or to substitute them as the name signifies, in order to decrease the rate of dependency.

seemed promising but it was Wallerstein's "World Systems" theory in 1970s which added a crucial layer to Frank's conception.

Wallerstein argued that the emergence of capitalism in the 16th century was based on the full development of market trade (Wallerstein, 1974). He believed in a rising global division of labor and specialization emanating from the increased spread of the market relations. Through this intensifying integration and differentiation in production, some regions in the world managed to gain a greater share of global wealth while some regions could not and therefore a division has occurred. Wallerstein described this division in three sections: core, periphery and semi-periphery. The core regions have been the powerful capitalist states specializing in getting most of the benefits from the world trade and specializing in the sophisticated production, whereas the periphery regions have been the poorer regions getting less share from the world trade and lacking the effective means of production. These two sections had been well-known in the imperialism studies, yet it was the semi-periphery concept that was the striking aspect of Wallerstein's theory. The semi-periphery regions were introduced as the buffer zones between core and periphery. These regions have been specialized in showing a form of economic and political strength by conforming to the needs of the world trade even if they lack the complete capitalist and democratic progress enjoyed in the Western countries. The semi-periphery countries, according to Wallerstein's theory, have demonstrated an ability to show resolve over the weaker periphery countries, but also have exposed the need to cooperate, sometimes unwillingly, with the core countries for the preservation of their middle position.

#### 1.1.5 The Foundations and Development of Neoliberalism

The Keynesian economic system was perhaps the main contributor to the revival of the international trade hurt by the two violent world wars occurred during the first half of the 20th century. The encouragement for increasing exports and ramping up the production for manufactures not only fuelled an increased trade between (mainly developed) countries but also increased the life standards in developed countries by

decreasing the high unemployment and increasing wages, hence calming down the social exacerbations persisting since the Great Depression. The immense U.S. power was the main locomotive for the sustainment of the Keynesian system as the dominant economic capabilities of the US were utilized to repair the tarnished economies of the capitalist bloc (Kiely, 2010, p. 131). Meanwhile, the Third World countries at least could employ an Import Substitution Industrialization model to ramp up their exports and industrial capabilities while getting the financial support from the developed countries, mainly USA. Despite being caught between ideological confrontations of the Cold War, the Third World countries were able to profit from the new economic system.

However, the efficiency of the Keynesian politics began to fall apart in the late 1960s due to failing in fulfilling further growth of economy and creating new economic crises. Moreover, the relative loss of the American economic dominance over its competitors was exposing the incompatibility of the Keynesian system with the American interests. The combination of the burden on the dollar to maintain the integrity of the world finance with the overwhelming US commitment to contain the communist threat necessitated a new economic system to increase the capacities to sustain its dominance (Kiely, 2010, p. 131-2). The advent of the neoliberalism would be a perfect replacement for the crumbling Keynesian system and would prove a truly dynamic system for the economic interests of the entrenched market economy in the developed countries. It has certainly been the dominant economic system for decades, but still what is neoliberalism? What does make it different from classical liberalism? Can we pinpoint its effects clearly?

Despite its widespread popularity in the second half of the 20th century, the concept of neoliberalism actually has a longer history than expected. The foundations of neoliberal thought might be traced back to the prominent classical liberal Adam Smith who had a specific conception of man and society as the foundation for his economic theories (Clarke, 2005, as cited in Mudge, 2008, p. 8). One of the first uses of the word can be found in the article written by Charles Gide (1898) as a polemic in which he foresighted

the later usage of the term as a return to the classical liberal economic theories of Adam Smith who defended the freedom of the market and the non-intervention from the state unless necessary (Mudge, 2008, p. 9). However afterwards, the use of the neoliberalism concept became disorganized and inconsistent until the second half of the 20th century.

Borrowing from Harvey (2005, p. 2), neoliberalism at first can be defined as a theory of political economic practices proposing that the wishes of the humankind may best be fulfilled through liberating their individual entrepreneurship within an institutional framework shaped by strong private property rights, free market and free trade. Within such framework, the aim of the state is ensuring the freedom of entrepreneurship (thus the freedom of the markets) by implementing right policies, eliminating threats through its armed forces and expanding the reach of the market while remaining clear from intervening in the market economy.

Interestingly, neoliberalism does not mean the proper continuation of the classical sense of liberalism.<sup>6</sup> Rather than describing neoliberalism as a complete political ideology, it might be described loosely as a theory of political economic practices (Harvey, 2005, as cited in Mudge, 2008, p. 12). This relative detachment from the classical sense of liberalism allows neoliberalism to be employed even by authoritarian powers such as Pinochet's Chile or Deng Xiaoping's China, and therefore setting the stage for the employment exploitation under the guidance of neoliberalism even by the strong developing countries.

The rise of neoliberalism emerged from the failure of the Keynesian economic policies and a need to find more monetary-friendly approaches. The eventual success of the monetarist approaches, elevating neoliberalism to replace Keynesianism, was the result of its effective removal of the Keynesian era "obstacles" by introducing an economic understanding involving less state regulations on market and bringing greater emphasis

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<sup>6</sup> It even regards the mild-mannered modern liberalism (Keynesianism) as an incompatible concept due to allowing the state to interfere in the market economy and ignoring the liberalization of the individual.

on economic stability rather than ensuring full employment and decreased poverty so as to avoid stagnation (Mudge, 2008, p.8). By the later 1960s and early 1970s, it became obvious that the post-war boom enabled by the Bretton Woods order was coming to a grinding halt. In addition to the economic reasons, the decrease of prosperity was causing a number of tensions in the international order emanating from the rising social conflicts in the international arena such as revolutions in the South, falling rates of profitability, growth, and increasing unemployment and inflation along with the rise of new strong economies like West Germany and Japan against the U.S. hegemony (Kiely, 2010, p. 131).

Similar to the aforementioned weakness of the British capitalism resulting from its success, the main reason of the weakening American hegemony was curiously related to its dominance in world economy at the first place. The revitalization of the post-war economy depended on the U.S. decision to export dollars through aids and investments to put an end to the dollar shortage experienced in the 1940s. This move created a dollar deficit necessary for the economic recovery in the world, however the long-term effect proved to be decreasing the competitive strength of the U.S. economy. This occurred due to the increase of the contradiction between the dollar as the national currency and the dollar as the international currency which was a conflict between the supply of the dollars to rest of the world depended on the U.S. deficit and the stability of the dollar depended on the U.S. economy returning to surplus (Kiely, 2010, p. 131).

Notwithstanding the decreasing strength of the U.S. dollar, the problem could be avoided through the domination of production by the USA whereas the urgent problem of the lack of dollars in the world trade was alleviated by the introduction of international credits supported strongly by the Bretton Wood system and the gold-dollar standard. Nonetheless, the U.S. lost its lead in manufacturing goods by 1970s as its share in the world market declined from 28 percent in 1957 to 16 percent in 1970 (Itoh, 1990, p. 48). Moreover, the policy of sustaining the world trade at the expense of the competitiveness of its own economy began to take its toll on the U.S. economy. By the mid 1960s, the U.S. had a constant trade deficit with its two main competitors, Japan



and Germany (Brenner, 1998, p. 119).<sup>7</sup> The U.S. dollars, previously the backbone for the revival of trade, began to lose attraction in the world finance even while the dollar export was continuing, leading to a dollar excession instead. On top of that, the militaristic adventures committed by the U.S. for containing communism exacerbated the problem about the value of the dollar due to sheer amount of economic commitments for such campaigns. According to Brett (1983, p. 165), this escalated the American deficit, so that it was in effect importing real goods in exchange for dollars, which were effectively worthless but which were accepted by other states according to the principles of the Bretton Woods agreement.

The weakening of the U.S. economic capabilities, without a doubt, signified a weakening of the U.S. imperialism as well. The awareness of the U.S. administrations, starting with the Nixon administration, towards the questions of dollar's value inspired a set of decisions snowballing into the end of the Bretton Woods system. Terminating the dollar-gold convertibility and the planned devaluations in the early 1970s introduced a new system in which the currencies were floating under control rather than being fixed at specific exchange rates (Kiely, 2010, p. 134). The emerging neoliberal discipline meant that "state monetary policy operated was increasingly internationalized. Policies designed to maintain growth and employment could now put pressure on the exchange rate and foreign exchange reserves, as financial speculators would sell local currency in favour of safer foreign currencies" (Ibid, p. 134).

The early effects of neoliberalism on the American economic capabilities were overwhelmingly positive as it greatly enhanced the American financial power. It could release vast amounts of dollars into international circulation without the need for controlling its own balance of payments because the dollar retained its position of the main medium in the international finance (Kiely, 2010, p. 134). Nonetheless, the supremacy of U.S. financial power came with the cost of a loss of confidence in the

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<sup>7</sup> Likewise the rise of rival strong economies against the U.S. rhymed with the decreasing British hegemony in the face of rival European imperialist powers. Still, the difference lay in the increasing integration and cooperation within the capitalist bloc remaining away from the conflict unlike the series of events leading to the end of the British supremacy.

dollar as the various states depending on the U.S. dominance began to develop their own financial methods to reduce their reliance on the dollar.

The rejection of capital controls was a strong aspect of the new neoliberal understanding, so instead of that a policy of controlling the inflation through the increase in interest rates was introduced. One of the significant effects of this policy was tightening the domestic demand which swiftly undermined the U.S. role as the market for developing countries' exports while the debt payment obligations in the developing world soared significantly because of the increasing interest rates (Kiely, 2010, p. 135). The increase of debts among the developing countries constituted a major part of the issues between the Third World and neoliberalism. As the time progressed, neoliberal policies would creep in to the domestic realm of the Third World countries and thus pulling the lesser developed countries inside the neoliberal order in the form of exploiting financial crises.

Indeed, the quick reversal of the financial trend was shocking as it went from the image of the bankers from the developed countries lending their overabundant capital to the developing countries, to an opposite image of the developing states running after the First World bankers to grant them badly needed credit to stay competitive in the increasing integrated and shrinking world market (Arrighi, 1994, p. 323). The heavy indebtedness also profoundly effected the production in developing countries due to failing to find adequate financial backing to support their industry fueled by now-outdated ISI policies. According to Roddick (1988, p. 65), there was a dramatic fall in average commodity prices of one-third from 1980-82, thus impairing the developing countries' ability to pay their debts.

The debt crisis in the Third World inevitably linked the debtor countries with IMF which could provide loans to sponsor those states out of financial crisis. These loans did not come with no strings attached of course, as IMF desired further economic liberalization from debtor countries which meant conforming their economic understanding to the principles of neoliberalism. From an ideological standpoint, IMF

believed that the countries facing severe problems in meeting the interest payment obligations suffered from their incorrect policy options, pointing mostly to the supposedly too much government intervention in economic policies (Kiely, 2010, p. 137).

In this scenario, the proposed solution was to guide debtor countries towards market friendly policies. According to Kiely (2010, p. 138), the adjustments in economy usually included (1) devaluation of a nation's currency to make exports cheaper, (2) reduction in state spending to combat inflation, (3) wage cuts to restore private sector profitability, (4) non-discrimination against exporters and (5) revision to state controlled pricing policy, particularly for agriculture. Looking back at the ordeals experienced by the debtor countries or countries wishing to stay competitive in world economy, we might argue that these demand has had a grave impact on the economically less-able regions. The neoliberal expansion was mostly dominated by the capitalist practices of the U.S. which managed to enhance its capabilities to the level of dictating the policies of the lesser developed regions in the name of fighting against communism. Neoliberalism, in this context, reflected the strengthening imperialism of the American state which achieved the role of "the organizer of world capitalism" (Rowthorn, 1971, p. 31). Furthermore, the pressure from the U.S. and international institutions to stay competitive in the world market would push some middle powers possessing certain political, economic and military capabilities to extort their own surroundings so as to catch up with the neoliberal trend, thus employing imperialist practices while trying to avoid U.S. imperialism.

Beyond just being a tool of the U.S imperialism however, neoliberalism has been an all-encompassing process affecting more than just the economic composition of the states. According to Gledhill (2010, p. 340), neoliberalism evolved from an answer to the crisis of accumulation re-adjustment of the relations between capital and labor during a time when the global markets were truly forming up, to an ideology of capitalism deepening to embrace the production of social life itself seeking to commoditize the most intimate of human relations and the production of identity and personhood. Therefore, for the

developing countries, it was this encompassing nature of neoliberalism that signaled a trouble for their internal composition.

#### 1.1.6 The Post-Cold War Hegemony of Neoliberalism

Unlike the Keynesian system that fell apart under the pressures emerging from the increasingly integrating international trade, the neoliberal policies managed not only to find answers to the stagnation of an advanced world economy but also showed its strength in pioneering further influential improvements for the international trade and politics. The fundamental changes brought by the neoliberal practices allowed capitalism to go beyond of being merely a reflection in their government policies by advancing deeper into the societies of the developing countries, attempting to engulf the life itself by transforming the market economy into a “market society” (Gledhill, 2010, p. 340). The only obstacle for the global expansion of neoliberalism (thus capitalism) was the ongoing Cold War between the two blocs, however this status quo did not last long as the socialist bloc was collapsed after the dissolution of the USSR in 1991. As a result, the U.S. was in a position to forge a new world order in which neoliberalism took the form of a globalization by expanding into the shaken economies of Asia, Africa, Latin America and the domains of the former Soviet Union, where the new forms of “free market” structures have been founded (Peck and Tickell, 2001, p. 1).

After the end of the Cold War, the internationalization of capital turned out to be the main goal of neoliberalism. The collapse of the USSR, and thus communism, allowed capitalism to fully rule over the areas sustaining their own economic and social structure away from the direct influence of capitalism. Since the restructuring of the capital in the 1970s and the enhancing prevalence of finance capital, the main outcomes have been the curtailment of the gains enjoyed by workers right and, more critically for the Third World countries, the restructuring of the production which lost its profitability through the course of time (Öztürk, 2013, p. 291). Additionally, intensifying volume of loans especially were directed towards the developing countries. However, the relatively weaker capital accumulation in the developing countries relying on the importance of

industrialization, which had been surpassed by the finance capitalism in the developed countries, rendered the repayment of the debts out of option, and thus the developing regions showed the signs of debt crises one by one.

The series of debt crises starting in the 1980s was the first step in the global hegemony of the neoliberalism as it found a way to creep into the fragile economies of the lesser developed countries. The debt crisis eventually policed through the loans provided with the approval of IMF representing the international finance (Kiely, 2010, p. 137). The conditions of economic and political liberalization forwarded by the IMF intensified the spread of neoliberal capitalism into far flung territories in the world, yet it was the end of the Cold War which accelerated the spread of the capitalism not only to the Third World, but the Second World countries previously under the Soviet hegemony as well.

Despite the heavy rhetoric on the IMF obligations, the global spread of the neoliberalization can not simply explained with external pressures. The relatively strong developing countries (such as Mexico, Turkey or Brazil) did not need to be forced to adopt neoliberal policies due to their already stagnating industrialization process and the falling profits in their domestic economies (Öztürk, 2013, p. 291). The result was the increasing pressure from the elite groups within the country on the state for enacting policies to facilitate further integration with the world economy. Moreover while the finance capital was spreading to the relative strong developing states, the industrial capitalism primarily relocated to the newly industrialising countries in Asia (such as Malaysia, Taiwan or South Korea) and hence creating deep inequalities while spreading the neoliberal norms across the globe (Ercan, 2002, p. 50). In addition to exploiting the low labor costs in the poorer regions, neoliberalism also brought calamity to the workers in developed countries.

As a more crucial factor, China played a key role in the spread of neoliberalization with their integration in the capital system<sup>8</sup> and presenting a highly dynamic area to the industrial capitalism seeking more profitable regions with low labor cost. Additionally, the complete “defection” of China to the capitalist world after the end of the Cold War solidified the sole position of capitalism (in the form of neoliberalism) without an alternative, so the claim that “capitalism is the perfect system in the world” began to be more uttered by the elites thereby giving neoliberalism an ideological edge (Öztürk, 2013, p. 292). The sole dominance of the capitalism was particularly obvious in the former USSR domains of the Eastern Europe and Russia where the intense economic “shock therapies” brought those domains under the neoliberal yoke through dismantling former socialist structures relying on collective ownership.

Surely the global expansion of neoliberalism got the backing of a transformed imperialism. Especially since 1990s, the United States has demonstrated itself as the main hub of the prevailing finance capitalism and the main benefactor of the neoliberal expansion. Though still representing the whole Western capitalism, The American economic hegemony became a model for other countries desiring access to global flows which in turn aided the global integration of capital as well as increasing the productivity of capital (Dumenil & Levy, 2004, as cited in Kiely, 2010, p. 145). The result was the expansion of the capitalist imperialism (mainly contributing to the U.S. imperialism) in an unprecedented pace as the conformity to the American-led neoliberalism signified the distinction between relative prosperity and being labeled a rogue state. The latter usually paved the way to the more coercive economic methods employed by the West through international institutions of IMF or World Bank in the form of conditional loans and economic aid. The West, mainly through the American hegemony, could easily interfere in the internal affairs of the “uncompromising” states by impeding its economy with the insistence of economic and political liberalization, though the real motivation usually turned out to be in parallel with the capitalist

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<sup>8</sup> Nevertheless, the adoption of capitalism in China remained limited with the economic liberalization while the efforts to establish political liberalization were suppressed by the state. Therefore, we might argue that the Chinese example demonstrates the lack of relation between neoliberalism and classical liberalism.

interests. This dynamism of the capitalist imperialism reflected the indirect methods employed by it which did not need directly political, military or territorial means to discipline other states (Saul, 2005, p. 269).

The hegemonic power of the U.S. state helped the global reorganization of capitalism with the help of liberal capitalist states and created a greater cooperation with them, thus establishing a more collective sense of capitalism. However, the global spread of neoliberalism carried an uneven and contested nature for the developing countries. Even though we may consider the global integration as a positive outcome for the developing countries due to their easier conformation to the world economy and integrated trade, we should also consider the fact that the unequal nature of the domestic classes in those countries has intensified owing to the emerging globalization. Along the course of the globalization of neoliberalism, the previously demarcated territorial blocs of national capitals transformed into national capitalist states the production of which was increasingly connected to the rules and structures imposed by the American-led global order (Panitch & Gindin, 2003, p. 20). In other words, the developing nation-states had to accept the condition of creating favorable internal conditions in order to prove themselves as a reliable partner of neoliberal world order.<sup>9</sup> The uncompromising approach adopted by the developed countries towards the developing states trying to adapt the new international order, certainly reflects a paradoxical aspect of the globalization. While it defends the further integration of the economies towards the free market, the globalization also submits to the designs of capital (benefiting from the uneven development between the countries) by preventing the further integration (Wood, 2003, p. 136-7). In this context, uneven development becomes an effect of the continuing capital accumulation sustaining the neoliberal order.

In addition, the control over the developing countries was made easier indirectly through the sweeping cultural and social changes of the globalization. Under the erosion of the traditional cultural structures due to the cultural globalization (of generally the American culture), the concept of identity has become increasingly differentiated as the

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<sup>9</sup> These favorable conditions mostly involved providing stable prices, constraints on labor militancy, national treatment of foreign investment and no restrictions on capital outflows (Panitch & Gindin, 2003, p. 20).

people from the developing countries assumed a variety of forms and modes of representation such as the racial, national, class, religious and gender identities, largely thanks to the technological developments in communications (Robertson & White, 2016, p. 61). Although the rise of identity ideas reflected the rising freedom of thought among the people in the illiberal world, the manipulation of these identities resulted in numerous violent conflicts in the Third World countries, succumbing those countries to the impositions from the developed countries (particularly USA) or otherwise risk being a failed state.

Despite its hegemonic ambitions towards the lesser developed countries, the nature of the capital imperialism under the American hegemony did not promote a return to the formation of a tangible empire structure like the empires of old Europe but rather promoted a covert sense of imperialism promoting the spread of the liberal democracies globally and the creation of the (so-called) free markets in every country. Still, in spite of the lesser pronounced role of the war in the globalized world dominated by the capital imperialism (contrary to the political atmosphere of the earlier imperialisms), geopolitics has remained an important topic for the uphold of the international order. In the case of the USA, although the U.S. administration was reluctant at using force initially by limiting itself to humanitarian interventions, the challenges to the international order (albeit from smaller rogue states) prompted the USA to adopt the doctrine of pre-emption as a strategy to discipline the states presenting the challenges. According to Wood (2003, p. 25), the coercive responses employed by the U.S. was reflecting the “endless possibility of war that imperial capital needs in order to sustain its hegemony over the global system of national states”. It did not take long for the USA to realize that the end of the Cold War presented a great opportunity to reshape the world in an American image and profit from it. The militant view of the U.S. imperialism may be understood from the argument of President Bush (2002):

America has, and intends to keep, military strength beyond challenge, thereby making the destabilizing arms races of other eras pointless, and limiting rivalries to trade and other pursuits of peace (As cited in Smith, 2007, p. 5).



The 9/11 attack on the U.S. soil enabled the American administration to put its military dominance into play with the War on Terror campaign against Iraq and Afghanistan, then later in Libya and Syria after the Bush administration. Being the source of the drive for campaigns against Iraq and Afghanistan, the unilateral turn and the significance of the pre-emptive strike emphasized in the Bush Doctrine of 2002 signified an important change which has its foundations on reading of the long-term economic and geopolitical threats against the U.S. capitalism (on the wider scale capitalist imperialism) and the doctrine involved a decision to shift the balance of global economic and political power in line with the American interests by exploiting the 9/11 attacks and using the military supremacy of the U.S. (Callinicos, 2002b, p. 30). The American struggle to tame the rogue states in the Middle East, even during a globalized era marked with the unipolarity of the USA, demonstrates the persistent territorial desires of capitalism. As in the case of the War on Terror, tons of patriotic identity rhetorics against the “savage” rogue states in the Middle East served to create a smoke screen for the effective seizure of the natural resources, primary of which being oil reserves which is traded on highly integrated markets across national borders and the rest are tied to national or regional markets in which prices are related with international movements (Bromley, 2006, p. 429).

The crucial position of oil within the greater question of handling the natural resources of vanquished countries necessitated the U.S. to play the role of a guardian establishing a secure framework for the multinational companies to exploit those natural resources heavily desired by the developed capitalist countries.<sup>10</sup> Therefore, the U.S. imperialism assumed a role of maintaining the strategic superiority of itself against the potential challengers during the process of global integration instead of restarting the inter-imperialist struggles in its own bloc which included satisfying the interests of the big capital groups through opening up the economies of the defeated countries and guaranteeing the security of capital interests. More importantly, it means that the global integration is not an end to the domination of less powerful countries by the strong ones

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<sup>10</sup> Most curiously, one of the biggest winners in Iraq was Saudi Arabia establishing a dominance over the Iraqi economy thanks to the U.S. assistance. The cooperation between capitalist imperialist powers and Saudi Arabia will constitute a key aspect while inspecting the Saudi foreign policy.

because the territorial and capitalist logics of power are constantly in play even if the current trend is towards the integration of the transnational capitalism (Harvey, 2007, p. 67, 69).

The expansion of capitalism in a neoliberal form has become universal to the degree that even the challengers against the U.S. imperialism (mainly China and to a lesser degree Russia) are associated with the capitalist methods. On top of that, the other peculiar outcome of the globalized capitalism was its implications on the middle powers trying to hold onto their power in an increasing competitive and unequal world order. While the need to hold onto the power has been an obligation for the developing countries seeking to counter the hegemonic influence of the USA, it was the differences in their capacity that have solidified their position in the international politics. For the developing countries, the expansion of capitalism has not lead to a progressive diffusion of capitalist social relations and capital accumulation throughout the world but actually results in a peculiar system in which general tendencies combine with specific manifestations of capitalism, both within and between nation states (Kiely, 2010, p. 149). Moreover, when we add uneven and unequal international division of labor into the fray some countries or regions (like Africa) possess little economic power while some countries or regions (like South East Asia) manage to find a certain degree of prosperity due to the selective nature of capital accumulation dependent on the economic trends (Ibid, p. 149) The ultimate result in this picture is the creation of significant disparities among the developing countries due to the unequal development of capitalism and the unequal effects of imperialism.

The economic disparity among the developing countries essentially meant the differences in their power capabilities in influencing their own region for their own interests. In time, the lesser regions witnessed the rise of the middle powers who have been influential in developing their capabilities through exploitation of the both their domestic realm and of the surrounding weaker countries and meanwhile retaining their subordination to the great powers (usually USA). The resort to exploitation for the national interests has converted those middle powers into imperialist powers but the

compliance to the interests of the great powers creates a distinctive situation which might not simply be explained by mainstream imperialism definitions.

#### 1.1.6.1 The New Imperialism Theories

The imperialism theories after the advent of neoliberalism and its global expansion covered a much more different focus than the early imperialism theories focusing on the inter-imperialist rivalries and the differences between developed and developing states. Rather than that, the new imperialism theories focus on the global implications of capitalist imperialism and demonstrates the fact that imperialism is indeed a political phenomenon as well as being an economic concept.

About the characteristics of the contemporary imperialism, we have three different views: the first view defends the continuity of the state system and the geopolitical competitions between imperial powers; the second view oppositely defends the increasing irrelevancy of the states and believes that the competitions between them will eradicate with the rise of a new sense of “empire”; and the third view proposes that states retain their relevance but the increasing internationalization under the U.S. will erode the geopolitical conflicts between them (Kiely, 2010, p. 148).

The first view is expressed by the David Harvey and his work “New Imperialism”. By putting forward the concept of continuing inter-imperialist rivalries, Harvey aims to reconcile the classical theories of imperialism and the new conception of today’s imperialism. He argues that the visibly militarizing imperialism under the U.S. dominance reflects the capital’s search for new spatial fixes against over-accumulation as well as accepting the related possibility of “the ever-present danger of military confrontation lurking in the background” (Harvey, 2003a, p. 124). Harvey’s analysis is closely related to the development of U.S. hegemony which has achieved financial dominance thanks to the shift of priority from industrial production to financial capital starting in the 1970s. The superiority over the financial capital was said to give the U.S.

a new economic ascendancy which was previously under threat from the rise of new strong economies of Japan and West Germany. Harvey expresses that the rise of the U.S. financial capital put the world economy under the control of the U.S. capital (Harvey, 2004, p.24-27). The main method to maintain the control was transforming the social production relations towards favoring the proliferation of foreign investments (of largely dominant developed countries) in lesser developed countries with the help of emerging debt crises because of excessive loans and neoliberal policies demanded by the IMF (which is widely seen as a tool of capitalist imperialism).

According to Harvey, “accumulation by dispossession”<sup>11</sup> has become a crucial strategy of capitalism during the neoliberal era (Harvey, 2004, p. 124). Such an accumulation of ruling over a land and claiming its resources naturally requires the controlling the strategic regions at the expense of other aspiring powers. The accumulation needs full profits for upholding the power of a state against other aspiring powers also wishing to practice imperialism for upsetting the status quo. In the case of USA, the new mechanisms of accumulation<sup>12</sup> were established without resorting to military means thanks to structural adjustment programmes and the creation of the World Trade Organization (WTO) and carried the aim of deterring the rising China and Russia away from increasing their power (Kiely, 2010, p.159).

In contrast, the second view believes that the concept of imperialism has moved on beyond the mere limitations of state borders and assumed a truly transnational character by eroding the state system. The second view is largely represented by, but not limited to, Michael Hardt and Antonio Negri in their work “Empire”. According to their view written from a post-modernist perspective, the nation-states which managed the capital

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<sup>11</sup> Accumulation by dispossession is a concept derived from Marx’s (1977, p. 875) definition of primitive accumulation which is the “the historical process of divorcing the producer from the means of production”. Harvey enlarges this concept to the realm of neoliberal capitalist policies by stating that the wealth and power is possessed by a few through dispossessing the public and private enterprises of their riches or land (Harvey, 2004).

<sup>12</sup> The new mechanisms of accumulation generally allowed the extended privatization of previously collectively held resources, the extension of intellectual property right and of finance into more and more areas of social life (Harvey, 2003b, p. 73-6).

globalization previously and their domestic mechanisms for capital accumulation were replaced by the global network established by the transnational companies (Hardt & Negri, 2001, p. 286). Therefore, the limitations of the nation-states were overwhelmed by the pressure from the globalizing world. The absorption of the state system by the globalizing world also signified the end of the old-fashioned inter-imperial rivalries because the nation-states no longer represented clear blocs of national capital, but rather have become a part of the new transnational, or global, capitalist order (Kiely, 2010, p. 157).

Due to these changes, Hardt and Negri claim that the term “imperialist” is no longer capable of describing the latest stage of neoliberal capitalism, and instead suggest the term of “empire” for describing it. Hardt and Negri believe that the term “empire” connoted a wider area than the term “imperialism”, which according to them refers to a rule over certain lands with borders, as they argued that “empire” is a form of entity not depending on any governance centers or lands as well as absorbing and dissolving any different identities, cultures and hierarchies without segregation inside the its system (Hardt & Negri, 2001, p.19). This view emphasizes that the world is now post-imperialist as no single nation-state can exercise power in the way that European states did in the past (Hardt & Negri, 2000, p. 9).

The last view, on the other hand, focuses on a middle way between two incompatible views with emphasizing the role of the U.S. hegemony. This view might be summarised as “super imperialism” with giving Leo Panitch and Sam Gindin along with their work “Theorizing American Empire” as a reference. Rather than focusing on the capital, Panitch and Gindin suggest a state-focused analysis for explaining imperialism (Sune, 2017, p. 113). For them, imperialism might be better explained by focusing on the relations between imperialist states than explaining imperialism by focusing on the relations between strong imperialist states and weak non-imperialist states (Panitch & Gindin, 2004, p. 25). The key word in their analysis is the “internationalization” of states which carries fundamental differences from both inter-imperial rivalry theory and empire theory. The trend of internationalization of states is said to be a result of the

deep connection between the global capital and the states which has changed the fundamental structure of the states as they became dependent on both domestic and foreign capitals and becoming dependent on other strong capitalist countries (thus rendering the inter-imperialist rivalry theory insufficient) (Panitch & Gindin, 2004, p. 25). This situation eventually results in a duality in which the states are related to their domestic capital while also developing ties with the international capital.

Nonetheless, the theory of Panitch and Gindin also disagrees with the notion of an all-encompassing empire without nation-state system, and instead argues that the nation-states will be reconstructed under the U.S. hegemony and that the U.S. imperialism will be represented in each nation-state in general while the nation-states retain their right to manage their internal social and economic activities (Sune, 2017, p. 114). Hence, due to the influence of both the dependency on foreign capital and on the hegemony of the U.S., the states enter into a process in which they transform their domestic capital in order to contribute to the international capitalist order and they are even inclined to alter the way of their state structure so as to support such a transformation, thus undertaking the process of the “internationalization of the state” (Panitch & Gindin, 2004, p. 21). Meanwhile, failing to comply with the American-led neoliberal world system makes such states labeled as “rogue” by the imperialist powers and paves the way to implement imperialist policies or even military interventions against those states (Panitch & Gindin, 2004, p. 32).

## **1.2 SUB-IMPERIALISM THEORY**

The concept of imperialism, and its centuries years old entanglement with capitalism, generally involves a tendency to be explained as an unequal relation between strong and developed capitalist countries capable of invading or influencing lesser countries, and weak underdeveloped countries unable to show resistance to the strength of stronger countries. This dichotomy usually carries the objective of demonstrating imperialism as a form of imposition upon the weaker countries and limiting imperialism to the sphere of great powers that use imperialist practices so as to increase mainly their political and

economic power. Indeed, the early imperialist hegemons back in the antiquity, the ascendancy of the British imperialism paving way to the spread of capitalism, and the U.S. imperialism culminating its hegemony with the global spread of neoliberal capitalism are all historical examples of great powers utilizing imperialist practices over less powerful nations in order to maximize their power and profits (Kiely, 2010; Magdoff, 1978). Nevertheless, the concept of imperialism also carries a potential to impress as well as to impose.

So far, the middle powers<sup>13</sup> have constituted a neglected part of the imperialism analyses unlike the great powers occupying the center position in imperialism studies. This tendency occurred from a holistic approach towards all developing countries which pictures all of them at the receiving end of imperialist practices regardless of their own power level. Even though the middle powers were able to demonstrate their will to act daringly in the international politics, their image of being subordinated to the great powers has persisted for a very long time.

However, their position in the international hierarchy has become much clearer since the end of the Cold War and the introduction of analyses examining capitalism and imperialism at a global scale. Their resilient power has intermixed with the capitalist interests of great powers which elevated those middle powers to a position of significance. The result was the reinvigorated middle power states that have managed to become a key part for the interests of the great powers while sustaining their opposition to certain political interests pursued by the great powers and preserving their different domestic structure, even if it is incompatible with the democratic principles “promoted” by neoliberalism.

Surely, the theories of imperialism has started to take notice of middle powers as a separate group after some point as it is clear that the strong middle powers have a

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<sup>13</sup> The middle powers generally include states such as Mexico, South Africa, Turkey, Egypt or Brazil which have the capability to influence international politics despite being under check by the stronger great powers like USA or China.

different agenda than the weaker developing countries (Wallerstein, 1974). The concept of an exploited country in turn exploiting the weaker countries within its sphere proved to be an important finding linking the strong middle powers with the concept of imperialism, hitherto associated with the dominant great powers. The subsequent sub-imperialism theory, coined by economist and sociologist Ruy Mauro Marini, focuses directly on the middle powers in terms of their characteristics and their actions vis-a-vis imperialism. Still, the sub-imperialism theory is a relatively new research field with much to prove because even though a great deal of knowledge is known about the concept of imperialism by many people, much of the sub-imperialism remains in the dark. After all, what is sub-imperialism? Which countries does it refer to? What is its importance for our world? In this subchapter, all of these questions are to be answered by defining the roots of sub-imperialism theory, its characteristics and its importance in today's politics are to be explained.

### 1.2.1 The Roots of the Sub-Imperialism Theory

Sub-imperialism theory has emerged out of a long period of discussions about how to elevate the developing countries to the level of prosperity and how to eliminate the factors leading to their underdevelopment when compared to the Western nations. Surely the initial focus was not on the peculiar characteristics of the strong developing states or their expansionist capabilities. Simply, the early arguments (or theories) about developing states aimed at finding a way to link the concept of development with those states without considering their relative level of power.

The concept of development was directly used as a theory to evaluate the level of progress in newly-decolonized nation states by comparing them to the level of progress in developed countries, particularly the United States. The main focus of the development theory was the re-establishment of capitalism as an unshakeable system after the Second World War with the economic, political and military leadership of the U.S. as well as persuading the newly emerging nation states to the legitimacy of capitalism (Valencia, 2017, p. 6). The relative weakness of the Third World states



compared to the level of prosperity enjoyed by the capitalist states quickly allowed their categorization as “underdeveloped” which hastily describes them as countries depending on help from developed countries in achieving modernization through the adoption of capitalism.

According to Valencia (2017, p. 6-7), the theories of development might be summarised under two approaches. The first approach describes the state of underdevelopment (or alternatively dependency) as a precondition before acquiring the features of fully developed capitalism, thus regarding underdevelopment as a tool for explaining the characteristics of developing countries. The second approach, on the other hand, focuses on the concept of underdevelopment itself. The latter approach equips a more determinist approach by setting up benchmarks for measuring underdevelopment and carries the aim of demonstrating the “gaps” between developing and developed countries in order to expose the level of the societies (Frank, 1969, p. 39).

Despite its seemingly remote relevance with the more complex concept of sub-imperialism, underdevelopment is actually a crucial element for the formation of sub-imperialist countries. It should be reminded that sub-imperialism is a theory claiming the possible adoption of the imperialist methods by the “strong developing countries”. The emphasis of the theory tends to highlight the “strong” aspects of some developing countries, yet the essential and common component of those countries is the fact that they suffer from the general “underdevelopment” experienced by the developing world. Therefore, the theories of development is crucial in regard of specifying the relative weakness of some unfortunate states, a weakness which would be felt more intensely in the following decades and would inspire the stronger developing countries to seek ways of enhancing their power.

In terms of specifying the reasons of the underdevelopment experienced by developing countries, the development theory refers to the concept of “structural dualism” supposedly present in the relation between developed and developing countries. This concept argued that the world consists of separate capitalist and non-capitalist spheres, the connection of which is sustained by the imperialist metropolises spreading their

development to the lesser developed regions (Frank, 1991, as cited in Valencia, 2017). This view, in line with the modernization idea, tried to justify the unjust presence of developed capitalist countries by interpreting it as a benefit for developing countries which will allegedly help them overcome their underdevelopment.<sup>14</sup>

The dichotomy of capitalist and non-capitalist spheres was quite prevalent during the first few decades after the war in Latin America (where the sub-imperialism theory would later emerge) but some scholars opposed to the idea that modern and traditional societies could remain separated at all times. This opposition created the opposite approach of “structural heterogeneity” which turned around the concept of structural dualism by proposing that both the traditional and modern units can coexist at the regional and national level of system corresponding to different phases of development (Pinto, 1985, p. 164). According to Pinto (1985, p. 43), the structural heterogeneity occurs from phases separated by centuries of evolution “from primitive agricultural and sometimes even pre-Columbian times to huge steel works or car plants built in the very image of those of an open economy”.

Structural heterogeneity is crucial in this sense as the process of adopting capitalism did not simply carry out an all-effecting transformation. The effect of capitalism (and especially neoliberalism) has been more selective than expected actually. The contemporary history has shown that the sub-imperialist countries are not the ones who managed to adopt the neoliberal policies and capitalist structures by heart in order to become a proper capitalist country in compliance with the Western ideals (for instance Japan or South Korea), but rather the ones who managed to “preserve” the order of their social aspects and only adopt neoliberal policies for enabling economic liberalization. Thus, the latter type of countries become excellent examples of a “structural heterogeneity” comprised of a modern economic outlook and a preserved social structure existing side by side. The heterogeneous nature allowed some developing countries to

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<sup>14</sup> According to dualism, the way of “overcoming the underdevelopment” required the establishment of a fully capitalist country with Western style social and juridical relations, such as private property, development of the productive forces, and political and electoral system with Eurocentric nature (Valencia, 2017, p.9).

exercise greater strength by keeping their domestic order in check while gaining profits thanks to complying with capitalist world economy.

Another theory that is important for understanding the inner mechanisms of developing countries (particularly sub-imperialist countries) is “endogenism”, which is a theory giving priority to internal factors like class struggle, capital accumulation, and the relation between the State and oligarchy over external factors frequently mentioned by other scholars (Valencia, 2017, p. 12). The focus on the internal aspects signifies an important breakaway from the mainstream explanations about underdevelopment which narrows the concept to the comparison between developing and developed countries. Whereas, endogenism focuses on analysing underdevelopment through analysing the internal relations which reflect how capitalism functions in a society (Peña, 1999, p. 85-86). Both structural heterogeneity and endogenism play a key role in understanding of the internal factors affecting sub-imperialist countries.

In addition to development theory, we might add the views of multiculturalism and postcolonial studies on the question of developing countries. Multiculturalism might be summarised as the transformation of the capitalist ideas to a global ideology encompassing every nation particularly after the Cold War. The plan for the developing countries was to “incorporate” them into a global vision surpassing boundaries and eliminating the significant differences between nations. However, postcolonial studies, representing the opposite view, rejects this kind of view by focusing on the continuing effects of imperialism on the social and political aspects of the underdeveloped world and offers a language for people whose knowledges and histories are suppressed (Young, 2003, as cited in Raja, 2019).

Nonetheless, both of these views fail to do justice for explaining the relation between developing countries and sub-imperialism. Multiculturalism is largely faulty at dismissing the resilient social structures of strong developing countries with the insistence on a postmodern perspective. More awkwardly, postcolonial studies also suffers from a dismissal problem despite directly researching the struggles of

developing countries. Although the apparent problem of postcolonial studies is a heavier focus on Asia and Africa, it also leaves out one of the most crucial elements of sub-imperialism: the term imperialism itself. By labeling imperialism as a lingering effect on the postcolonial nations, postcolonial studies neglects imperialism as an analytical category in spite of its continuing presence in the analysis and reflections of thinkers from the developing countries (Valencia, 2017, p. 15-16).

Notwithstanding a necessity to define the issue of underdevelopment suffered by developing countries, being relatively lesser development when compared to developed countries does not constitute the identity of a sub-imperial country. Underdevelopment merely places the sub-imperialist countries hierarchically below the capitalist great powers, but it can not explain their superiority over the weaker countries in their region on its own. The key element in the characteristics of sub-imperialist countries is their unique hierarchical position in the world system as they fit in to the position of a medium between strong and weak countries rather than being part of a developed and developing countries dichotomy.

The capitalist world system analysis is beneficial in that regard due to prioritizing the global system over national system by accepting the world system as capitalist instead of neglecting the general system by focusing countries and regions (Valencia, 2017, p. 16). Even though the world systems analysis stuck around the relation of strong and weak states in a global scale for a while, it was Wallerstein who came up with a crucial addition to the world systems analysis. In his work “The Modern World-System”, Wallerstein not only redefines the history of capitalism and modernity but also constructs a world-systems analysis in which he divided the countries into three areas: the centre, the semi-periphery, and the periphery (Wallerstein, 1974). The emergence of the semi-periphery category, describing countries possessing the characteristics of both centre and periphery countries, signifies a more specific definition for the developing countries demonstrating a greater power projection than other developing countries. In the context of contemporary capitalism, the semi-periphery countries would signify a

particular set of countries willing to accept the (economic) principles of centre countries while still retaining the characteristics of peripheral countries.

The fate of the sub-imperialism theory, more than any other theory, has been tied to dependency theory which flourished in Latin America during the second half of the 20th century. The starting point of dependency theory is an opposition to the development (or modernization) theory and its tendency to describe underdevelopment as a “natural” phenomenon. Diverting from this line of thought, the theory believes in a more peculiar relationship between imperialist countries and developing countries (which are referred also as “dependent” countries). Theotonio Dos Santos describes dependency in this manner:

Dependency is an historical condition which shapes a certain structure of the world economy such that it favors some countries to the detriment of others and limits the development possibilities of the subordinate economies, a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy to which their own is subjected (1971, p. 226).

The scrutinization of the relationship is not limited to the economic aspects, and includes the differences between social structures and state formation. The main idea about dependency theory is its focus on the concept of imperialism by regarding it as a continually updated entity owing to its deep ties with global capitalist economy (Cardoso, 1974, p. 103). Cardoso was correct at regarding the concept of imperialism as a dynamic process capable of altering over the time. For him, the understanding of dependency relied on linking its concrete historical circumstances with abstract concepts and thus should be redefined by analysing how the development of capitalism as a historical mode of production is periodised (Valencia, 2017, p. 22). According to the new perspective under dependency theory, imperialism is not simply an external factor effecting the dependency of developing countries but an outcome of the historical development of capitalism in those countries. In this context, imperialism becomes an engulfing entity over the economies and societies of dependent countries and becomes a part of their socio-economic structures, their state and their culture (Marini, 1992, p. 90,

as cited in Valencia, 2017, p. 24). The factors that create growth in imperialist centers become the factors of dependency and subordination for the lesser developed countries.

### 1.2.2 Explanation of the Sub-Imperialism Theory

Sub-imperialism reflects an interesting reflection of today's engulfing contemporary imperialism and its transformation process. This transformation was effective in the re-adjustment of capital accumulation as its concentration in central countries began to be shifted to non-central countries, normally labeled as the periphery such as China, Brazil and India (Morady, 2020, p. 18). The combination of the shift in the direction of capital accumulation and the global spread of neoliberal capitalism created new areas of capital accumulation outside of the imperialist core regions. More beneficially, the emergence of these new centers of capitalist economy in the periphery facilitated the absorption of the peripheral regions to the global capitalist system, with the help of the rising developing countries in playing a crucial role in the global economy.

Through their incorporation into the world economy as junior partners, sub-imperialist countries are believed to be transforming into regional agents of imperialism (Morady, 2010, p. 22). Furthermore, they have benefited handsomely by the profits from their cooperation more than weaker developing countries unable to prove their worth to the global economy. The transformation towards sub-imperialism in these countries has generally involved opening up the economy of the subject country to foreign monopolies and ensuring the unrestricted alliance of the state through enticing it with the profits of foreign capital, and in exchange demanding the protection of the foreign capital from "unfavorable" domestic factors (Marini, 1972, p. 16-17).

Though it is a crucial aspect of it, sub-imperialism does not solely consists of a pact between capitalist great powers and aspiring middle powers, as deeming it only as a form of agreement would render it exclusively external. That is, of course, not the case because the role of state and bourgeoisie in strong developing countries are more

essential for the formation of sub-imperialism due to their huge role in domestic subjugation. The three key aspects of realisation of sub-imperialism are directly tied to the internal transformation facilitating the spread of neoliberal capitalism, which are directing the luxury consumption mainly to the middle and upper classes of the bourgeoisie, ramping up the internal production for developing the exports sector, and the state's utilization of its power in order to be an investor and stimulator of demand, especially through public spending (Marini, 1974, as cited in Valencia, 2017, p. 60).

Despite being incorporated into the general capitalist framework, the semi-peripheral states still suffer from the unevenness in the global capitalist system. Due to this unevenness, the weakest links in capitalism are found in countries where the rapid implementation of capitalism creates contradictions that are all the sharper because the developments carried through elsewhere have not yet been completed (Morady, 2020, p. 23). The dependency of a sub-imperial country is almost inevitable because of the uneven nature of capitalism which has become more complicated with the highly sophisticated technologies, the ownership of which is enjoyed by the developed countries. Still, in spite of the relative weakness in the international system, the sub-imperialist state still possesses a form of dominance over its own people and the surrounding region. As shown by Marini, the state is the main protagonist in this process through keeping the domestic order in check, providing growth and increasing its power by exploiting the inter-imperialist struggles and rivalries while enjoying a relative autonomy from imperialism (Valencia, 2017, p. 61). Nonetheless, it is obvious that the aim of the strong developing countries has taken up the form of adjusting to imperialist practices for staying competitive in the capitalist system despite the prevalent anti-imperialist rhetorics in those countries.

At the first glance, associating the strong developing states with the general concept of imperialism might be perceived like an exaggeration as it may be argued that they are just authoritarian states pursuing a policy of power maximization both in domestic and foreign sphere. However, regarding imperialism only as an aggressive military policy is a vast understatement because the imperialism in contemporary sense (which contains

sub-imperialism) has evolved into a system “ - based on the super-exploitation of domestic labor. It was natural, therefore, that, as it grew, it would require external markets for the resolution of its profit realisation crisis” (Yeros & Moyo, 2011, p. 19).

The super-exploitation of domestic labor (or shortly, labor super-exploitation) is important for understanding the degree of contemporary imperialism prevalent today. Briefly, sub-imperialism might be described as the act of exploitation of the state towards its own citizens, most especially towards the lower strata. Labor super-exploitation, as a description, means the maximization of production (especially for the sake of exports) and profits (for the sake of the bourgeoisie class) by capitalist enterprises in a country through reducing the real wages of workers while increasing their working hours. Although the labor exploitation is by no means a new occurrence, labor super-exploitation constitutes a central part of the sub-imperialist economy. The general drive is sustaining the competitiveness of economy and production by subjecting the gains of the worker class to a redistribution mainly benefitting the upper strata of society. In Marini’s words, we might explain this drive as the invention of a new field of activity for capital – “the sale of labor power” (Marini, 1972, p. 21).

Notwithstanding its central role in sub-imperialist economy, labor super-exploitation also creates a contradiction with one of the main drives in capitalist economy which is demand. It is no surprise that the labor super-exploitation breaks the economic power of the worker class and lowers their consumption, thus their economic participation, while increasing the economic power of the capitalist classes. However, the economic demand of the middle class plays a more important role for the circuit of capital and the third source of income (from the middle class) is realized from the outcome of two rival classes: the redistribution of workers’ wages and from a portion of the surplus value made by the capitalist class (Valencia, 2017, p. 71). We may summarize the main objective of the sub-imperialist domestic economy as a struggle to form a “consumer society” by sustaining a high level of demand from middle and upper classes as well as incorporating the worker classes into the system, in order to compensate the higher levels of production enabled by labor super-exploitation. However, the realization of a



consumer society is a dire endeavour without increasing the income of the middle classes and conceding attractive wages to the working class which would interrupt the concept of labor super-exploitation, as the realization of consumer society paradoxically depends on the profits made from the labor super-exploitation (Marini, 1972, p. 21).

The inevitable result in this context is the occurrences of constraints on demand as the domestic circumstances do not allow a smooth proceeding of capitalism. Such constraints eventually propel the developing states, which have adequate power to do so, to export their capital abroad through investment and extract surplus value from the productive processes it invests in (Valencia, 2017, p. 71). This drive, in turn, necessitates pursuing a foreign policy for increasing the sphere of influence, usually at the expense of weaker countries in the region. The goal of the strong developing countries demonstrates an unprecedented similarity with developed capitalist countries regarding this aspect, which is sustaining the profitability of their capitalist system by expanding the area where their capital might benefit from. The heavy foreign investment does not simply reflect a policy option for strong developing countries, rather than that it is almost a sheer obligation for them. For sub-imperialist countries, only long-range foreign commercial expansion could become an effective instruments of realization and the (sub-imperialist) state could not in the meantime meet all the needs of industry without violently aggravating the inflationary process (Marini, 1972, p. 18).

Following the internal aspects of sub-imperialism, we may certainly argue that the nature of capitalism is an indispensable element for the creation of a sub-imperial country. Rosa Luxemburg's arguments are crucial in this aspect due to her unique approach toward the uneven development in the world. She believes that capital cannot accumulate without the help of the non-capitalist structure. But neither it can stand with their continued existence along with capitalist sphere and thus only a continuous and progressive dissolution of the non-capitalist structures may enable the accumulation of further capital (Bond, 2004, p. 153). Luxemburg expands the concept of the exploitation by drawing attention to the inclination of capitalism towards spreading into

non-capitalist territories due to its persistent problem of capital overaccumulation. In her work “Accumulation of Capital”, she claims that the attempts of annexing the non-capitalist spheres involved an extra-economic coercion which practices drawing “surpluses not just from formal capital-labor productive relations but also from families, the land, all forms of nature, mutual aid systems and what we have come to know as the ‘commons’, and the shrinking state” (Luxemburg, 1968, p. 396). According to this explanation, we might understand the global spread of neoliberalism as a successful attempt of developed capitalist states to incorporate and forcibly alter the nature of the Second and Third World countries with the rhetorics of liberalization, which actually pursues a crude policy of extracting profits.

In the context of sub-imperialism exercised by some semi-periphery countries however, the national capitalism in those countries (being in close relationship with world capitalism) also desires an expansion towards other countries in a domino effect fashion even while being subject to the exploitation by developed capitalist powers. Although the incorporation into the capitalist system allows them to reap great benefits, this incorporation also subjects the sub-imperial economies to the capitalist crises often in the form of the overaccumulation of capital. Indeed, the problem of overaccumulation is a continuous problem for all countries pursuing capitalism and thus creates a powerful urge for strong developing countries to externalize and financialize their local capital, which is one of the factor deeming them as sub-imperialist (Bond, 2015, p. 17). However, even the most powerful semi-periphery countries lack the means of ensuring the global expansion of their capitalist structure in the same way the great powers were able to do because of the relatively late and weak development of their capital power. Therefore, sub-imperialism’s prospects for expanding in peripheral countries is restricted to the extent that at most it can only act locally in regional geopolitical spaces (Valencia, 2017, p. 55).

For this reason, the sub-imperial countries follow the footsteps of the great powers by expanding their influence in the region at the expense of the weaker developing countries. Awkwardly enough, the imperialist practices have been generally employed

by the very countries ideologically stood against imperialist practices during the Cold War (such as Russia, Brazil or India). The domination of the neoliberal understanding, however, left no room for ideological idealism and opened the way for the pragmatist goals as the main goal was to remain strong in the face of a highly competitive global capitalist system. Still, the pursuit of the state interest is far from being the only consequence of sub-imperialism as the sub-imperialist regimes had the courage of legitimizing the neoliberal practices due to utilizing them for regional spheres of influence, hence justifying the ideological terms of the American hegemony by adopting multilateral trade, investment and financing arrangements (Bond, 2015, p. 17). Surely the sub-imperialist powers were not totally submissive to the neoliberal world order and have had successful instances of showing resistance at certain times as well as having problems in cooperation with liberal great powers.<sup>15</sup> Nonetheless, this does not change the fact that the sub-imperialist countries are willing to comply with the world capitalist system in order to expand their capabilities by extracting vast quantities of materials and labor from regions not fully integrated into the world division of labor (Bond, 2015, p. 17-18).

Still, the tendency to externalize the local capital is an even less smooth process for the sub-imperialist countries because their attempts may be countered more easily by other aspiring states in their region especially if they possess divergent ideas about capitalism. In spite of this hardship, the sub-imperialist countries still can push for their ambitions thanks to their closer ties with the capitalist great powers. The inevitable result is the increased military competition between regional rivals and thus the expansion of the imperialist hegemony (Morrady, 2020, p. 25). Such competition are usually described as being occurred from differences in ideology, religion, state interests or territorial ambitions; yet the real culprit between the sub-imperialist struggles are often tied to the economic reasons which have proved itself more and more crucial thanks to the integration of the global markets. The new phenomenon in the concept of imperialism is

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<sup>15</sup> The attitude of BRICS countries towards the Western powers is among the best examples of the inconsistent relationship between sub-imperialist countries and the developed capitalist countries. BRICS countries obviously show the signs of imperialism in their behaviours, but they are also adamant in defending their own territorial interests against the Western intrusion with, seemingly, liberal ideologies (especially China and Russia).

not just limited to the proliferation of imperialism with the rise of new great powers, but additionally involves the proliferation of sub-imperialisms aiming to develop their own surplus capital to remain competitive in the international field regardless of their dependency on developed countries. As described by Harvey:

The opening up of global market in both commodities and capital created openings for other states to insert themselves into the global economy, first as absorbers but then as producers of surplus capitals. They then became competitors on the world stage. What might be called “sub-imperialisms” arose... Each developing centre of capital accumulation sought out systematic spatio-temporal fixes for its own surplus capital by defining territorial spheres of influence (2003, p. 185-186).

The striking aspect of the sub-imperialist regimes validating both the sub-imperialist countries' compliance with core countries and their regional or even overseas ambition is the rapid financialization of their capital. Reeling from the crisis-inclined nature of capitalism, overaccumulation of capital becomes an issue for the sub-imperialist countries as well and thus shapes their foreign policy in accordance with finding a “spatial fix” in the form of financialization export. According to Bond (2004, p. 156), finance is able to send the surplus money to another country in order to buy up surplus commodities by serving a geographical displacement function in the form of foreign lending. The importance of finance in this regard was previously utilized by core capitalist countries in order to deal with their overaccumulation due to the failure of the Bretton Woods system, and sub-imperialist countries seem to have taken the lead in finding respite for stabilizing their capitalism. The banks in the sub-imperial regimes (like the banks of BRICS countries) particularly act in parallel with the role of banks in core countries which is bankrupting poorer developing countries so as to wedge them open for the sake of liberalized trade and investment or simple resource extraction (Bond, 2015, p. 20-21). Indeed, the financialization constitutes a vital part of the sub-imperial regimes and creates a fuel for the inclusion in the capitalist world economy.

### 1.2.3 Sub-Imperialism in Contemporary World

Sub-imperialism is still a work under progress due to its relatively new emergence and its peculiar approach to the concept of imperialism by taking the semi-periphery countries as the main focus instead of core countries. Its use has not been widespread in scholarly works yet and it has much to prove for being a widespread term for explaining the ambitions of the strong developing countries. Proving the worth of sub-imperialism necessarily includes explaining its relatability with our contemporary world, which in turn necessitates finding suitable case countries for explaining sub-imperialism. Luckily, the contemporary history is quite generous in presenting such suitable cases.

However as the starting point, we may even go back further from the limitation of contemporary history for the sake of an interesting example. In his 1962 article of “The Sub-Imperialism of Baganda”, Robert demonstrates how the instances of sub-imperialism was able to occur even during the times when capitalism had not become global yet. According to the article, Buganda (a territory in Uganda currently) was one of the few African nations able to survive colonial participation by European nations. Buganda was special in that regard because it did not remain solely as a survivor of the partition, but also managed to impress the British colonial officers with its relatively advanced political and social structure. In fact, Buganda was so unique when compared with other African nations that it became a model of native administration for the British (Low and Pratt, 1960, as cited in Roberts, 1962, p. 438).<sup>16</sup> Surely we can not yet describe Baganda as a country aiming to expand its capital abroad, obviously due to the lack of capitalist development in African nations during 19th century. Still though, Baganda’s territorial expansions were in line with the colonial interests of the British and it viewed the British presence as an opportunity rather than an intrusion. In fact, Ganda (citizens of Baganda) sub-imperialism was more than a pawn of British imperialism as it was able to pursue an independent expansion due to the already well-established tradition of Ganda dominance over Baganda’s neighbours, to the point that

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<sup>16</sup> By this information, it can be determined that one of the most significant achievements of Bagandan imperialism is expanding their influence beyond of other African societies and managing to impress the British themselves as well (Roberts, 1962, p. 449).

“Gandaization” became a colonial era objective for the African nations to resist against European imperialism (Roberts, 1962, p. 439).

Following its abovementioned aspects, Baganda proves itself as an interesting example for understanding sub-imperialism, yet it lacks the emphasis on the aspect of capital exportation which may be more adequately emphasized by bringing up more contemporary examples. The first appropriate example is Marini’s depiction of the sub-imperialism prevalent in Brazil since 1970s. In his 1972 article for *Monthly Review* journal, Marini focuses on the changes brought by the military dictatorship starting in 1970s. The Brazilian sub-imperialism was initially born out of an urgent need to come up with a response against the economic crisis under which the Brazilian economy suffered between 1962 and 1967, as well as the rising class struggle within the country (Marini, 1972, p. 14). In this regard, the technocratic approach of Castelo Branco is worth looking at owing to its policies favouring the interests of big capital. The domestic economic policies at that time had the ambition of increasing the concentration of income and its productive sources, however this ambition usually meant the resortion to reducing the wages (of especially worker class) and easing up the process of smaller businesses by the big corporations (Marini, 1972, p. 16).

In addition to the aforementioned processes of self-exploitation for the capitalist classes, one of the strong elements of Brazilian sub-imperialism (like many other instances of sub-imperialism) is the presence of a strong state backing the national capitalist bloc. The benefits of the strong state in Brazil to the expansion of Brazilian capitalism were prevalent in two ways: (1) the expansion of the market for capital goods thanks to the rapid increase of state expenditures from infrastructure to the development of armed forces, (2) establishing a close and unrestricted alliance with the foreign capital by allowing them to exploit the domestic worker class and the surplus from commercial expansion (Marini, 1972, p. 16-17). Consequently, the economy of Brazil boomed with the ramping up the exports and receiving investments while the domestic consumption suffered. Furthermore, the more crucial effect on the Brazilian society was the emergence of a “consumer society” in which the purchase power of the lower classes

was eroded for the encouraging the more economic participation by middle and higher classes. The result was the creation of market suitable for the consumption of products from Brazilian industries but at the cost of the splitting those industries from popular consumption. The phenomenon of consumer society would prove itself as a main element of sub-imperialism in the long run.

Moreover, sub-imperialism has also the dimension of pursuing regional dominance for enhancing the abilities of the national capital. Brazil was unique in this regard by both managing to overpower its regional rivals, and using the geopolitical struggles between the great powers to its advantage. Inter-imperialist contradictions and competitions between advanced capitalist states enabled Brazil to implement its own geopolitical ambitions so as to assert its position regionally and internationally without drawing the ire of the dominant countries, and even managing to maintain the framework of cooperation with dominant countries (Valencia, 2017, p. 64). However, the persistent dependency on the core imperialist powers created a distinct type of relationship between Brazil and core imperial countries (especially the U.S.). This relationship might be labeled as an “antagonistic cooperation” linking the dependent country’s own cycle of capital to the advanced centre’s economy, rendering any opposition to core imperialist countries useless as it risks the tumbling down of its own imperialism (Valencia, 2017, p.74).

On the other hand, the Brazilian ambitions towards its region, South America, reflects the wish to export its capital through its finance groups abroad. Brazilian quest for market expansion has been closely related to find a spatio-temporal fix for its extraordinarily developed finance capital and to gain control over the raw materials plentiful in South America such as ores and gas in Bolivia, oil in Ecuador, and the hydroelectric potential in Paraguay (Marini, 1974, as cited in Bond, 2013, p. 266).

South Africa might be pointed out as a fine example of sub-imperialism due to its dominance in southern cone of Africa and its central role in world finance. Borrowing from Bond (2013, p. 251), South Africa presents itself more as a “deputy sheriff” of the

Western interests rather than an opponent against the neoliberal system even after the end of Apartheid regime. When scrutinized; its domestic structure, financial capital and foreign policy choices are all pointing to a South African model of sub-imperialism. The domestic aspects of South Africa, for instance, demonstrates another example of the super-exploitative relation between the state and capitalist class, and the lower strata. Despite the efforts to end the racially segregating Apartheid regime, the domestic nature of South Africa has transformed into a “class apartheid” directed not only against South African lower strata but also towards poorer Africans in the extractive forms of migrant labor along with neglecting the community deterioration and ecological destruction (Bond, 2013, p. 252).

Foreign policy choices of South Africa mirrors the greater ambition of the BRICS bloc to cooperate actively with the imperialist expansion of the West and to equip the position of a key bloc in this expansion through linking their interests in sub-imperialist stabilization of international financial power relations (Bond, 2016, p. 7). For the South African leaders and business groups (especially during Mbeki and Zuma periods), the advancement of the regional domination was critical and had to be pursued at all cost in order to remain competitive for the global capitalist system. It is no surprise at all to observe the South African drive to capture the opportunities presented by the opening up of the global markets due to the political and social shocks emanating from the abolishment of Apartheid regime. The sub-imperialist drive became a strategy to deal with the shocks of the post-apartheid situation, which included investing heavily into the extractive and monocultural industries at home (again, at the cost of popular consumption). More importantly, South Africa has sought investment prospects in peripheral markets in order to increase the range of the sphere of influence by encroaching on lesser powerful countries with rich sources through accumulation by dispossession strategies (Bond, 2013, p. 263-4).

The interests of South Africa regarding the geopolitics of Africa have been in parallel with the U.S. interest to keep the direct conflicts in Africa in minimum and keeping the leash of the subtle imperial control, which gave way to the “Africa rising” rhetoric



(Bond, 2013, p. 254). The high speculations about the African continent (especially South African region) have been beneficial in drawing vast investment filling the pockets of the multinational corporations located in South Africa which has been one of the main sources of the sub-imperialist economy. In addition to continuing investments, the significant events such as hosting of the World Cup in 2010 and UN climate summit in 2011, and joining the BRICS in 2012 elevated South Africa to a more prominent position in the world. Despite the dominant anti-Western rhetoric, South Africa also retains an “antagonistic cooperation” with core imperialist countries. Ever since the presidency of Mandela, South Africa has been behaving in a manner which might be described as “talking left so as to walk right” (Bond, 2013, p. 257) which basically means complying with the interests of core imperialist countries while preserving the anti-imperialist rhetoric. The South African foreign policy, especially during the post-Cold War setting, has assumed a two-sided role which has been capable of keeping up with the demands of the global capitalist economy along with preserving their Third World Movement roots. The record of South Africa is bewildering in this topic as it was given access to preside over elite institutions such as UN Security Council or the board of governors of the IMF and World Bank, while it also desired to assume the leadership of the Third World by heading the Non-Aligned Movement, the Organization of African Unity and the Southern African Development Community (Bond, 2003). No matter how odd it sounds though, the contradictory foreign policy alignments of strong developing states like Brazil and South Africa actually reflect the flexibility of sub-imperialist regimes aiming to hold up their prestige among the periphery countries while sustaining their much-needed cooperation with core countries.

Beyond nation-states, the blocs consisting of several countries might also assume the role of coordinating the sub-imperialist designs of their member states. BRICS, without a doubt, is a brilliant example of being a gathering platform unifying the sub-imperialist agendas of its components. As a definition, the BRICS is a bloc created by the middle powers with strong economies which are Brazil, Russia, India, China and South Africa. When defined ideologically, BRICS is a counter effort organized by those middle powers to stem the tide against the strong capitalist states and come up with their own economic model against the neoliberal system backed by the U.S. along with its allies

and the institutions like IMF. The problem, however, is that the ideology of BRICS is mostly limited to merely statements, and instead the agenda of BRICS is actually benefitting from aligning with Western capitalism. Even though BRICS countries has set up their own banks and economic arrangements for (seemingly) reduce their dependency on Western institutions through lending loans to each other, their own lending mechanisms such as Contingent Reserve Arrangement (CRA) and BRICS New Development Bank (NDB) have continued to mainly rely on US dollar rather than establishing a system allowing the transactions through their own currencies. Inability of the BRICS countries to establish a truly independent economic mechanisms rather reflects the consent shown by the BRICS to actually meet the Western demands by financing the development of developing nations and stabilising the global financial market by utilizing NDB and CRA (Bond, 2016, p. 6). Despite this alignment with Western interest, the prestige and credibility of the BRICS nevertheless are reliant on sustaining a hostile rhetoric against the global finance system by “pursuing” the claims such as putting CRA forward as a replacement to IMF as the main provider of resources for BRICS members and impoverished societies in case of problems in balance of payments (Campbell, 2014, as cited in Bond, 2016, p. 6). Although those bold proposals occur from a political desire to disrupt the superiority of the Western bloc, the lack of meaningful steps to break out of the neoliberal capitalist finance system imprisons those states to a perpetual sub-imperialism within the capitalist system.

Last but not least, sub-imperialism is not an automatic formation from just being a strong developing country with a degree of power as some additional factors might hamper the formation of a sub-imperialist model. For example, Mexico is sometimes wrongfully addressed as being sub-imperialist because of sustaining a model of labor super-exploitation, forming an alliance with foreign finance groups and having some influence over Central American countries. According to Marini however, Mexico is in fact very far away being a sub-imperialist power and was rather a subject of economic annexation due to being too economically tied up with the U.S. transnational cooperation (Marini, 1977, as cited in Valencia, 2017, p. 66). The Mexican labor power has been directly super-exploited and to was incorporated into North American capital accumulation instead of being exploited by the Mexican state which has been deprived

of using the surplus value to enrich its own capital (Ibid, p. 66). Argentina is another country that has been claimed to possess sub-imperialist characteristics, but it also does not fit into sub-imperial status for a number of reasons. In spite of Argentina's capability in being a significant regional power, it lacks the unity of the bourgeoisie groups for representing a unified national capitalism under a strong state structure (Valencia, 2017, p. 67). Furthermore, Argentina has been struggling under direct interventions by global finance system since the debt burden prevents the country to maintain an autonomous foreign policy while its regional counterpart Brazil is able to function as a total sub-imperialist system.

All these examples are indicative of widespread sub-imperial characteristics influencing the internal and external decision-making of several middle powers aiming to enhance their own power. This thesis, on the other hand, aims to explain a non-BRICS country in terms of sub-imperialism: Saudi Arabia. Saudi Arabia has also been at headlines for making bold moves in foreign policies at the expense of its rivals and lesser powers in its region as well as implementing a unique type of capitalism to enhance not only its own economy, but also capital accumulation globally. The essential aspects and structures of Saudi Arabia are the main key points of the next chapter which is dedicated to explaining the case at hand with linking it with the theory mentioned in this main chapter.

### **Conclusion – The Pinpoints of Sub-Imperialism**

Theoretical foundations and features of sub-imperialism have constituted the main part of this thesis so far. The first subchapters focused on the very definition of imperialism and its mutual development with capitalism throughout history. As a phenomenon essentially effecting the lives of more and more people, imperialism has evolved throughout the time in a way that has carried it well beyond the boundaries of its original meaning. Sub-imperialism, with all its characteristics and relevancy in contemporary politics, is itself a reflection of the (currently) latest stage of imperialism which enjoys a global outreach hand-in-hand with the neoliberal system. While new

imperialism studies are useful in every way to explain the actions of the great powers (overwhelmingly USA), sub-imperialism theory offers a great potential for explaining the transformed interests of the influential middle powers thanks to the theory's main focus on capitalist crisis tendencies, regional hegemony and super-exploitative processes of accumulation (Bond, 2015, p. 16).

However, these three wide aspects are not enough to frame a developing country as sub-imperialist. As the realization of sub-imperialism requires some minor factors as well in order to be distinguished from other forms assumed by other strong developing countries (such as economic annexation in the case of Mexico). The establishment of a sub-imperialist system requires more than a depiction of country ruled by a dictator or an exploitative capitalist class, beyond those circumstances it requires the full conditioning of a country's identity within the sphere of sub-imperialist system. We might put forward five factors which are inherent to the formation of a sub-imperialist system:

1. The first factor is quite obviously sub-imperialist system's deep relation with imperialist and capitalist system. Despite seemingly being the opponents of Western capitalist system, sub-imperialist countries are actually keen on embracing the capitalist system (along with its crisis-ridden nature) and employing imperialist practices to further their agenda. This embracement additionally leads to suffering from the same capital accumulation problem experienced by even the most powerful core capitalist countries. Therefore, sub-imperialist countries find refuge in following the steps of imperialists while remaining dependent on the core imperialist countries and even becoming an agent for them.

2. This drive for dealing with the capital overaccumulation inevitably directs the strong developing countries towards the traditional remedy of capitalism: expanding the sphere of national capital. Indeed, the plague of the overaccumulation has proved to be as influential for the strong developing states as for the Western imperialist powers in the preceding centuries. Evidently, sub-imperialist countries differ themselves for being

shrewd in using their own political and economic prowess (sometimes even their military might) in establishing dominance over lesser developed countries in their region, while retaining a certain amount of independence from great powers (as long as their interests do not collide with the interests of global capitalism). Therefore a sub-imperialist country is able to solidify its position to be an effective regional power through the exploitation it imposes on periphery countries, however sub-imperialist countries' dependence on core capitalist countries restrain them to being a regional centre for global capitalism at best.

3. Certainly, the plunder under sub-imperialist system is not limited to the external sphere as the internal structure of a sub-imperial country is also subjected to exploitation performed by the cooperation of the state, domestic capitalist class and transnational companies. The common feature within the domestic realm of sub-imperialist countries is the super-exploitation of the working classes in order to maximize the productivity of the economy while profiting through the decrease of the real wages enjoyed by the lower strata in the society. The super-exploitation policies present a great opportunity to sub-imperialist countries by allowing them a restructuring to keep up with the neoliberal practices encouraging the free conduct of the markets along with sidelining the (allegedly) obsolete welfare policies championed by the intervening state. Moreover, the super-exploitation of sub-imperialist powers promotes a consumer society model, albeit paradoxical, relying on the increased economic power of upper stratas of society (thanks to plundering the economic power of domestic labor) and aims to create adequate circumstances for the foreign investment to do business and to conduct their own plundering.

4. The super-exploitation aspect of the sub-imperialist system, on the other hand, is not sustainable in any way unless it is supervised by a strong state mechanism which makes it a must for the system. Despite the discouragements of the neoliberal ideology and its (reluctant) emphasis on political liberalization, the state is at the center of the sub-imperialist system. It benefits greatly from the system by gathering wealth through a state capitalism model and uses the funds to enhance its economic, political and military

capability in order to claim for the regional hegemony described above. Surely though, the strong state is not completely about flexing muscles as the state has to prove its power in (1) unifying the different capitalist groups in the country into an entity which has the capability to support a state-financed national capitalism, (2) suppressing any lower strata agitation so as to earn the trust of the foreign capitalist groups, (3) come up with a political project allowing them to keep the internal situation at check and to justify their foreign adventures.

5. Lastly, the middle power characteristic of the sub-imperialist system should not be underestimated in spite of the avoidance of “middle power” and “sub-imperialist power” interchangeably. Despite its relatively more ambitious character, sub-imperialist system is more of a compromise between the strong developing countries and core capitalist countries. Even though its relation with imperialist great powers downgrades to being one of “antagonistic cooperation”, the sub-imperial country simply tries to establish an equilibrium between enriching itself as well as its allied bourgeoisie class, and complying with the interests of the core capitalist countries through being the intermediary ensuring the flow of capital from peripheral countries to developed countries.

## CHAPTER 2: THE SOCIAL STRUCTURES OF SAUDI ARABIA AND SUB-IMPERIALISM

### Introduction

When its roots are scrutinized, it may be determined that sub-imperialism theory has its origins in the Latin American region with its patient zero: Brazil. Marini surely had its appropriate reasons for choosing a country with a contemporary history with dictatorship, state-led capitalism aiming to expand abroad and the masses neglected by the economic planning. Commonly enough, South Africa is presented as an other example of sub-imperialism inheriting similar tendencies to Brazil. Despite having the privilege of ending the Apartheid regime, South Africa raises eyebrows with its desire to expand the national capital through taking advantage of the weaker states in its periphery. Moreover, the end of Apartheid has not proved itself as a true success of equality as the segregation has assumed the form of an economic one instead of a racial one.

Aiming to be a continuation of sub-imperialism literature, this thesis wishes to put forward Saudi Arabia as a brand new case to be examined with a sub-imperialist perspective. The task at hand carries some difficulties emerging from the apparent unfamiliarity of Saudi Arabia with the other example of sub-imperialism. When compared with Brazil and South Africa, Saudi Arabia carries neither the government nor the social structure of the two examples. The framework of Saudi capitalism is a distinct case that may only be explained with the various dynamics of the Gulf region. Furthermore, the deep religious influence in the Saudi society reflects an unusual aspect incompatible with sub-imperialism at the first glance.

Nevertheless, Saudi Arabia actually possesses a degree of familiarity with sub-imperialism concept if we decide to take a deeper look into it. The theory, after all, is not solely related to certain types of social formation, state structure or ideologies. More

than these factors, the sub-imperialism theory takes a greater interest in incorporating itself as a form of identity. Saudi Arabia is known more for being the exemplary role model of rentier state model in the literature, along with its known reluctance to give further rights to its citizens (but most importantly to non-citizens). However, the recent views on the Kingdom questions the rentier state model increasingly as it can be understood that the Saudi domestic situation is more than a mere “no representation without taxation” setting. Sub-imperialism might provide a new framework to understand the peculiarities of Saudi Arabia, and doing that requires examining every essential aspects integral to the characteristics of Saudi Arabia.

This chapter carries the goal of linking sub-imperialism with Saudi Arabia requires the destructuring of its aspect into separate headlines in order to explain them separately and determining their connection (or the lack of connection) with sub-imperialism. Through deconstruction of the general structure of Saudi Arabia, the separate headlines are the contemporary history of Saudi Arabia in a brief sense as an introduction, the state structure interlinked with Al-Saud dynasty’s legacy, the political economic structure which gave birth to the greater Khaleeji capitalism and the domestic structure involving a strong class difference (albeit a different one from the Marxist sense of class struggle). The following chapter on the brief history of contemporary Saudi Arabia is heavily shaped by James Wynbrandt’s book *A Brief History Saudi Arabia* dated 2010, which is an excellent take on the roots and the recent history of Saudi Arabia today.

## **2.1 A BRIEF HISTORY OF CONTEMPORARY SAUDI ARABIA**

The Kingdom of Saudi Arabia, as we know today, was founded on September 23, 1932 by King Abd al-Aziz (or Ibn Saud as he was known in the West). It was the third established Al-Saud rule over a large chunk of the Arabian Peninsula, after having collapsed two times in 19th century- first by the Ottomans in 1818 and then by the emir of the Shammar Muhammad ibn Rashid in 1887 (Nuruzzaman, 2019, p. 3).



Briefly speaking about its roots, the Saudi kingdom born out of an alliance in 1744 between the emir of Dar'iyah, a small oasis town in the central Saudi province of Najd, Muhammad ibn Saud who was then a small emir with the grand ambition of unifying the ever-warring Bedouin tribes, and Muhammad ibd Abd al-Wahhab who held a fundamental Islamist view disapproving popular Islamic practices which was seen as a deviation from true Islam in his opinion, promoting the pure Islamic values directly tied with Prophet Muhammad and believing that all Muslims should be brought under a strong and faithful Islamist yoke. This expansionist inspiration of Wahhabism enabled the Al-Saud dynasty to expand their rule throughout most of the Arabian Peninsula by subjugating the Bedoin tribes throughout late 18th and 19th centuries.

The kingdom that Ibn Saud founded was a loose entity with bleak chances at first. The new state was in debt and the revenues were heavily dependent on trading local goods and especially the pilgrimage (hajj) revenues. However, the fluctuations in the hajj revenues made this source of income unreliable, especially after the world financial crisis of 1929-33 which had dramatically reduced pilgrimage traffic. The uneasiness in finances also presented a possible domestic risk to the authoritarian rule of the Al-Saud dynasty relying on internal alliances. Furthermore, the cultural differences of the two big territories, Hijaz and Najd, forming Saudi Arabia decreased the effectivity of the union. The worldly Hijaz region exposed by Western influences was very different than the sheltered and conservative Najd region. In addition, the dominant Sunni characteristics of Al-Saud dynasty with intolerant Wahhabi teachings were utterly incompatible with the predominant Shia populations in the eastern part of the country.

In foreign policy, Saudi Arabia was pretty much dependent on the good graces of the Western powers during the first half of the 20th century, in spite of its independence from their imperial rule . Particularly, Saudi Arabia's heavy debt reaching £300,000 in the early 1930s damaged its international reputation severely. The lucky turn of Saudi Arabia came with oil expeditions initiated by the American oil companies in the 1930s. The drillings commenced in 1935 and the commercial production began in 1938 in Dhahran allowing the rapid development of the oil industry in Saudi Arabia after the

Second World War, converting Americans a vital partner in politics and economy and, most importantly for the Saudi leadership, enabling the vast flow of oil revenues right into the ruling family's coffers.

Despite its discovery in 1938, Saudi Arabia had to wait the postwar period to use its oil revenues for exerting economic and political influence. The 1940s was the decade in which Ibn Saud tried to establish sustainable and warm relations with the British and the Americans, the latter of which being more crucial due to their deep ties with Saudi oil production. Ibn Saud was successful at building a new Saudi-U.S. relationship on February 14, 1945 by meeting President Roosevelt aboard USS *Quincy* in the Great Bitter Lake along the Suez Canal. It was a pragmatic relationship build on the needs of the two sides: Saudi Arabia desired a strong ally to guarantee its independence while the U.S. desired a reliable partner for obtaining oil and extending its military reach.

It was not a perfect relationship for these two countries nevertheless, as they held opposite views on the question of a possible Jewish homeland in Palestine. Ibn Saud was completely opposite to the creation of Israel fearing the spread of Zionism and supported the attempts of opposing the new Israeli state before and after 1948, including the First Arab-Israeli War in 1948. However, Saudi Arabia avoided a direct confrontation with Israel (aside from sending a few detachments in 1948) and largely laid the frameworks of its intended leadership in the Arab World, most notably by spearheading the creation of the Arab League in 1943.

The subsequent decades saw the rise of Saudi Arabia to the position being a world power, which was led by the Saudi monarch's greater attention to the power struggles in the Middle East and Saudi Arabia's ever-increasing importance in the world finance through petrodollars (which is to be explained elaborately in the political economy chapter). The new dawn of Saudi Arabia was signified by the change of the rulers as Ibn Saud died on November 9, 1953 and was succeeded by his sons Saud as king and Faisal as crown prince. After a series of intrigues and competition for the throne, Faisal would

ultimately prove himself as a capable monarch after managing to overpower Saud in March 1958.

The decades of 1950s and 1960s were the times when Saudi Arabia tried to counter the ideological tides endangering its structure and took steps to increase its weight in the region whilst deeping its ties with the United States. Perhaps the biggest quagmire for Saudi Arabia during that time period was Gamal Abdel Nasser's effective entry into Middle Eastern politics in 1952 and the Pan-Arabism ideology that he pioneered. Still the Saudi kings initially tried to maintain good relations with Nasser as, in this direction, King Saud issued an economic and diplomatic reprisal against Britain and France when they attacked Egypt, along with Israel, to retake nationalized Suez Canal in 1956. In addition, Nasser even made a state visit to Saudi Arabia in 1956, as an Arab world hero, for the hajj. However, the antimonarcist ideology of Nasser as well as its tremendous popular support among the Arab people eventually put him into a collision course against the relatively unpopular Saudi regime. The competition between these antithetical was rather indirect as Egypt sought to influence Saudi people towards propaganda and subversion while Saudi Arabia sought to establish a counter-block with Jordanian and Iraqi monarchs in 1956.

In addition to the ideological threat from Pan-Arabism, the Saudi regime was also wary of the grassroot movements of communist and socialist ideas in the Middle East as they held communist ideas equal with atheism. The result was stronger political alignment with the U.S. born out of ideological and social concerns in addition to the economic and military necessities. Therefore, Saudi Arabia became an integral part of the American foreign policy towards the Middle East starting with the Eisenhower Doctrine in 1957.<sup>17</sup>

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<sup>17</sup> Eisenhower Doctrine was a U.S. foreign policy doctrine towards the Middle East region adopted by the Eisenhower administration in which substantial political, economic and military aid was promised to the Middle Eastern countries in order to counter the spreading Soviet influence in the region.

Until the 1970s, we may summarise the situation of Saudi Arabia as a country dealing with emerging internal and external threats. As mentioned above, what rocked the internal stability of the Saudi kingdom was the struggle for the throne between Saud and Faisal. Even though Faisal took the throne in 1958, he had to relinquish the throne again to Saud in 1960, only to eventually regain the throne in 1967. The fight for the throne was also coupled with internal reformist struggles showing the cleavages in the Saudi internal order. The most imminent threat was the Free Princes movement taking root in 1950s, consisting of royal family members demanding governmental and social reform in the kingdom. Moreover, it was coupled with reform movements <sup>18</sup> within the population affected by the turbulent ideological atmosphere during that time. Although the Free Princes movement effectively ended in 1964, the popular movements especially in the labor class continued to create problems which pointed out the risks of sustaining a native labor class.

The Saudi leadership became more relaxed in foreign affairs after the decisive Egyptian defeat in the Six Day War of 1967 and the subsequent twilight of the Pan-Arabic ideology fragmenting into smaller Arab nationalist ideas (such as Baathism). Furthermore, the dramatic increase of Saudi power in political field thanks to its effective control over OPEC (which is to be discussed in detail in political economy chapter), which was first successfully orchestrated during the Yom Kippur War of 1973 in the form of an oil embargo against the Western states. What followed was the gradual appearance of the immense Saudi power in the Middle East as the Kingdom was able to allocate its oil revenues for political schemes with a free hand. In the international field, the political fallout of the 1973 oil embargo went short owing to the quick reapproachment efforts by both sides. The continuation of the alliance between Saudi Arabia and the U.S. was signaled by the President Nixon's visit to Jeddah in June 1974. <sup>19</sup> Still it would be wrong to assume that the following decades until the end of the Cold War was without troubles for Saudi Arabia.

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<sup>18</sup> Such as Arab Liberation Front, the Union of the People of the Arabian Peninsula, and Arab National Liberation Front (ANLF) (Wynbrandt, 2010, p. 222).

<sup>19</sup> It was the first visit to Saudi Arabia by a U.S. president in history.

The first crucial shock came in Saudi Arabia proper when King Faisal was assassinated by a young prince in March 1975, signalling the continuous dissent in the ruling family ranks. Faisal was succeeded by Crown Prince Khalid. In foreign policy, Saudi Arabia became at odds with Egypt due to the latter's agreement for a peace deal with Israel in 1978, which included recognizing Israel. Saudi Arabia at that time was still completely against any diplomatic detente with Israel and decided to punish Egypt for such an approachment by severing diplomatic ties and withdrawing financial aid.

However, these two events were shadowed by the two incidents in 1979 which confronted the Saudi regime with fundamental problems. The first of them was the seizure of the Grand Mosque of Mecca in November 1979. The group responsible for the seizure was called the Movement of the Muslim Revolutionaries of the Arabian Peninsula (MMRAP) which consisted of a vast array of Saudi people including students, fundamental Islamists, and national guard member with tribal backgrounds, backed by dissident princes. The Saudi regime was able to defeat the rebels after a moment of confusion, but the seizure alone was important enough to demonstrate how far the public unrest grew. The actions of Saudi regime for the sake of turning Saudi Arabia into a world power has largely transformed the economic model from its tribal and simple beginnings, which in turned led to a resentment felt by various layers of the Saudi society as may be seen by the broad coalition forming up MMRAP.

The second incident, on the other hand, would prove much dire hardships to Saudi Arabia despite the fact that it happened in another powerhouse country of the Middle East. The Iranian Revolution of 1979 in Iran and the advent of Revolutionary Islam ideology in the Shia communities across the Middle East presented threats to internal situation of Saudi Arabia and its agenda for the Middle East region. Domestically, it turned the Saudi Eastern Province (Hasa) into a powder keg due to the heavily Shia characteristics of that region. The moral encouragement from the ascension of Ayatollah Khomeini to the power propelled many Shias into active protests against the Wahhabi Saudi regime that they detest because of the suppression of Shia religious activities. Therefore leaving the Saudi leadership vulnerable.

In foreign policy, it was inevitable that Revolutionary Iran would be butting heads against Saudi Arabia for the power over the Middle East which would spill over to the post-Cold War period. The containment of Revolutionary Islam was crucial for the Kingdom due to its sheer contrast with Wahhabi and monarchical Saudi regime. For this aim, Saudi Arabia in 1980s actively tried to counter balance the rising Iranian power in the region. From an institutional perspective, the formation of Gulf Cooperation Council (GCC) in 1981 might be interpreted as a common effort to counter balance the discrepancies in the region, including Iran. Beyond that, Saudi Arabia also followed the policy of supporting powerful actors in the region opposing Iran, primary of which was Saddam Hussein's Iraq. In spite of Baathist ideology's opposition to monarchism, Iran was seen as the greater evil in this power contest and thus Saudi Arabia supported Iraq during its war against Iran sprawling from 1980 to 1988, ending with no clear victor. In the events after the Cold War (which is the focus of the third main chapter of this thesis), Saudi Arabia is seemed to be bugged down in a power struggle against Iran that forced its leaders to pursue a more active foreign policy.

## **2.2 THE STATE STRUCTURE**

It would be most appropriate to start with Saudi Arabia's peculiar state structure. The peculiarity does not solely stem from the fact that Saudi Arabia is a rigid monarchy in the 21st century, nor that it lacks even the most basic democratic features. The state structure of the Saudis is rather an amalgamation of their various experiences throughout history, culminating in a monarchical entity seeking integration in an international economy whilst keeping its society under check. Beyond this dual purpose, the state structure of Saudi Arabia also presents the key to understand the connection between sub-imperialism and the domestic structure of the Saudis.

The emergence of the Saudi state structure involved the domestically generated transformation of a tribal power to a centralized monarchy capable of dealing with the challenges of the modern world, rather than a unifying call against an external pressure like in the old days (Salameh and Steir, 1980, p. 71). Saudi Arabia, like almost all Gulf

states, was able to solidify its state structure through assimilating various tribal entities while maintaining its relationship with imperial powers at the same period. In addition, the Saudi kingdom was able to present itself as a more authentic Arab monarchy with its largely intact Najdi characteristics <sup>20</sup> in spite of its increasing entanglement with Western powers. Over time, especially thanks to the discovery of oil, political pragmatism would gradually place itself to the policies of royal family starting with Ibn Saud.

One discrepancy in the earlier Saudi state structure was the overreliance on the conquests and tribal relations while lacking a truly centralized form of rule. The towns (especially in the richer Hijaz region) were used mostly as a mere revenue through taxation on goods and merchants. The towns eventually played a huge role in allowing Al-Saud to increase the centralized, power, wealth and domination over other tribes (Sharara, 1981, as cited in Hanieh, 2011, p. 6). This statement points to two important facts about the emergence of the Saudi state structure. The first fact was the evolution out of a traditional Bedouin sense of rule focusing on tributes, pillage and conquest. In order to achieve that, Ibn Saud developed a vice-regency model for the Hijaz region in order to develop an indirect form of control rather than using brute force to impose order (Salameh and Steir, 1980, p. 72). This model was eventually extended to employing certain representatives from the privileged royal family or closely allied tribes rather than piling all the administrative work on the king, which allowed a gradual, albeit slow, progress of forming up domestic and foreign institutions headed by personal representatives acting in the name of king (Ibid, p. 72).

This leniency on royal representatives instead of the representatives from the public demonstrates the presence of favouritism as well as the equally large factor of tribal bonds. The center of the power in Saudi Arabia has always relied on the alliances with

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<sup>20</sup> The term "Najdi" means an inhabitant or a descendant of the Najd region which is a coarse territory with few resources lying at the center of Arabia. Culturally, Najd region is the heartland of the Bedouin, nomadic tribes who used to live in scattered oasis-based towns and villages for a long time (Wynbrandt, 2010, p. 5). Due to these factors, Bedouins in Najd region had been warring people relying on raids and warfare for material gains until their pacification under the Saudi government. Still, Najd values are taken at heart in Saudi Arabia as the elements of authentic culture.

numerous forces inside the kingdom (such as religious ulema class, crucial tribes and influential merchant families) which was repaid by the ruling family through co-optation in order to keep their faithful supporters at their side (Salameh and Steir, 1980, p. 74). This repayment in exchange to the given support was not limited to the monetary exchange as the royal family often donated cheap resources and prominent positions either in public sector or private sector. Therefore, it may strongly determined that the corruption of nepotism was prevalent in the Saudi state structure through which the employment in prominent state positions was based on tribal affiliations rather than high merit. The awareness of the possible risks from the nepotism embedded in public sector along with the absolutist mentality of Saudi regime hindered the sprawling of the ministerial bodies to the level of strong state institutions in non-monarchical states of the Middle East.

The state building of the Saudis are closely connected to their homeland of Arabian Peninsula (or more specifically to the interior Najd region). Centralized political power has usually been a shaky concept for the Arabian Peninsula as the center of Muslim world shifted rapidly many times through the course of history due to the rise and fall of different Arab dynasties (Umayyads, Abbasids, Fatimids, etc.). Thus, the sphere of power was limited to a variety of tribal structures while the overall control of the region was exerted primarily from the outside forces which were reluctant to provide physical form of authority to the tumultuous region (Salameh and Steir, 1980, p. 70).<sup>21</sup>

Al-Saud dynasty, at the first outlook, was merely one of the tribal associations trying to survive in a tribal form of society. However, the Saudis were different in the sense of their significant Wahhabi belief enabling them to adopt a supra-tribal ideology to struggle for establishing a permanent principality, instead of going after the small achievement of forming a volatile and brief tribal confederation (Salameh and Steir, 1980, p. 70). After some period of troubles, Abd al-Aziz Ibn Saud managed to form a

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<sup>21</sup> Both the Ottomans and the European imperialist powers largely limited themselves to the fringes of the peninsula (Salameh and Steir, 1980, p. 70).



modern Saudi kingdom with indigenous Najdi characteristics, providing it additional legitimacy, in the early 20th century.

Like other Gulf monarchies, the essential state structure of the Saudis centers around the unshaken position of the ruler and his network of family members controlling the state apparatus and the large sections of the economy (Hanieh, 2011, p. 12). Especially in Saudi Arabia, a Gulf monarchy with almost no meaningful institutions for political contestation, the strong position of the monarch (enhanced by the imposed obedient nature of Wahhabism belief) has enabled the state to find moral reason to crush down all political dissent with force and censorship.

The religious zeal of the al-Saud rule should not be underestimated in this regard as it had crucial role in the rapid centralization of an aggressively expansionist regime. The Wahhabi belief (along with the *Muwahiddun* militant doctrine) has been a solidifying and inspiring aspect for the Saudis to enlarge the area of their domain. The militant foundation of the Saudis soon would find itself a crucial inspiration for exercising greater influence in the Gulf region, giving them a fervour pursuit for the leadership of the Muslim world which will have further implications on Saudi's future foreign policies (Hanieh, 2011, p. 15).

The foreign influence was another factor that shaped the state structure of the Saudi profoundly. Even though the Ottomans were the previous suzerains over the Arabian Peninsula which could be deemed foreign enough to the Arabs (despite shared religion), it was the British colonial power that undertook a heavy endeavour to expand its influence into the Arabian heartland rather than staying on the fringes. The British colonial rule relied on two strategies to facilitate the expansion of their influence: The first one is concentrating the power within the hands of individual rulers who belong to a strong ruling family with ties to tribes hailing from Arabian heartland. The absolute power of these individual Arab rulers benefiting from the ardent support by the British allowed them to draw much greater wealth from the taxes on trade activities as well as the agricultural activities in the region, assisting their centrality in the economy.

(Hanieh, 2011, p. 5). The second strategy was the typical “divide and conquer” imperial policy employed by the British. It is no secret that the state boundaries in the Middle East are arbitrarily designed by the imperial powers (mainly the British and the French) in order to facilitate the colonial rule. Whereas these boundaries have been a point of serious grief for the future independent Arab states outside of the Gulf region, the imposed border within the Gulf region did not produce radically different Arab nationalities as the state structure and the class formation in those countries were quite similar. Moreover, the sanctioned merchant classes in the Gulf region created both the foundations of national capitalism of each Gulf monarchies and a regional bond owing to their supranational bond with other powerful merchant families in the region (Hanieh, 2011, p. 9). These two attributes would be crucial for the eventual formation of the Khaleeji Capitalism, which is one of the main topics of the political economy chapter.

The oil has proved itself even more crucial for the relationship between Saudi Arabia and foreign powers as the strategic and economic importance of oil enriched the royal family with both vast revenues and political advantages. The discovery of crude oil in Saudi Arabia and its rapid production after 1945 created a highly complex structure of interdependencies to which the royal family was not prepared. The sudden boost from the oil revenues garnished the royal family and its allies with splendour but also urged the need to use the vast quantity of revenues for increasing the power of the Kingdom along with furnishing deeper ties with foreign powers. First the British, then the American influence would be crucial sources for the strength of Saudi state structure vis-a-vis with the international arena.

Related to this need, the creation of ARAMCO company in 1933 was crucial for not only the intensification of Saudi oil production by building the necessary infrastructure, but also for presenting a gateway to the increased foreign influence inside the kingdom. Despite the Saudi leadership’s prowess in gradually having the most (and later the complete) say about its shares in oil revenues, ARAMCO alone was responsible for the installation of the U.S. military bases near the oil fields in order to keep ready at protecting them, making the foreign presence inescapable (Salameh and Steir, 1980, p.

73). The presence of the foreign powers within Saudi Arabia, mainly the American presence during and after the Cold War period, would be a sign of Saudi Arabia's privileged relation within the capitalist world and would show the extreme importance of oil as a strategic commodity in the modern world. Both of these factors would push the Saudi government to shape its foreign policy around the issue of oil.

The creation of state bodies in the form of ministries and institutions were an anomaly in the Saudi state structure in a certain sense, due to rising from the need to appease the royal relatives and allied social forces inside the kingdom as well as to present a sufficient bureaucracy to foreigners wanting to do business with Saudi Arabia. It is true that the formation of the modern Saudi kingdom precipitated the formation of Foreign Ministry, Ministry of Finance, Ministry of Defence and even a Council of Ministers presumably having a legislative role. However, the creation of these governmental bodies were mostly a product of pragmatism, rather than a brokering of power sharing, arising from external pressure and did not affect the personal power of the monarch in the slightest (Salameh and Steir, 1980, p. 72). Likewise, the Council of Ministers is responsible for the budget and internal affairs while the power to legislate and issue laws, treaties and concessions remains at the hand of the king. The Council of Ministers, aside from the mentioned duties, was founded for regulating the smooth transition of the crown during a succession (Ibid, p. 73). Considering the immense power possessed by the king and crown prince, such devices to consolidate the functioning of the state structure points to an inherent pragmatism seeking to enhance the strength of the monarchy instead of promoting the advance of a government with separation of powers.

Nonetheless, all the abovementioned strengths and advantages of Saudi Arabia should not create the image of a totalitarian kingdom having no internal and external weaknesses. On the contrary, the upkeep of the Kingdom has required a heavy reliance on the armament for defense and sustainance of the security forces keeping an eye on the general public. In spite of the necessity to realize it, quite oddly the need to defend the Kingdom does not trigger the fundamental undertaking exercised by any other sub-imperialist countries: improving the armed forces. Instead of building up the armed

forces to the level of being the backbone of stability, the armed forces of Saudi Arabia lacks the sheer fighting determination and even has become a subject of nepotism due to the distrust towards a strong army.<sup>22</sup> The inconsistency occurs from the dilemma of defending the country or defending the regime, a dilemma caused directly by the limited institutionalization of power (Salameh and Steir, 1980, p. 75). The state simply did not trust the political capabilities of a strong and independent army capable of toppling the regime in a similar manner what happened in Syria, Egypt or Iraq. The Saudi way of solution has been increasing its dependence on Western made weaponry by committing a serious amount of its GDP on defense spending. Even in 2021, in global military spending Saudi Arabia ranks 6th with \$57.5 billion spending equal to %8.4 of its GDP, according to Military Expenditure Database (SIPRI, 2022). The Saudi indulgence for Western armaments and military services naturally also necessitated the sustenance of positive relations with the Western powers in spite of sometimes diverging opinions on some foreign policy matters. In other words, the continuous grinding of the Saudi military has been effectively dependent on good relations with Western imperialist powers, the most important of which is USA.

In this context, the current U.S. Bilateral Relations Fact Sheet (May 11th, 2022) on Saudi Arabia is a good example of the close relationship between USA and Saudi Arabia. According to this fact sheet, the U.S. acknowledges “Saudi Arabia’s unique role in the Arab and Islamic worlds” as well as the importance of its strategic location to “play a role in the long-standing bilateral relationship between the Kingdom and the United States”. Furthermore, the Fact Sheet reiterates that “Saudi Arabia plays an important role in working toward a peaceful and prosperous future for the region and is a strong partner in security and counter-terrorism efforts and in military, diplomatic, and financial cooperation”. Those remarks are the demonstration of the pay-off realized by the compliant and profitable Saudi sub-imperialism. The crucial assistance of the Saudis in terms of the development of capitalist system, despite the occasional quarrel against the U.S., places the Kingdom at a privileged place for the U.S. policymakers.

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<sup>22</sup> The officers of the Saudi Arabian Air Force attempted to carry out a coup in 1969 but the plan was foiled a few hours before it was to have taken place (Be’eri, 1982, p. 81).

Widespread in the literature, the state structure of Saudi Arabia in terms of its standing with economy and the general public has a tendency to be labeled as a “rentier-state theory”. The theory was pioneered by the Iranian economist Hossein Mahdavy in 1970 for describing the (pre-revolutionary) Iranian state structure dependent on oil revenues. He claimed that rentier-states “receive on a regular basis substantial amounts of external rent which are rentals paid by foreign individuals, concerns or governments to individuals, concerns or governments of a given country” (Mahdavy, 1970, p. 428). The “external rent” mentioned in the quotation mostly refers to the revenues from oil which is an easily transferrable and profitable strategic resource less prone to produce headaches for the capitalist system.<sup>23</sup> Moreover, according to Mahdavy (1979, p. 428-9), the size of oil revenues did not depend on the production directly within the country but from monopolistic rents occurring from the higher productivity potential of the Middle Eastern oilfields and price fixing practices of the oil companies.

The biggest winner from the rentier-state economy is usually the ruling class and their cronies as it finds an enormous chance to increase its own wealth and allocate it to their allies without even resorting to the taxation methods typically seen in relations between state structures and general public. Thus, the external nature of the revenues renders the need to raise revenues from the gains of the population unnecessary and thus protecting the real wages of the citizens, contrary to the fate of lower classes in sub-imperialist countries who experience the decrease of their real wages. The population appears to have been spared from the tax burden, but rentier-state system (supposedly) relieves the state from the pressure of implementing political reform because the system also lowers the chance of a social change by pressuring or bribing any opposition groups having little claim for representation (Hanieh, 2011, p. 10). The oil revenues, in this sense, are able to be used to entice the general population with welfare services and mainly be directed to rich merchant classes to “buy off the merchant families as a class” so as to forge a monopoly capitalism (Crystal, 1995, p. 8).

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<sup>23</sup> Aside from its efficiency as a fuel, oil was also considered as a “politically more reliable” source of material, because the previous hegemony of coal was marred with political headaches because of the willingness of coal miners to organize powerful strike-waves through the decades before the war (Painter, 1984, as cited in Hanieh, 2011, p. 35).

However, Gray (2011, p. 23-36) delves into the issue of rentierism in his book by adding further dimensions into the theory by focusing on the factors shaping the nature of rentier-states, thus inventing the term of “late rentier state”. Regarding the relation between the state structure and the society, Gray meticulously explains that the state answers to the basic needs of the society but holds the democratization process at a level posing no threat to the ruling class. Nevertheless, the internal strifes such as the recent rising unemployment, strengthening Islamist activism and globalization eroded the authority of the state to a degree that required limited reforms. However, the lack of societal conditions to ensure a Western model democratization renders the “inevitability” of a liberalization in Saudi Arabia null and void (Aykut, 2014, p. 220).

Moreover, it would be a total mistake to take the oil revenues as the only resource solidifying the authority of the “rentier state”. Hajj revenues have also been a solid source filling the coffers of the Saudi royal family for a very long period of time. As stated in Wynbrandt’s (2010, p. 68) book on Saudi Arabian history, the control of the Hajj revenues has ensured the prosperity of the one who control it and Al-Saud dynasty has held this power quite effectively. Since the inception of oil production however, the Hajj revenues have become more as the symbol of the importance of Saudi Arabia for the Islamic world. Moreover, the Hajj provides an opportunity for the Kingdom to depart from a single-commodity economy and keep its economy from being highly dependent on petroleum revenue (Kouchi et al, 2018 p. 106).

Saudi Arabia is definitely a different case when compared with the state structures of other sub-imperialist countries, however the Saudis are definitely not far away from having a sub-imperialist state structure. First of all, Saudi Arabia holds one of the fundamental components of the sub-imperialist system: a strong and dominant state. The absolute strength of the Saudi king in all generations and the privileged position of the royal family allow the flourishment of a national level capitalism dictated by the state. Furthermore, state capitalism gains a stronger hold on the kingdom thanks to the vast availability of oil revenues going directly to the coffers of the royal family. Those sums, along with infrastructure and welfare policies provided to the limited Saudi

citizenry, are used to keep the allied tribes and merchant families at check, both of which along with the royal family constitutes the capitalist class within (but not limited to) Saudi Arabia. Therefore, the Saudi leadership is able to exercise absolute power over its population, pacified by political and moral fervour of Saudi leadership, and act accordingly with its unique “bourgeoisie” class keeping the state structure afloat in exchange of powerful boons from the government.

Externally, the Saudi leadership is enjoying an exceptional relation with the strong capitalist nations requiring its corporation with the international economy. Although the Wahhabi roots of the Saudis disdain the inventions, values and the presence of the foreigners, the pragmatic need for Western aid in order to ensure the stability and economic growth of the Kingdom incites the Saudi state act in deep cooperation with the Western states. Still, Saudi Arabia has proved throughout its modern history that it has no shyness to use its ideological and religious rhetorics to resist great power demands when their own interests conflicts with the agenda of their cooperators.

These factors directly points out a middle power Saudi Arabia with a strong state and unified capitalist class, having antagonistic cooperation with strong imperialist countries. Nevertheless, only analysing the state structure may only give us a partial understanding about Saudi Arabia’s relevancy with sub-imperialism. Further traces of sub-imperialist system might be found in the class formation within Saudi Arabia.

### **2.3 THE CLASS FORMATION AND EXPLOITATION**

In order to get a general idea about the characteristics of a country, understanding the class formation of its society constitutes a paramount significance. Delving into the concept of class formation is not only important for understanding the structure of society, but also for observing the effects of state structure on the greater society. In this regard, the Saudi society surely deserves a detailed analysis because of its deeper layers posing more complexity than anticipated. Although the Saudi population is dictated to

obedience by the unforgiving state structure, the common Saudis are actually far from being a totally neutralized population. The Saudi state, on the other hand, does not leave out exploitation as profit-making method just because it has massive oil revenues. The realization of these oil revenues themselves are tied to an exploitation, targeting a working class which is most curiously not even a permanent part of the Saudi society.

Rentier-state theory provides an insight about the relation between Saudi state and society, but only a very superficial one. Aside from the superficialness, rentier-state theory also suffers from the short-sighted arguments rendering it impractical for explaining the Saudi class formation. First of all, the theory leads to a misunderstanding by explaining the concept of state as an object severed from the class relations occurring within the country (Hanieh, 2011, p. 12). The state is often perceived as a supreme controller of functioning capitalism by assuming dominance over its populace through institutions, state ideology and ensuring production. Even the “merchant” families of the Gulf region is used as a complete synonym of the “bourgeoisie” class, a term not widely used in scholarly works on the Gulf region (Luciani, 2006, p. 145). Such views lacks a sophisticated approach to the class relations in Saudi Arabia, and totally dismisses the fact that the state is not a “thing” but a particular expression of class formation understood as a set of social relations that is continually in the process of coming-into-being (Hanieh, 2011, p. 12).

As Ollman (2003, p. 202) put it, the state is rather “the set of institutional forms through which a ruling class relates to the rest of society”. The state is a development within an area and, in the capitalist social sense, is conceived as a result of internal relation and agreements between classes. The class lines, on the other hand, transform as capitalism develops, and it is critical to bear in mind that class formation is a process in which social relations emerge over time (Hanieh, 2011, p. 14). Combining these two arguments, we may definitely claim that the way that state is formed is totally and deeply related with class formation. Saudi Arabia gives the impression of a heterogeneous class structure severed from each other at the outset, yet the reality is not so simple. As a strong starter, we should forward the argument that the need to



implement capitalism was the reason of the subsequent class formation in Gulf countries (and Saudi Arabia) (Ibid, p. 14).

Particularly speaking, the centrality of the Gulf region for the global economy, thanks to its prominent role in finance and oil resources, has been a powerful locomotive for the process of class formation in the Gulf making it a unique, spatially specific expression of the interlocking tendencies underpinning the development of global capitalism (Hanieh, 2011, p. 16). The social relations of production, according to earlier theories, proved their social existence within a capitalist system through its spatial structure by projecting themselves into a space (Lefebvre, 1991, p. 129). The utter peculiarity of Saudi Arabia and most Gulf countries, on the other hand, is the spatial structuring of class formation relying on a restrictive idea of Saudi citizenship and a temporary migrant worker class devoid of any chance of getting citizenship.

The matter of the Saudi citizenship is a different concept when compared with the citizenship in developed countries, especially the Western ones. The citizenship in the Gulf countries has been a very restrictive category “awarded” to a selective group of people native to the Saudi lands for generations, meaning that any outsiders regardless of their profession were excluded from having the privilege of holding the citizenship. Thus, the selectiveness of the concept of citizenship creates a visible rift between citizens and non-citizens.<sup>24</sup>

The Saudi citizen class rather reflected a group of people supported by the government boons originating largely from the oil revenues. The average citizens benefit from cheap housing, education and other state benefits whereas the members of the ruling elite and wealthiest merchant families benefit from massive economic grants, contracts and “sustainers” (Hanieh, 2011, p. 60). Instead of appearing united, the Saudi citizenry transforms into two entities: educated upper middle class and the traditionally educated lower class (Rugh, 1973, p. 15). The citizenry class shows itself as a group suppressed

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<sup>24</sup> According to the UN data of 2019, the immigrant non-citizens make up 38.3% of the total population.

by the “boons” of the government in exchange of their loyalty to the regime and order, as well as being a part of the import-reliant commodity circuit prevalent in Saudi Arabia. In other words, the citizenry became the intended targets of a Saudi “consumer market” model partly made possible by the exploitation of the migrant labor.

The creation of the Saudi middle class is directly tied to the rapid economic growth the Kingdom experienced especially after the discovery of oil. The massive economic growth was effective in the proliferation of the government and private institutions tied to the state and, of course, the need for educated personnel for these institutions. In addition, the economic growth was influential in ending the isolationist characteristics of Saudi Arabia as the rulers (starting with Ibn Saud) started to send Saudi students abroad for education, while bringing in large number of foreigners to help developing the economy, both of which have formed the backbone of a new Saudi middle class (Rugh, 1973, p. 8).

The rise of the middle class was coincided with the expansion of the national government necessitated by the challenges facing the Saudi kingdom. After decades of ruling the country without any real bureaucracy, King Abd al-Aziz decided to channel the new oil wealth into a variety of services and projects causing intricate bureaucratic function dictated by higher civil service position most of which were at first filled by skilled foreigners (Rugh, 1973, p. 10). Such initiative highlights the fact that the oil was an essential reason for the creation of the class lines in Saudi Arabia.

The grooming of the Saudi middle class for the state was related not only to the need for assigning reliable native people for semi-important bureaucratic positions, but also providing a low-rate boon to those people. Since the 1950s, the secularly educated middle class Saudis were successful in obtaining middle level positions in government and private businesses but they have been far away from sharing any meaningful political power with the upper strata (Rugh, 1973, p. 12). Even regarding the situation of the ministries, the educated middle class is pretty much excluded from holding position in vital agencies (Interior, Defense, National Guard, Finance and Foreign

Affairs) reserved to the princes due to their importance for holding immense political power (Ibid, p. 13). Therefore, the Saudi middle class strata has never had the capability to act as efficiently as the Western middle classes. The lack of sufficient meaningful presence in political power structure and the fact that being dependent on the government benefactions have sapped the fervor of any possible opposition to the regime, therefore adding further strength to the rulers wishing to keep domestic order under control.

The quality of the education greatly influenced the characteristics of the new middle class, or rather its duality. The different qualities of traditional and secular education produced two types of strata: the upper stratum consisting of people receiving secular education and holding higher ranks of professions such as doctors, professors and engineers; and the lower stratum receiving traditional sharia-based education holding lower ranks of professions such as government clerical personnel, grade school teachers and skilled industrial wage earners (Rugh, 1973, p. 15).

The main outcome of the split reflects an intriguing pattern in Saudi class formation in which the main job competition breaks out between the higher and lower middle classes rather than between the middle class and upper or lower classes as seen in most developed and developing countries (Rugh, 1973, p. 15). The position of the middle class excluded from the sphere of the elite class and being above of the worker class causes a fragmentation within the middle class that pits the higher educated against the traditional-minded Saudi middle class. The competition within inevitably saps the mobility and effectiveness of that class and further decreases the risk of rebellion against the Saudi monarchy, a common occurrence witnessed in non-Gulf Middle Eastern regions. The class formation motivated by the Gulf capitalism has managed to shape the citizen society in a formation strengthening the political monopoly of the ruling elite and the merchant class.

Although the privileged sense of citizenship causes a different sense of class formation, it pales in comparison to the utterly distinct situation of working class in the Gulf

countries or namely migrant workers. The nature of the worker class in Saudi Arabia (and greater Gulf region) characterised more by its spatialization because those migrant workers were brought to the Kingdom from other countries as temporary migrant labor lacking all of their citizenship rights (Hanieh, 2011, p. 60). This peculiar characteristic of the worker class constitutes the second fundamental aspect of Saudi capitalism: while the massive revenues were directed to the ruling elite and merchant families along with the widespread services provided to citizens for controlling domestic order, the migrant workers meant to be main sustainer of the “spatial fix” to the Saudi capitalism due to its extreme importance for global capital accumulation (Ibid, p. 60-61).

Such centrality is clearly related to Saudi Arabia’s and Gulf region’s deep influence for global oil supply and world finance (which is to be explained more elaborately in the next chapter). The enormous economic capacity of the Gulf region also brought an enormous risk as any attempt by the labor class within the Gulf to wrest control of the oil rents guarded by the ruling families could deeply impact the stability of the world market (Hanieh, 2011, p. 60). Therefore, the absurd situation in which the migrant labor found itself in Saudi Arabia is not just a random occurrence spontaneously developed over time. Beyond that, it is actually an embedded aspect deliberately designed during the process of the Saudi state formation owing to series of laws, put forth during the early period of Saudi Arabia, defining citizenship and nationality rights while curtailing those of migrant labor (Ibid, 2011, p. 61).

In fact, Saudi Arabia historically relied on the native Bedoin population to provide a reliable workforce representing the homogeneous nature of the Kingdom but also putting a pressure on the state with their stubborn nature. Despite the fact that the insurrectionist nature of the native labor force that partially enabled the takeover of ARAMCO by the Saudi state, the possibility of the native labor force to take up a rebellious position by taking the vital places of the Kingdom (such as oil fields) hostage presented a huge risk to the regime. The solution lied at the same place as the cause of the problem: the Saudi takeover of ARAMCO. Its takeover by the Saudi state gave Saudi leaders a free hand to build a new hierarchy with migrant laborers drawn from

Yemen, Egypt and elsewhere (Vitalis, 2007, p. 272). This move quickly changed the nature of Saudi labor from a native-dominant workforce to a migrant worker-dominant workforce while the average Saudi citizens (regardless of their quality) were enticed by much more secure public sector jobs.

In his book, Hanieh (2011) reflects one of the striking results of the deep relation between the spatial class formation and Gulf capitalism (which includes Saudi capitalism) as the following:

The spatial configuration of class serves as a “fix” for Gulf capitalism in a number of ways. First, the structural reliance on temporary migrant labor acts to increase the rate of exploitation. Temporary migrant workers often face substandard conditions that barely exceed the minimum necessary for physical survival – a situation that is today little changed from the waves of migrant worker flows in the 1970s (p. 64).

The severe exploitation enforced upon the migrant labor force exposes a vicious side of the Saudi capitalism which is quite comparable with the labor super-exploitation experienced in other sub-imperialist countries. Exploitation, in this context, means going beyond the exploitation of a worker’s wages for the sake of profit as the Saudi spatialization of class directly attacks the very fundamental rights of the workers staying in the country. The workers are perceived as an external aspect in spite of the fact that they constitute the majority of the labor force contributing to the hosting country. The lack of citizenship rights creates the contradiction of the workers’ detachment from the Saudi economy despite being an active part of it. This happens due to the fact that the value of migrant labor, reflected in their wage levels, is largely measured relative to the social conditions available in the worker’s home country rather than the country in which they work (Hanieh, 2011, p. 64). Hence, migrant workers are susceptible to any kind of mistreatment from measly wages to the horrible living conditions that allow their complete exploitation at the hands of the Saudi state and the sustainment of the “spatial fix” that the Saudi capitalism direly requires.

It might be argued that the lack of citizen rights makes the situation of migrant workers incompatible with the phenomenon of the labor super-exploitation. However, against this argument, it should be insisted that the spatialization of class rather reflects an extended version of super-exploitation. The spatialization of labor in Saudi Arabia does not depend on the social relations established by the very birth of the person in a society, but the social relations established through the reproduction of capital (Hanieh, 2011, p. 65). Such approach deletes the permanency of workers' right to settle in a space and completely connects their right to set foot in Saudi Arabia to their status of employment. Migrant workers may easily be denied to continue their stay in the Kingdom by simply being fired because of their "unsatisfactory performance" which leads to their involuntary deportation from the host country to their home country where the burden of unemployment most likely awaits them there (Showail et al., 2013, p. 3961). The exploitation of migrant workers in Saudi Arabia, albeit its different nature, still reflects a super-exploitation of worker class and even the exploitation of their right to a certain space in order to profit from their hard labor.

Without a doubt, such a deep exploitative manner causes a great harm for migrant workers who enter into a world of deep uncertainty. The main problem of the workers is not centered around their grudge to being paid less for their crucial labor, but for finding themselves in a strange and new place, a place where they believe they simply do not belong, and one in which they do not even have the familiarity of their organizations to help them adapt (Moss, 2004, as cited in Showail et al., 2013, p. 3958). The severity of the insecure job conditions and severe repercussions in the case of their discontent or underperformance push the workers to focus on their work and struggle against their own class, which marks an ugly aspect of the spatial identity. The worker under pressure can not develop any meaningful dissent against the Saudi regime or develop a working-class identity due to the fact that spatialization not only greatly disciplines them but also propels them to struggle against a spatial identity constituted through their relationship with capital means (Hanieh, 2011, p. 65). The result is an alienated labor class having a temporary and spatially dispersed nature carrying a temporary existence within the social relations that constitute class, yet also desperately trying to escape from their grim nature (Ibid, p. 65).

As an additional factor, the internal division within the worker class stemming from their nationality, religion and ideology facilitated the prevention of any kind of class solidarity from occurring. Thanks to these volatile factors, the class itself has been constantly remade anew, owing to its temporary nature and consolidation differences, blocking the adoption of any working-class culture and collective memory of struggle, or stable political organizations (Hanieh, 2011, p. 66). The same reliance of volatile identity differences, nonetheless, also proved to be a dangerous factor against the discipline that the Saudi state desired. Mostly belonging to the impoverished population in their home countries, the migrant workers with Arab origins have demonstrated their susceptibility to radical ideas and to status quo changing events many times. The initial formation of the spatial structuring class indeed relied on Arab labor from poorer countries or territories such as Palestine, Lebanese, Egyptian and Yemeni workers. Even this information demonstrates a striking aspect of Saudi capitalism that might be linked to sub-imperialism, which is the fact that Saudi Arabia (apart from their direct investment to those countries) exploited the labor of the poorer Arab countries without even setting foot onto those countries, unlike Brazil in South America or South Africa in the southern part of Africa.

However, the workers were perceptive enough to sympathise with the subsequently emerging ideologies like Pan-Arabism, Arab nationalism and Palestinian nationalism, all of which began to question the legitimacy of the Saudi regime and denounce their deep ties with the Western powers (Hanieh, 2011, p. 63). Moreover, the widespread Shia population among the migrant workers and the citizenry both in Saudi Arabia and the Gulf regimes created a continuous threat capable of flaming up at any case of dissent and be subject to crackdowns and deportations, especially after the Iranian revolution. Afterwards, the Palestine Liberation Organization's and Yemen's support to Iraq's invasion of Kuwait (a fellow Gulf monarchy) prompted the expelling of Arab migrant workers en masse (Ibid, p. 64). The result was the transition from the Arab majority workers to the workers from the ideologically more neutral South Asian region, yet still this radical change in the spatialization of the class exposes its potential weaknesses despite all the efforts to pacify the workers and facilitate the exploitation process.

As the last anecdote, we should mention that the domestic order which has been meticulously and oppressively shaped by the Saudi monarchy is not completely dissent-proof. One of the biggest examples of an active opposition against the state is the famous 1979 Mecca rebellion when a young group of fundamental Islamists seized the Great Mosque of Mecca and demanded a more religiously pure and equal society by calling on the unacceptable splendour of the ruling class (Salameh and Steir, 1980, p. 79-80). The incidence of 1979 paradoxically revealed both the significant miscalculation in the Saudi class formation and the strength of the regime. While the Saudi ruling class had been weary of an external threat or a lower class agitation against the foundation of the Kingdom, the rebellion that rocked the stability of the country mainly came from disaffected middle class youth, scheming younger princes disgruntled by the grip of power held by the elders in the ruling family (Wynbrandt, 2010, p. 240), and Hijazi merchants dissatisfied by the decrease of their influence while the Najd influence in the elite class was getting stronger (Salameh and Steir, 1980, p. 72). The Mecca Rebellion of 1979 alone is a powerful evidence of the fact that dissent held against the regime may find an opportunity to turn into an active opposition. Nevertheless, it exposes the weakness of the Saudi opposition lacking the will to go toe-to-toe against its oppressors as well. The Mecca Rebellion, after all, was suppressed by the armed forces and the national guard both of which are important centers of power held by the ruling elite (Salameh and Steir, 1980, p. 75). The result is the observation that the biggest hope of the public opposition is the disaffection displayed within the royal family that they dread, further demonstrating the strength of the Saud family against the domestic agitation (Ibid, p. 87).

## **2.4 POLITICAL ECONOMY AND KHALEEJI CAPITALISM**

Saudi political economy constitutes the last part of the three vital aspects of the social structure in Saudi Arabia. Naturally, political economy is inescapably very significant for understanding the domestic fabric of the Saudi society, yet it is not as simple as plainly explaining the domestic economic structure of the Saudis in relation with their political vision. Saudi political economy harbored relatively more importance in



international field thanks to two factors: the extreme crucialness of oil reserves in Saudi Arabia for the global economy, and the place of Saudi capitalism in the greater framework of Khaleeji Capitalism representing the whole Gulf region.

Saudi Arabia is truly an anomaly in terms of its economic development along with the state model accompanying it, because the Kingdom's contemporary political economic situation is vastly different than the early days with primitive economic model when there was no state structure. Before the discovery of oil in 1938 and the increase in its export after the Second World War, Saudi Arabia was a kingdom with almost a minimal state model in which the state exercised very limited power because of simply having no effective income to create the necessary organizational framework to support such a role (Niblock, 2007, p. 32). As discussed in the state formation section, the traditional power structure relied on the internal relations between the ruling family and its close allies such as powerful merchant families, influential tribe clans and religious ulema class. The King (Ibn Saud at that time) was in a precarious situation due to his vulnerability to the external and internal pressures which might topple the Al-Saud dynasty as happened two times before. The monarch in the newly-formed kingdom, however, lacked the adequate economic means to fully assert its power both domestically and externally. The effective economic build up around the resource of oil changed this situation tremendously.

It would be not surprising to claim that oil changed the political and economic dimensions of Saudi Arabia immensely and pushed the Kingdom to a major place in the international economy. Domestically, the vast oil revenues transformed into a predatory nature in the form of a lavish spending by the Saudi king and its utilization for providing benefits to the ruling family and its cronies as well as providing welfare to the citizenry, therefore stabilizing the internal order (Niblock, 2007, p. 33). Externally, on the other hand, the Saudi oil was on its way to being a key element for the rapid improvement of the Saudi capitalism and its internationalization due to its fastly progressing overaccumulation.

The postwar industrial development in the Western world, along with the development of new industries and sectors crucial to the postwar recovery, was dependent on energy materials preferably efficient and flexible enough for usage (Hanieh, 2011, p. 35). The oil has become the global energy source thanks to its greater energy density than other energy sources and its relative ease in transportation (Ibid, p. 35). Regarding such an important energy material, it was inevitable that the fate of the U.S. hegemony since the Cold War period became tied to the control of the oil resources to ensure its continuous flow to the Western bloc and to prevent its capture at the “wrong hands”.<sup>25</sup> Thus, oil has become the most strategic commodity as well.

The result was a tremendous increase in Saudi Arabia’s political and economic power in parallel with the Gulf region it belonged to. In lieu of its increasing importance, Saudi Arabia began to demonstrate an appetite to join the capitalist system due to detecting a chance to shine its own Saudi capitalism. The use of revenues for giving boon to internal factors solely constitute one side of the pragmatic Saudi capitalism. Despite the overly zealous and conservative roots of the Al-Saud’s kingdom, the Saudi elite unknowingly has implemented the opportunity stated by Marx a long time ago: “The more developed the capital, therefore, the more extensive the market over which it circulates, which forms the spatial orbit of its circulation, the more does it strive simultaneously for an even greater extension of the market and for greater annihilation of space by time” (Marx, 1973, p. 539). In other simpler words, the internationalization of Saudi capital was ready to gear up for easing up the inevitable problem of overaccumulation.

Firstly, it was necessary for the Saudi regime to initially accommodate their domestic economy in order to gear their capitalism up for expansion. The key action for this objective was promoting the build up of a certain degree of private sector controlled by the Saudi ruling class through clientele. Greatly different than the private sector in

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<sup>25</sup>Moreover, we should not ignore oil’s increasingly central place in powering modern navies and armies in this context. For instance, the US output of gasoline for military use at the end of the Second World War increased 18 times greater when compared to beginning, and that of aviation gasoline increased about 80 times greater (Baldwin, 1959, p. 10-11).

Western capitalist countries, the role of the private sector in Saudi Arabia, especially at its early times, has been rather a form of “rent circulation” arranged by creating brokers and sub-patrons within administration and private sector deeming them as “dependent bourgeoisie”, arising out of a lack of understanding to discriminate economic and social goals (Hertog, 2006, p. 9). Such deliberate structuring of private sector in Saudi Arabia leads to a dramatic difference between the Kingdom and non-GCC Arab regimes in terms of the private sector’s scope of activity: “In the Kingdom, the private sector continued to dominate the commercial sector, whereas under radical Arab regimes the state appropriated the larger commercial and manufacturing enterprises” (Niblock, 2007, p. 34). Hence, the Saudi Arabia forged the unity of the bourgeoisie class under the guidance of the state through the unique structuring of private sector.

However, especially in the recent decades, the private sector became a more significant, albeit dependent, actor in Saudi economy because of a rising need to enable diversifying the domestic economy. With the help of the oil revenues, the private sector began to include more diverse areas such as petro-chemistry, construction materials and maritime businesses rather than remaining within the sphere of oil industry (Aykut, 2014, p. 208). Surely this change of trend in Saudi private sector is directly tied with the increased competition in a globalized world economy and the Saudi state’s need of a stronger private sector in order to maintain growth and high employment as well as making use of its expertise in economic matters (Hertog, 2006, p. 16). In addition, the external expansion of the private sector aided to solve the overaccumulation tendency of rapidly expanding Saudi capitalism. Nonetheless, the increased potential of Saudi private sector does not mean that it is outperforming the state enterprises as private sector is a subject of state control through its dependent bourgeoisie. Therefore, we may claim that the Saudi state successfully managed to fend off the innovations of globalization from decreasing the state’s hold onto dominant power, and thus managed to continue its image as a strong state which is necessary factor of a sub-imperialist system.

The first step of solidifying the gains from the oil trade to exert influence over a large foreign area (larger than just the Gulf region) was moving ahead with setting up

institutions to concentrate the efforts of not just Saudi Arabia itself, but also the other major oil producers within and beyond the Middle East. In addition, such a move would surely enhance the Saudi capabilities to direct the world economy. The first step to realize that was the secret agreement of Maadi Pact signed in April 1959 between Venezuela, Iran, Iraq, Saudi Arabia, Kuwait, Egypt and Syria – the last two countries being important transit hubs for oil rather than being direct producers (Bromley, 1991, p. 152). The Maadi Pact led the creation of the Petroleum Consultation Commission which was the first comprehensive institution aiming at controlling oil prices and wresting the control of the oil productions from Western-based oil companies in order to locate refinery operations in the oil producing countries, which appeared better than leaving the lion's share to the Western countries (Terzian 1985, p. 27-8). Being one of the leading players in this agreement, Saudi Arabia's aim was attempting to turn oil into a political weapon by claiming control over it while remaining in agreement with the developed capitalist countries.

Surely the Saudis would be successful in this attempt by inspiring the creation of a much more stronger petroleum organization. Their initial attempt, the Maadi Pact, was a significant demonstration of their dissatisfaction, along with other oil producing states, shown against the strength of the international oil companies and having to receive payment from the price appropriation dictated by them (Hanieh, 2011, p. 38). Though the Maadi Pact itself was not implemented swiftly enough, the fundamental step would be taken in one of the meetings dictated by the pact. The creation of Organization of Petroleum Exporting Countries (OPEC), after a series of meetings in Baghdad in 1960, signified a more effective manipulation of the oil industry by the oil producing countries itself in the future. As seen in the brief history of contemporary Saudi Arabia chapter, Saudi Arabia would resort to heavy oil embargoes so as to gain leverage in political field like in 1973. In time, the creation of OPEC started the process of the replacement of international oil companies with the state-owned oil companies, a phenomenon which effectively diversified the economy of oil producing countries including Saudi Arabia (Ibid, p. 38).

Even before the effective control over the oil revenues prior to the creation of OPEC, we may speak about an enormous petro-capital surplus in Saudi Arabia which could not be managed with solely lavish spending methods, certainly an example of overaccumulation. The increase of the oil price, along with the state's effective ownership over the oil industry thanks to OPEC, dramatically increased the amount of revenues flowing to the ruling class of Saudi Arabia (along with other Gulf states), the accumulation of which has become to be known as "petrodollars" (Hanieh, 2011, p. 43). It was the utilization of these petrodollars in the global financial system that would turn the fortune of the Saudi and would render them invaluable for the global economy.

The Saudi leadership's initial strategy to put petrodollars into good use was feeding the American and European banks with these petrodollars, which then would be used various banking transactions and thus establishing a profound dependency between Saudi petrodollars and the economy in the developed capitalist countries in the West. Considering the fact that other Gulf countries were also making similar efforts,<sup>26</sup> the OPEC reserves flowed into Euromarkets alone amounted \$107 billion from 1973 to 1977 constituting over 10 percent of the market's total dollar-denominated assets (CBO, 1981, as cited in Hanieh, 2011, p. 44). Especially since 1970s, the wealth emanating from the state controlled companies and private companies administered by the members of the ruling family significantly increased owing to their effective control over oil resources and to the advancements in the financial sector allowing the transfer of vast amounts of capital (Aykut, 2014, p. 205). In parallel with this trend, the Arab banking (or more specifically Gulf banking) became a significant medium for financial transactions.<sup>27</sup> The vast benefit of petrodollar pools to Western banks, therefore assisting Western private companies and governments, undeniably turned the Saudi capital into an important pillar of global financial circuit. The foundation of the local Gulf banks to control the flow of the oil production and the result of the vast petrodollar

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<sup>26</sup> Kuwait is another example of the excellent utilization of petrodollars to consolidate financialization. The increase of oil prices, rose the value of Kuwaiti commercial banks' assets triplefold from 1971 to 1977 (Khouja and Sadler, 1979, p. 165). The accumulated massive funds were redirected into international capital markets through "consortium banks" which include joint partnerships between Kuwaiti banks and large foreign banks (Hanieh, 2011, p. 44).

<sup>27</sup> Accordingly, numerous Arab banks were founded in a short notice in London alone (Aykut, 2014, p. 205).

accumulation formed the backbone of the financialization in the Gulf countries, and therefore brought the Saudi capitalism closer to the global economic framework (Ibid, p. 205).

The start of the neoliberal era, afterwards, was the signifier of the greater role given to the Gulf countries. As discussed in the neoliberalism chapter, the third world and former socialist bloc countries suffered heavily from the debt crises occurring out of the loans from the Western banks coupled with rising interest rates. Specifically, the weapon of debt was inherently linked with the Gulf region's important role in the world market and finance due to the fact that the loans crippling the economies of the South originated from the Gulf-based petrodollars recycled to the borrowers (Hanieh, 2011, p. 47). Therefore, the claim that the Gulf capital have profited from the debt crises that wreaked havoc in the weaker countries might be put forward. Saudi Arabia, in this period, reaped much greater profits by even coordinating with the IMF and hence playing a direct role in the neoliberal order, although it was merely a middle power. The coordination arose when the IMF established the Oil Facility, founded for channeling oil revenues to countries facing pressure because of the increase in oil prices, and Saudi Arabia provided most of the funds for the Oil Facility allowing the Kingdom to become the largest lender to the IMF and to appoint its own Executive Director to the Fund (Hanieh, 2011, p. 47). This relationship, along with the greater bond between capitalist order and the Gulf region, exposes the link between Saudi capitalism and emerging neoliberalism which relies on the complex financialization circuits, therefore confirming the deep relation between the neoliberal system and Saudi Arabia which looks to expand its own capitalism.

As emphasized in the sub-imperialism theory chapter, direct investments are the lifeline of a sub-imperialist system wishing to expand its capitalism across the region and even the world. For Saudi Arabia and the greater Gulf region, the widespread method to commit these investments has been through Sovereign Wealth Funds (SWFs) which are large quasi-government agencies established by many countries to manage natural resource revenues (Hanieh, 2011, p. 95). Without a doubt, the enormous quantity of

petrodollars have been vital for buying foreign assets not only in the surrounding Arab countries but even in the most developed capitalist countries. The volume of these investments made through SWFs should not be underestimated as GCC investments at times even surpassed the combined GDPs of multiple countries. As Hanieh (2011, p. 95) points out by quoting from McKinsey:

The foreign assets of GCC central banks and government-related funds increased from \$0.5 trillion at end-2002 to an estimated \$1.6 trillion at the oil price leak in July 2008, according to the Institute for International Finance (IIF 2007, p. 2). If the considerable amount of foreign-based assets held by GCC private companies, individuals, and the ruling families were included, estimates reached in excess of \$2.2 trillion at end-2007.

Saudi Arabia is a part of the GCC countries holding large amounts of foreign assets particularly after 2000, statistically Saudi Arabia holds \$780 million worth of foreign assets along with its powerful GCC brethren UAE with \$870 million, Kuwait with \$300 million, and Qatar with \$140 million (McKinsey, 2009, p. 4). The ownership of foreign assets was distributed between three main investor types – abovementioned SWFs, government central banks and private bodies often in the form of high-wealth individuals and private companies (Hanieh, 2011, p. 96). The presence of such foreign assets are crucial to understand the complex transaction and investment mechanisms emerged out of the petrodollar accumulation in Saudi capitalism. It was mentioned previously that the petrodollars were utilized efficiently by providing them as a source loan for Western banks, yet this strategy was rather an early form of petrodollar investment than the whole framework of petrodollar's position in the world finance.

Especially in the post-2000 period, Saudi Arabia (along with some other GCC countries) placed its petrodollar funds in the US markets which was seen as a formidable strategy due to the immense economic and political power the U.S. exerted in the post-Cold War period. Indeed, it may be observed that from June 2005 to June 2006, Saudi Arabia was among the GCC countries showing the fastest growth of any country in the world in their holding of U.S. securities which increased by over 50 percent in the one-year period (Sturm, Strasky, Adolf, and Peschel, 2008, p. 43).

Furthermore, according to the Saudi Arabia British Bank (as cited in Hanieh, 2011, p. 98), in 2008 Saudi Arabia accounted for nearly three-quarters of a trillion dollars investment in the United States itself. Therefore, it becomes clear that Saudi Arabia was deeply involved in the U.S. economic policy relying on high levels of debt so as to preserve the structure of the global economy in the 21st century, through feeding this high level of debt with its own capital. While frequently at odds with the developed countries in political and religious matters, Saudi Arabia exhibits the economic strength of tying its own capital system with the global economy which clearly makes it an accomplice of the capitalist structure.

The latest factor to be mentioned in the political economy chapter is the one that concerns all Gulf countries instead of just holding Saudi capitalism under the spotlight. Despite the fact that they acted towards the internationalization of their capital through the similar means, Gulf countries initially presented themselves more as singular (albeit not isolated) states pursuing their own capital needs. Over time however, the rising challenges under the pretext of globalization and the rise of rival powers, mainly Iran in recent times, threatening the integrity of these monarchies provided incentives to merge their efforts in a single regional entity which came to be the Gulf Cooperation Council organization. Thereby a new sense of consciousness gradually occurred by the name of “Khaleeji Capital” representing the objective of enabling the internationalization of the capital in a regional scale (Hanieh, 2011, p. 103). The creation of Khaleeji is directly tied to the social reflections of the capital represented by the merchant families and rulers across the Gulf region. Previously mentioned in the state structure chapter, the interconnection between wealthy merchant families who were not efficiently separated by the arbitrary borders, and also the royal marriage bonds between the Gulf monarchies are good examples to point out the regional underlinings of the Gulf capital. After all as emphasized by Marx, capital is a social relation and the concept of internationalization relies on the social relations as they form around the circuits of capital within the GCC space (Ibid, p. 103).



Still, it would be a mistake to attach the label of supranationalism to Khaleeji Capital because the grand goal is not (and has never been) deleting the national identities such as “Saudi” or “Bahraini”. Rather than promoting political and cultural unity, Khaleeji Capital focuses on the creation of a new set of social relations shaped around the concept of regional accumulation, in other words pan-GCC accumulation. Hanieh (2011, p. 103) describes it as the following:

Khaleeji Capital represents a new set of social relations that are developing around pan-GCC accumulation opportunities: they are cotemporaneous with ongoing structures of national accumulation. These social relations more and more crystallize, articulate, and interpenetrate in a pan-GCC space. Consequently, accumulation is increasingly conceived at the regional scale rather than through a nationally bound perspective.

Regionally, the various acts through regulations and articles reflect the wish of doing away with the economic strains imposing a burden on the free movement of capital across GCC region. For example, the Economic Agreement between the States of the Cooperation Council (EASCC) during 2001 GCC Muscat Summit lays down the foundations of the regionalization by “enhancing market mechanisms and fostering the role of the private sector”, weakening the ability of individual member states to control the movement of capital, establishing common external tariff for the entire GCC region, permitting GCC citizens to move and work freely across member states, and even promoting an eventual monetary union (Hanieh, 2011, p. 103-104). However, any attempts towards a supranational formation like the last factor in the previous sentence continue to create significant tension between GCC states. Internationalization through Khaleeji Capitalism does not exactly terminate the rivalry in the region by merging their capital but rather compels different GCC capitals to compete at the international scale (Hanieh, 2011, p. 105).

Furthermore, in spite of the wishful thinking of some liberal scholars, Khaleeji Capitalism does not promote liberalization neither in a social nor economic aspects. Through the goal of avoiding the disruptive effects of globalization such as the decrease of state’s control over the economy and opening up of the economy to foreign

investment; Khaleeji Capital instead promotes state's influence over all parts of the economy, demanding privileges against the intrusion by any foreign capital, and pushing back the demands for democratization (Hertog, 2013, as cited in Aykut, 2014, p. 223). Notwithstanding the resistance against the foreign capital, Khaleeji Capital encourages GCC states to take part in the free trade institutions and arrangements for the further internationalization of GCC capital. GCC countries' entry to the WTO, and numerous free trade agreements with the U.S. and several other countries are strong evidences of such approach (Hanieh, 2011, p. 105).

### **Conclusion – The Sub-imperialism Within Saudi Arabia**

The social structure of Saudi Arabia, like the other monarchies in the Gulf region, contains antithetic features are considered as Saudi Arabia has a conservative society ruled by an authoritarian monarch preaching a fidelity to the authentic way of life to its citizens while trying to internationalize its capital all around the world and profiting massively from this ordeal. As a first step in understanding Saudi Arabia in relation with sub-imperialism theory, the social structure of Saudi Arabia has been examined in this main chapter by dividing it into three components: state structure, class formation and political economy. As emphasized in the introduction part of the chapter, the aim was not wholly the examination of Saudi Arabia's social structure itself but the hints pointing to the features of sub-imperialism which determines Saudi Arabia's compatibility with the sub-imperialist framework. We may summarize these findings by interpreting the brief definitions of the components from the Saudi social structure one by one in light of sub-imperialist theory.

The state structure of Saudi Arabia is the result of its historical experiences, the religiously motivated superiority of the state over its population and its need to cover itself from the danger of a volatile region. The relatively late foundation of the first Saudi state, Emirate of Diriyah, as late as 1745 and its tumultuous road to absolute consolidation (established fully in 1932) caused the emergence of a state structure relying on the will of a strong ruler. Therefore, the monarch was at the heart of the state

structure and, from this source, the network of the state sprang as the Saudi ruler has strived to establish bonds with the powerful actors within the Saudi society. The centrality of the state has been effective beyond the political realm by incorporating the economic structure into the sphere of state control. The economic monopoly of the state over any private actors (some of them are members of the ruling family anyway) proved much more important for the Saudi state structure after the discovery of oil.

The enormous revenues of oil increased strength of the Saudi monarchy in various ways: it increased the institutionalization of the inflexible Saudi state structure, the ruling class' rigid control over its population and internal allies, its capabilities in international arena by establishing stronger bonds with great powers, and lastly tremendously enhancing the Saudi influence over the Middle East region by internationalizing state-led capital and by increasing the armed capacity of Saudi Arabia. The relation of Saudi state structure with the sub-imperialism theory becomes apparent in the following key points.

Firstly, the dominant strength of the Saudi state over its population, facilitated by an absolutist ruling mentality and the Wahhabist doctrines emphasizing obedience, creates a strong state mechanism that enforces the will of the rulers. Without a doubt, the Saudi state structure seems to have established a superiority over any other domestic actors in economic, political (both of which stems from the centrality of the monarchy) and military aspects (the presence of national guard and moral police acting against the dissidents) through its monarch-oriented institutions. Furthermore, the Saudi state structure cemented this superiority by placing the members of its ruling class in the key positions controlling internal, foreign and economic affairs.

Additionally, the Saudi state mechanism has managed to establish control over its bourgeoisie (alternatively merchant) class by managing to forge a relationship relying on marital ties, providing economic privileges or awarding key positions in private sector in exchange for their support to the regime. The meticulous character of these interdependencies eased the advancement of the state-led Saudi capitalism while

keeping the aiding bourgeoisie allies close and unified. Therefore, the Saudi monarchy presents itself as a strong state having close ties with its local bourgeoisie.

In the next segment, the class formation gives insight about the society-level impact of the peculiar state structure of Saudi Arabia and its methods for upholding domestic order. First and foremost, the class formation of Saudi Arabia is an odd process occurred from the need to transform the Saudi economy accordingly with a capitalist framework. The elite class of Saudi Arabia (royal family and its cronies) cemented their control over the country by subjecting the public institutions, important private sectors, and the armed forces to nepotism so as to prevent the popularist inclinations in these key positions. The immense power that the ruling family and its cronies hold, thanks to the oil revenues, signified more than their dominancy. Particularly since their take over of ARAMCO and success in getting the major share of oil revenues, the Saudi leadership saw the chance to reshape the society in a way that would instill the domestic order at the fullest in order to prevent a broad uprising against their rule. The first to ensure that has been demanding minimal taxes while providing relatively easy employment and welfare services, the source of which is oil revenues, to the limited Saudi citizenry. In exchange for the availability of such advantages, the Saudi citizenry (or alternatively the Saudi middle class) forsake their presence in the politically and economically crucial positions along with not attempting to compete with the upper classes. For this reason, the Saudi middle class has had a fragmented structure within which the different stratas of the citizenry have been competing against each other and thus having no effective capacity to put up an effective resistance against the regime.

Yet more striking aspect is the situation of the migrant workers in Saudi Arabia. More than being the victims of labor exploitation, the migrant workers are subject to the complex scheme of labor spatialization. The working class in the Kingdom are largely the desperate workers brought in from other countries to provide labor in important economic sectors (most commonly oil industry and construction). The reliance on the migrant labor is tied to the extreme importance of the oil reserves for the Saudi and world economy, deeming it as way too valuable for trusting the labor of native workers who might more easily hold grudges against the regime. Brought in as temporary work

force, the migrant workers lack job security, guarantees and acceptable living conditions in the host country, meaning that their basic rights are also open to exploitation.

When thought in view of sub-imperialist theory, the caste-like social system of the Saudi society aids the dominance of the state and strengthens the strong state structure at magnitudes exceeding the other known sub-imperialist countries, thanks to the exclusion of the middle class from power and its internal schism. Still, the middle class is a subject of a designed consumer society as the regime aims to increase their purchasing power by exploiting the lower classes and focusing on importing consumer goods.

Related with the abovementioned phenomenon, the labor super-exploitation in Saudi Arabia goes beyond the framework of super-exploitation laid by Marini. The super-exploitation in the Kingdom is not limited with the mistreatment of worker's efforts by paying them less and decreasing their purchasing power. The exploitation of the migrant workers in Saudi Arabia is tied with their spatialization meaning that even their right to settle in the host country is up to question as they can easily be expelled back to their home country if they fail to perform adequately. The simplicity of their expellation leads to the low effort to accommodate them in suitable circumstances or even provide a minimum wage for them. Therefore, the exploitation of the migrant workers includes the maltreatment of their right to permanent space and basic standards of living, the intensity of which is not seen in other sub-imperialist countries. Although the spatialization of labor is not a part of the labor super-exploitation literature, it should definitely be included in it so as to demonstrate the extreme possibilities of the super-exploitation.

Lastly, the political economy of Saudi Arabia reveals the further signs of sub-imperialism within the Saudi system. The Saudi political economy consists of two historical periods largely different than each other. The first one is the rather primal early decades of Saudi Arabia whereas the second one is pretty much the period after the discovery of oil. The dawn of the oil production awarded a large amount of oil revenues to the Saudi ruling elite that eventually left them with an overaccumulation problem.

The Saudis suppressed the overaccumulation problem while seeking the objective of internationalizing their own capital through taking advantage from oil's importance for international economy and embedding their capital in international finance system. For this goal, the Saudi's resorted to provide their petrodollars (the accumulation of rents from oil) to foreign banks, spend it on buying foreign assets largely through Sovereign Wealth Funds, and both pioneering the creation of organizations for controlling the pricing of oil and joining international institutions in order to use oil as a political weapon when necessary.

The second striking aspect in the Saudi Arabia's political economy is the Khaleeji Capitalism to which it belongs. Khaleeji Capitalism is the merging of the Gulf monarchies' capital systems to withstand the troubles of globalized economy and to increase the power of monarchies in their respective economies. It does not idealize a supranational entity in Gulf, but rather carries the inter-rivalry between the Gulf states to the international field, which is able to push the Gulf states to increase their influence abroad. In this context, Saudi Arabia benefits from Khaleeji Capitalism by representing not only the exportation of their own capital but also representing the pan-GCC capital, thus dealing with their own overaccumulation through Khaleeji Capitalism. The Saudi political economy has two important factors for sub-imperialism theory.

The most crucial factor to establish a sub-imperialist system, the deep relation of the middle power's economy with global capitalism, is laid bare to witness in the Saudi political economy. Saudi Arabia, with its enormous oil revenue capital and its deep ties with the international finance, is largely entangled with the capitalist system and the Saudis are able to present themselves as an essential part of the global economy. Encouraged by their economic capacity, the Saudi leadership also makes all the effort to internationalize their national capital for dealing with the rapid overaccumulation. The political economy of Saudi Arabia reflects, though only a part of, the expansionist ambitions of the Kingdom to elevate it a privileged economic and political position.

Despite not solely illuminating the Saudis, Khaleeji Capitalism is a factor that might be linked with sub-imperialism as well. Pan-GCC accumulation characteristic of Khaleeji Capitalism enables Saudi Arabia to expand its capital by pooling its efforts with fellow GCC members. Comparatively, Khaleeji Capitalism resembles the BRICS bloc mentioned in the previous main chapter. Like BRICS, Khaleeji Capitalism is an entity which came to be owing to the efforts of the similar-minded compatriots and aims to withstand the hardships of the capitalist system. However, it additionally carries the drive to ensure a more secured place in the world through reconciling with the capitalist system like the BRICS does. Furthermore, Khaleeji Capitalism lacks the consensus to become a supranational entity because of the intra-capitalist rivalries, similar to the problems on a common agenda in the BRICS.

## **CHAPTER 3: THE POST-COLD WAR FOREIGN POLICY OF SAUDI ARABIA AS A SUB-IMPERIAL POWER**

### **Introduction**

The end of the Cold War is undoubtedly seen as the end of an era that changed foreign policy perceptions of many countries. The fall of the Soviet Union and the rise of the U.S. hegemony precipitated a new world order nurtured in a unipolar environment. The magnitude of such a drastic change in international politics certainly pushed many great and medium powers to pursue their interests in a different manner than conducted during the Cold War. Alongside the U.S. hegemony, the ever-globalizing and interlinked world emerged new opportunities and risks for numerous countries, especially for the ones who did not expect such changes. Saudi Arabia was one of the countries which did not retain the social conditions for accommodating the changes triggered by the new world order. However, the economic power mainly from oil revenues, the claim for being the leader of the Islamic world and the deep roots within the economies of the Middle East region pushed the Saudis to pursue a much more active foreign policy agenda wishing to exert more power (both in covert and overt terms) which might be explained from a sub-imperialist perspective.

As explained in the previous chapter, the social structures of Saudi Arabia reflect its relation with sub-imperialism only partially. The authoritarian state structure, fragmented social structure, the spatialization of the migrant labour force, and the political agenda backed by an oil dominated economy suitable for intense internationalization and financialization point to various features compatible with the sub-imperialism theory as stated in the conclusion part of the second chapter. Still, the real test will be presented by analyzing the post-Cold War foreign policy of Saudi Arabia. This chapter carries out the analysis of the Saudi foreign policy with a limitation focusing on the events and repercussions of the Gulf War, the American War on Terror and the Arab Spring (encompassing the Presidency of Barack Obama). The purpose of this limitation is to ensure revealing the presence of the Saudi sub-imperialism by



focusing on the events providing much clearer insight of the relation between the Saudi foreign policy and the nature of sub-imperialism.

This third and last chapter equips a different approach than the other main chapters. Whilst the other chapters focus on the conceptual debate for understanding the nature of sub-imperialism and the social structure of Saudi Arabia, as well as explaining the relation between them, this chapter aims to demonstrate the presence of sub-imperialism in the post-Cold War foreign policy of Saudi Arabia by chronologically analysing its foreign policy during the following three decades after the end of the Cold War.

In this context, the first section undertakes dramatic circumstances happening in the 1990s that the Saudi leadership encountered during the early period of the U.S. hegemony and its increasing pressure towards the Gulf region, primary focusing on the First Gulf War in 1990-1991 and its repercussions. Saudi Arabia's relation with sub-imperialism is put forward in parallel with the apparent vulnerability of Saudi Arabia against various security threats and its methods for countering them in a rapidly changing environment.

The second section covering the 2000s emphasizes the “antagonistic cooperation” dimension between Saudi Arabia and the United States, during a time period when the latter was pursuing a War on Terror across the Middle East region. This section delves into the dilemma of a Saudi leadership dealing with a rising radical Islamic terrorism and a foreign presence it must endure, as well as the pragmatic capabilities of the Saudi capitalism in expanding towards the devastated regions hit by violent conflicts. The general analysis of the Saudi foreign policy in 2000s possesses a great potential to underline the expansionist tendency of the Saudi capital to dominate the region.

Lastly, the analysis of the Saudi foreign policy in 2010s revolves around its counter-revolutionary role during the Arab Spring epoch and its stiffening rivalry with Iran, another major power seeking to dominate the region. The striking part in this last

chapter is the shrewd Saudi policies to mask their ambition to strengthen their economic, social and political influence in the region with a sectarian rhetoric denouncing the Shia Iran and its allies, along with pursuing a more aggressive foreign policy for preserving the status quo benefitting the grand Khaleeji Capitalism.

### **3.1 UNCERTAINTIES AND OPPORTUNITIES FROM THE GULF WAR**

Saudi foreign policy during the Cold War may be briefly explained as a mutual convenience between the Saudi leadership and the U.S. engaged in a bitter ideological conflict against a common enemy. The Saudi Arabia's role was (and in large part still has been) beneficial for the U.S. in two ways: the economic benefit of integrating the Saudi capital to the global capitalism along with increasing the capacities of financialization necessary for sustaining the global economy, and the political benefit of thwarting the radical movements threatening to oust the American influence from the region owing to the perseverantly conservative characteristics of the Saudi regime (Mabon, 2019).

Even though the end of the Cold War presented no profound change for the economic significance of Saudi Arabia, the political realm of the Saudi foreign policy was moving towards alterations exacerbated by the important events rocked the region, and by the rising social and religious discontent. These developments, however, did not mean a total disaster for the Saudi leadership as the decreasing stability in the region was also bound to give invaluable opportunities for the Saudi capital pursuing the goal of expanding during an era marked by a rapidly globalizing economy.

The Gulf War in 1990-1991 was a lamentable event staining the advent of a post-Cold War epoch, including but not limited to Saudi Arabia. When Saddam Hussein's Iraq invaded Kuwait (a fellow GCC country) in August 1990, the Kingdom suddenly faced a grave security crisis that it had tried to evade for a long time. The violent adventurism of Iraq in the early 1990s provided an unintended motivation for regional stability as the

major actors in the region, even bringing together the ideological and religious rivals Saudi Arabia and Iran, shared a fear of a belligerent Iraqi foreign policy (Mabon, 2019, p. 147). The intervention of the U.S. led coalition against Iraq was certainly a welcome development at the outset, but it was also a signifier of greater developments to come for the Saudi foreign policy.

The most clear result of the First Gulf War was ever-more increased presence of the U.S. in the Kingdom guaranteeing the security concerns of the Saudis and Saudi Arabia's dominant reliance on the militaristic might of the United States (Mabon, 2019, p. 147). Aside from the obvious security bonds, the aftermath of the Gulf War energized a closer U.S. foreign policy focus on the Gulf region with Saudi Arabia at its center. The U.S. strategy began pursuing the method of linking its various regional allies into a single economic space, characterized by free trade and investment flows (Hanieh, 2013, p. 107). In time, this strategy signified a golden opportunity for the Saudi capitalism: keeping aligned with the U.S. foreign policy on the Middle East in order to profit from the instability within the region.

The new trend was the introduction of the new phase of internationalization heralded by the United States which transformed into a hyperpower thanks to its unrivaled power. According to Hanieh (2011, p. 85), the key feature of this new phase of internationalization was a further qualitative leap in the importance of finance to the functioning of capitalism and, simultaneously, the construction of a world market based upon fully global manufacturing and distribution chains. Contrary to arguments interpreting the U.S. intervention (and later the invasion) against Iraq as a humanitarian struggle against the brutality of Saddam Hussein regime, the grand goal was rather dominating the Middle East region for establishing a "potential chokehold on other leading powers in the world" (Callinicos, 2005, p. 599). Saudi Arabia, in this sense, has been a vital asset for the U.S. schemes for domination. After all, the Kingdom hosts 25 percent of global oil reserves followed by Iraq at 11 percent (Telhami & Hill, 2002, p. 168). Regarding this information, the American strategy for ensuring the continuous flow of oil to the world markets (as mentioned in 1.1.6 chapter)

was dependent on assuming control over the vast swathes of the oil in the Gulf region. While the uncompromising Iraqi government brought down with force, Saudi Arabia had already been a close partner of the U.S. due to its paramount position in the global economy and finance.

However, the mutual relationship between the hyperpower and the middle power was not solely limited to a Saudi leadership “consenting” to the U.S. designs. Saudi Arabia has also been a trump card for the U.S. whenever the global oil prices collapsed in the face of a crisis. In the case of oil price crashes, it was not uncommon to witness the Saudis to use their spare production capacity to stabilize the oil prices and help the U.S. and developed countries to save themselves from the embarrassment of a domestic crisis (Telhami & Hill, 2002, p. 169). Regarding the global repercussions of the Gulf crisis particularly in the oil market, it would be no mistake to claim that Riyadh has become a key component for energy security forming the heart of the U.S.-Saudi relationship (Ibid, p.169).

The Saudi policy for the rest of the 1990s might be defined as a struggle to pave way for increasing its influence in its surrounding region. Regarding the Gulf War, the Saudi initiative can be presented as an indirect factor leading to Saddam Hussein’s decision to wage war. Relying on an intense arms purchase program to bulk up the Iraqi military and seen as an effective obstacle against the revolutionary Iran, Iraq was heavily funded by Saudi Arabia under the American guidance. However, the failure to build up an efficient economy and the burden of the Iran-Iraq War between 1980-1988 left Iraq under an enormous debt more than \$42 billion, an important amount of which was owed to the Gulf monarchies (Hanieh, 2013, p. 33). Under the threat of the heavily repercussions of such debt, Saddam Hussein attempted to persuade the Gulf countries to forgive the debts which had occurred during the war, yet was rejected and was prompted to invade Kuwait as a solution (Ibid, p. 33). What happened afterwards was the counter-attack of the U.S. led coalition against the Iraqi army which resulted in the destruction and the withdrawal of the latter. Although the aggression and the miscalculation of Saddam Hussein’s Iraq appears at the first sight as the reason of the

deeper American entanglement in the Middle East, the hidden goal of protecting the sovereignty of the monarchies against the status quo changing threats was a significant motivation for the American action.

The result was a showcase of the “New World Order” backed by the American might. Saudi Arabia, during these events, was one of the active supporter of the U.S. led coalition by hosting a large contingent of the U.S. army as most of the Gulf region has become a significant base of operations for the military campaigns since the 1990s. The support to the American cause was not limited to allowing military presence regarding the fact that of the total \$61 billion that it cost in military spending to remove Iraq from Kuwait, \$36 billion was paid for by GCC states (Freedman & Karsh, 1993, p. 361). Additionally, an article from The New York Times reiterates that:

Direct logistical support for the 600,000 American and allied troops in Saudi Arabia between August 1990 and March 1991, plus the rush to build military airstrips and camps, cost another \$51 billion, which was paid largely by Saudi Arabia and Kuwait (Ibrahim, 1992, p. 8).

During the time when the U.S. constructed the “New World Order” shaped by the American unipolarity, the Saudi leadership employed a crucial factor of the sub-imperialist system: a pragmatic relationship with great powers for increasing its own power. The Gulf War and its intended consequences for the future of the global economy presented important stakes for the Saudi capitalism as well. For the sake of being a part of a single global capitalist economy unchallenged by any significant opposing ideologies,<sup>28</sup> Saudi Arabia was more than willing to help the U.S. strategy in the Middle East for reaping its own profits as well as ensuring its own security. Nonetheless, the main aim of the Saudi foreign policy at that time could not be explained as sticking to the U.S. strategy just for supporting the American imperialism because the fall of the Saddam Hussein was quite beneficial for the Saudi interests for regional hegemony. After all, the Baathist Iraq, claiming to be the leader of the Arabs

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<sup>28</sup> The creation of a single global capitalist economy was made possible with the dissolution of the sociality bloc and China’s entry into the world market during the 1990s, which greatly facilitated the globalization of capitalism (Hanieh, 2011, p. 85).

after the fall of Nasserism, was a direct challenge to the Saudi designs for exerting dominance through claiming to be the leader of the Islamic world. For this reason, the Saudis hoped to remain unchallenged in the region by backing up the American war effort, yet this hope was left unfulfilled due to the rise of another Islamic major power.

Nonetheless, the sub-imperialist system in relation with the great powers does not simply consist of bandwagoning to the policies of a dominant superpower. The Saudi leadership also pursued a policy of increasing their influence in the region by taking advantage of the tumultuous events in the region (among which the Gulf War was just the beginning). Surely extension of Saudi capitalism to the region did not occur immediately after the Gulf War, yet the Saudis were quick to establish the foundation for their future economic and political expansion. One example for this is the role played by the Arab Supply and Trading Corporation (ASTRA) founded in 1967 in Saudi Arabia and became one of the largest privately owned conglomerates in the Kingdom vying for further agricultural interests in the region (Hanieh, 2018, p. 239). Originally carried the goal of supplying the Saudi military with food and other provisions along with expanding over other sectors such as construction and manufacture of agricultural goods, ASTRA granted a fortune to the Saudi regime during the Gulf War through its newly given role of providing provision to the U.S. and Coalition troops (Hanieh, 2018, p. 259). The ASTRA was just a precursor for the future expansion of the Saudi capitalism in the region.

The profit for the Saudi capital did not solely come from expanding the investments abroad as the monetary profit is not the only part of Saudi Arabia's fortune. The steady flow of migrant workers, as discussed in the Saudi class formation chapter, is an unnegligible part of the exploitation performed by the Saudis. Throughout the Gulf region the presence of migrant workers is actually a result of the "population pressures in the areas of origin and of opportunities in the host areas" as well as a "lack of a local, well-educated and adequately experienced workforce" (Nijim, 1985; Kapiszewski, 2004, as cited in Hanieh, 2011, p. 61). Whilst the Saudis had already been passively drawing a migrant workers thanks to the relative richness of their economy, political

developments were quite effective in giving a pretext to the Saudis to get the most of their spatialization of labor method. The reason for this is the ever-persisting possibility of revolt by the migrant workers with Arab origins and the desire of the Saudi leadership to create a throughoutly docile migrant labor force. The Gulf War created an excellent opportunity to fasten the transition toward a docile labor force as the Arab residents were expelled en masse due to the reason of Palestine Liberation Organization's and Yemen's support of Iraq's invasion of Kuwait (Hanieh, 2011, p. 64). Therefore we may tie the labor super-exploitation present in Saudi Arabia to external events affecting its foreign policy as well.

The sub-imperialist system, furthermore, draws attention to another dimension between the middle power and the great power: antagonistic cooperation. As stated in the sub-imperialism theory chapter, the term of antagonistic cooperation was described by Marini as the dependency of the sub-imperial country on the core imperialist countries while trying to exert its own agenda which is prone to cause policy conflictions with the core imperialist countries (Valencia, 2017, p. 74). Saudi Arabia, in this context, has strived to follow its own policies that sometimes put it at odds with great powers including the United States.

The main incompatibility of Saudi Arabia with the core imperialist countries has been its cultural and religious characteristics marked with a deep distrust at foreigners. Despite the fact that Saudi Arabia's increasing integration to the global capitalism has been facilitated thanks to the Western great powers, the domestic structure of the Kingdom has always remained susceptible to the actions by the external actors. One of the most influential aspects fueling the discontent against the great powers has been the entrenched Wahhabi clergy inside the Kingdom. Representing the Wahhabi ideals at the heart of the Saudi society and state structure, the Wahhabi clerics play a key role in the Kingdom as far as being the de facto rulers owing to their effective control over judicial system, education and even the economy (Yamani, 2008, p. 146-147).

The presence of the Wahhabi clergy strata points out a more rigid and uncompromising side of the Saudi ruling class vying for more influence. Especially since the 1990s, a time period when the radical Islamic ideas impacted the volatile regions of the Middle East, the conservative faction within the Kingdom has expressed more and more dissatisfaction at the increasing foreign presence in Saudi Arabia which targeted the U.S. interests (Yamani, 2008). We also should include the fact that Saudi Arabia in 1990s was nearing toward a deep crisis in which the authoritarian state model, with the welfare boons provided to its citizens, no longer could hold the line against deteriorating economy and growing population. The Saudi political system under these circumstances, as well as the trend of political liberalization backed by the hyperpower USA, crumbled against a galvanizing population. Moreover, the Saudi monarchy was paralyzed from the inherent cultural schizophrenia that has prevented it from taking meaningful reforms in fear of losing the dominance of state structure over the population, thus losing one of the main tenets of the sub-imperialist system (Doran, 2004, p. 36).

In the danger of a crumbling state and social structure, the Saudi leadership turned to Wahhabi element that has constituted the moral basis of Al-Saud rule. The factionalism eventually led to the struggle between liberal reformers seeking closer ties with the United States and clerics taking an anti-American direction (Doran, 2004, p. 36). In direct touch with the disfranchised social strata, the Saudi religious establishment guided by the principle of *Tawhid*, meaning “monotheism”, that perceived the American interests in the Middle East as an attack on true Islam (Doran, 2004, p. 36). The opposite view against the American presence (both physical and cultural) even led to the overlap of the interests of Al-Qaeda and radical Wahhabi clergy. In the following period, the common interests between these two groups evolved into a struggle against the American presence that contested the U.S. interests through pushing back the “Americanizers” in the political field and staging terrorist attacks against Americans and their allies, a struggle which enjoyed discreet backing from radical clergy members and powerful princes wishing to push back the U.S. influence (Doran, 2004, p. 43).



Such standpoint reflects a different kind of relation between the middle power at hand and the great powers. The case of Saudi Arabia is neither exactly the result of coercion of great powers on the lesser powers nor an optimistic cooperation between the states owing to the advancing globalization. Saudi Arabia's foreign policy stance, strikingly since the Gulf War, is a sub-imperialist one: the Saudi leadership is pragmatically aligned with the interests of global capitalism and its enforcers (prominently the U.S.) because of the apparent opportunity towards expanding the Saudi capital whilst seeking to protect its own regional agenda and to oppose the "vile" practices of the imperialists in an ideological and religious rhetoric in order to appease the internal actors (most notably the radical ulemas) crucial for the domestic coherence.

### **3.2 AMIDST THE WAR ON TERROR**

If the period of 1990s can be described as a time of uncertainty for the Saudi foreign policy, the first decade of the millennium was a period of utter confusion sending the carefully attained foreign policy agenda into a tailspin. Indeed, the arduous period of the American War on Terror primarily in Iraq and Afghanistan tested the strength of both Saudi Arabia's integrity and its foreign policy in relation to the regional actors and great powers. When analysed, the Saudi interests during the 2000s reveals a profound appetite for expansion of Saudi capital throughout the region as well as utilizing a more hawkish foreign policy against a rising adversary.

Without a doubt, the most impactful events during the 2000s in the Middle East region were the U.S. led invasion of Afghanistan against the Taliban regime and Iraq against the Saddam Hussein government, both of which was accused of aiding the culprits of the 9/11 attack: Osama Bin Laden and Al Qaeda. The U.S. military incursions, dubbed "War on Terror" by then-U.S. president George W. Bush, was an effective (albeit controversial) show of strength against the so-called rogue actors rejecting the "New World Order". The popular outcome was different however, as the following blunders in American state-building was met with ire from the international community, Islamic world in particular. Still, there was the political reality that few Middle Eastern states

was upset to see removal of Saddam Hussein from power and the following power vacuum created a new regional security reality that was contested by a new bipolar struggle in the region (Mabon, 2019, p. 147-8).

When inspected under the ramifications of the War on Terror, it was undisputedly clear that the U.S. administration decided to regard the Persian Gulf region as a foreign policy focus. The source of this focus stemmed from the interest in bringing the hostile authoritarian Arab states, preserving a version of autarky, under the framework the neoliberalism. Accordingly, the American adventurism during the War on Terror may be interpreted as a forced attempt to spread the economic liberalization by toppling the authoritarian figures resisting against the globalization trend. These aims were reflected in a series of ideas devised for the future economic functioning of the region. One of those plans was the George W. Bush administration's desire to establish a Middle East Free Trade Area (MEFTA) which would span from North Africa to the Gulf by 2013 (Hanieh, 2013, p. 36). Then U.S. trade representative Robert Zoellick, an active proponent of the MEFTA plan, described the war on Iraq as "an opportunity for change" that would award the Arab world an opening to become "a nucleus of trade" once again (Ibid, p. 36).

Within this ambitious plan, Saudi Arabia was one of the main actors to which the economic liberalization of the war-torn regions was outsourced. Spearheading the ever-expanding Khaleeji Capitalism, Saudi Arabia made haste to carve up its own riches from the devastated Arab countries. Especially in Iraq, the removal of Saddam Hussein and the Ba'ath party opened an immense opportunity for spreading the Saudi capital to the hitherto inaccessible landscape. It may be seen that from 2003 to January 2009 more than half of the total investment in Iraq came from the GCC countries (DFC, 2009, p. 4). Moreover, World Bank figures from 2008 demonstrate that the Gulf monarchies were responsible for 36 percent of the total foreign investments in Iraq exceeding the foreign investments from North American (31 percent), Europe (25 percent), Asia (4 percent), and other Middle Eastern countries (3,5 percent) (World Bank, 2009, p. 56). These statistics are the indicatives of the "profound impact that the internationalization

tendencies embedded at the core of Khaleeji Capital are having on the Gulf's Middle Eastern periphery" (Hanieh, 2011, p. 150). Such investments keeping the internationalization of capital through the Khaleeji Capital framework in mind, has proven fruitful for the Saudi designs in becoming the politically and economically dominant power in the region. The opening up of the Iraqi economy by the Western powers was a golden opportunity for the Saudi sub-imperialism to transform a previously hostile country to a mere space for the Saudi capital needing new spaces to ease its overaccumulation, a common problem for all capitalist systems pursuing expansion whatever the cost.

Although the Saudi investment within the greater Khaleeji Capital framework did not mean the total surrender of the Iraqi economy to the hands of Saudi conglomerates, the Saudi capital focused on key sectors (such as industrial, manufacturing and energy sectors) which carried crucial importance due to the aforementioned American aim of constructing a world market relying heavily on manufacturing and distribution chains (de Saint-Laurent, 2009, as cited in Hanieh, 2011, p. 151).<sup>29</sup> Deducing from this information, it is no mistake to claim that the Saudi capital took advantage from the tumultuous situation in the lesser countries located in its periphery in order to expand and strengthen its position vis-a-vis the developed capitalist countries as well as the fellow GCC countries within Khaleeji Capital. The Saudi sub-imperialist system was no different from the core capitalist countries indeed in the sense that it leeches on any unrest within its periphery in order to profit from the weak situation occurring in those peripheral countries. Hence it is possible to compare the American thrust towards the South American countries riddled with unrest and the Saudi thrust towards Iraq rocked with instability resulting from the U.S. invasion.

While the Saudi investments, in a way, reveals its greater foreign policy designs by exerting influence to the troubled Arab countries for profit and for creating a bulwark

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<sup>29</sup> The concentrated investments efforts of the Saudi conglomerates in Iraq might be observed with Bin Laden group in construction and real estate, Savola in food and retail, and Natonal Commercial Bank in banking and finance (de Saint-Laurent, 2009, as cited in Hanieh, 2011, p. 151).

against the Iranian advance, it would be wrong to assume that the expansion of Saudi capital merely means a rush to increase the sum of money. Rather than that, the endeavour of the Saudi and Khaleeji Capital might be described as a social relation aiming at an extraction of value. Hanieh (2011, p. 152) explains the GCC capital's grand aim as follows:

GCC capital flows to peripheral regions are, in the final analysis, aimed at the maximization of profit. This is not to deny that some GCC investments may be linked to foreign policy objectives, but, in general, and in the overwhelming cases, the dominant force behind the internationalization of capital is the extraction of profits and the transfer of wealth from these peripheral regions to the GCC. This drive had led to a vast increase in the control by GCC capital of banks, telecommunications companies, land, and other assets across MENA – particularly those countries located in the Mashreq subregion.

In parallel with the sub-imperialism theory, the extraction of profits from the peripheral regions to Saudi Arabia displays no difference from Brazilian capitalism's designs in the South American region or South African capitalism's ambitions in the southern cone of Africa. By expanding its capitalism into the peripheral regions, Saudi Arabia most likely fulfilled one of the main necessities of the capitalist system: dealing with its own overaccumulation problem by creating new spaces for the functioning of its overburdened capitalist system.

The heavy Saudi investment in the region also reflects an increasing exportation of the class formation owing to the socially penetrative nature of Khaleeji Capital. The increasing control over the economies of the periphery countries (especially the banking sector that has a crucial effect on economic policies) granted the Saudis an excellent opportunity to manipulate the domestic and foreign policy agenda of the subject countries. More importantly, Saudi Arabia was able to effectively benefit from the prolonged war and conflicts in the region by reaching out to the diasporas of the ruined Middle Eastern nations (particularly Iraq, Lebanon and Palestine) and absorbing the wealthiest social layers of those nations as a component of the Gulf capitalist classes (Hanieh, 2011, p. 153).

The timeline after 9/11 attacks and the U.S. invasion of Iraq opened a new dimension in the American-Saudi relations in which the “antagonism” became more and more apparent. In addition to the aforementioned controversies rising out of the Wahhabi clerical establishment’s influence, the American forces within the region posed a serious destabilization in the region that impaired the Saudi designs for eventually ensuring the regional security through their own means (Mabon, 2019, p. 148). Meanwhile however, the delicate situation in Iraq required the continuous stay of American forces, which made the Saudi regional policy fell under the sway of the Americans. Stated by Prince Nayif bin Abdul Aziz in 2006, the Saudi leadership wanted the U.S. not to “leave Iraq until its sovereignty has been resorted, otherwise it will be vulnerable to the Iranians” (Mabon, 2019, p. 149). Thus, we may speak about the main dilemma experienced under the sub-imperialist system: a middle power looking for ways to pursue a relatively independent foreign policy, but also being dependent on the agenda of the core imperialist countries.

Although the alliance with the U.S. has been a milestone component of the Saudis that has ensured their security for generations, this alliance started to show more costs than benefits for Saudi leadership especially regarding the fact that Islamic communities were deeply affected by the proximity of the Western forces near the holy cities. Hosting one of the most rigorous theocracies in the Islamic world, the Islamic radicals were not slow to question the very legitimacy of the al Saud dynasty, which was made worse by the American calls for reform (Telhami & Hill, 2002, p. 172). The American motivation for reforms are enough for the radical clergy strata to frame the persons advocating for decreasing the influence of the monarch and clergy class as “Americanizers” (Bremmer, 2004, p. 43). Such labelling has allowed the ruling class and its Wahhabi supporters to preserve their dominant power and to view the American attempts at democratization with suspicion. The American public statements during that time period had also certain aspects irritating the religious establishment in the Kingdom particularly by pressing reforms. The State of Union address in 2006 by George W. Bush, for instance, has a sentence praising the reform process in the

Kingdom by saying “Saudi Arabia has taken the first steps of reform – now it can offer its people a better future by pressing forward with those efforts” (Bush, 2006). Although President Bush’s statement is a minor one, it has the potential to rile up the Wahhabi clergy against the ruling class by blaming them for subduing to Americanization.

The Saudi’s headaches in the foreign policy was not limited to disagreements with its Western allies, moreover the ensuing power vacuum from the fall of Saddam Hussein’s Iraq, a previously major power in the region, emboldened the Iranian designs to establish a strong foothold in the region. Such a move would spell disaster for the Saudi foreign policy as the Iranian leadership viewed the monarchical structure of the Saudis and their close bond with the U.S. , labeled “the Great Satan” by the Shia clergy, with ire and saw Saudi Arabia as an unfit leader of the Muslims. The deep distrust towards the Saudi leadership’s ability to lead the Islamic world even spilled into a propagandistic movements made by Iranian religious authorities advocating to internationalizing Mecca and Medina, which was obviously regarded as a grave insult to the Kingdom (Amiri et al., 2011, p. 682).

The second point of contention was the deep sectarian difference between the Sunni Wahhabi religious establishment in Riyadh and the Shia clerical establishment in Tehran. The result was the active utilization of the sectarian discourse during the competition against Iran in order to renew the loyalty of the Sunni majority (Al-Rasheed, 2011, p. 514). Moreover, the ruling class sought to sow discord among the sectarian groups, as Saudi Arabia hosted a significant Shia minority, for preventing a unified uprising against the Saudi political system. Therefore, we may argue that the Saudi leadership aims to preserve the strong state aspect of the sub-imperialist system through influencing the domestic policies by foreign incidents.

However, the root of the problem was the friction of the interests of the regional powers which was a matter of power struggle. Despite the rhetorics vilifying the other side, Saudi Arabia was aware of the fact that the real threat emanating from the Iranian advance was the risk posed to its sub-imperialist hold over the Mashreq subregion and

the dread of losing the “breathing rooms” for the ever-expanding Saudi capitalism. Within this context, Riyadh and Tehran sought to exploit opportunities to strengthen their own hold and weaken the other, amidst a zero-sum game for the heart of the Middle East (Mabon, 2019, p. 150). The following events in 2010s, to be discussed in the next chapter, would escalate the distrust of these two regional powers to a full scale rivalry leading to several proxy conflicts inspired by the sectarian frictions.

### **3.3 THE SAUDI FOREIGN POLICY AGAINST THE IRANIAN ADVANCE AND ARAB SPRING**

For the Middle East the 2010s was a time when promising changes were signaled in the form of popular uprisings that rocked several Arab states ruled by authoritarian leaders. These popular uprisings, known collectively as the “Arab Spring”, were seen as a golden opportunity to instill the democratic values in the Middle Eastern countries previously riddled with corruption, oppression and poverty. Delving deeper beyond this superficial interpretation however, the Arab Spring and its repercussions might be seen as attempts to change the persistent status quo in the region which had been beneficial for the regional powers with conservative character, most significantly Saudi Arabia. What followed the initial progresses of the Arab Spring was the counter-attack of the old order.

The revolutionary character of the Arab Spring was definitely a challenge to the authoritarian political establishment in the Middle East and invited various major powers seeking a chance to increase their standing in the region and the world, the most striking example of which is Islamic Republic of Iran. The result was the advance of the “resistance front”, a coalition consisting of Alawite Syrian government establishment, Hezbollah in Lebanon, Hamas in Palestine and Iran at helm; against the conservative Sunni Arab states led by Saudi Arabia. The covert clash of the two regional powers and their allies would redefine the power relations within the Middle East, and would increase the ferocity of the sub-imperialist system of Saudi Arabia.

Nonetheless, it would be better to explain the background of the Saudi capital's expansion, within the greater GCC capital, in the Middle East region (with Mashreq subregion in particular). The most appropriate country to be taken as a case in this context should be Egypt owing to being one of the countries which was affected profoundly by the Arab Spring. Being at the heart of the Middle East, Egypt has been naturally at the crossroads of the GCC capital which has pursued an intense internationalization through investing heavily. For instance, Egypt's minister of investment reported that the share of GCC capital in Egypt's FDI (foreign direct investment) rose from 4.5 percent in 2005 to over 25 percent in 2007 (Mohieldin, 2008, p. 41).

Due to its central geopolitical importance in the region and its leader's, Hosni Mubarak, close ties with the U.S. and the Gulf monarchies, Egypt has become the most popular destination for PE (private equity) investments throughout much of the 2000s, registering \$3.5 billion in investments from 2005 to 2009 (Manama: GVCA, 2009, p. 32).<sup>30</sup> Among these investments, one of the two firms in particular standing out was the Saudi firm Amwal Al Khaleej (Hanieh, 2013, p. 140). Beyond merely economic stakes, the Saudis were able to influence the Egyptian class structure as the investments and private equity has brought the local Egyptian elites closer with the Khaleeji Capital (Ibid, p. 140).

Therefore, we may conclude that the Egyptian example demonstrates the advanced version of Saudi capital which is not limited to providing petrodollars as a means of funds like happened in the earlier phases, but rather has expanded into tying the key sectors of Egypt's economy (agribusiness, finance, industry and real estate) to the greater Gulf capital framework (Hanieh, 2013, p. 143). The Saudi interests in this context were intertwined with the entrenchment of neoliberal system in the Middle East,

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<sup>30</sup> Economically speaking, private equity (PE) is a new form of finance capital which is a result of the increasingly internationalizing capital. PE funds provide high-return asset management services by offering a variety of funds that invest in local and international markets, participate in privatization offers, buy out companies, or invest in private businesses that require funds for expansion but are unwilling to fully list on the stock market (Hanieh, 2011, p. 140).



carrying the goal of opening up the economies of the peripheral countries to foreign investment. Keeping the long-term Saudi interests in mind, the advent of the Arab Spring should definitely be interpreted as a shock for the Saudi foreign policy.

When scrutinized deeply, the Arab Spring narrates a tragic story. The “resistance” of the Arab Spring might seem like a sincere revolt of the oppressed at first but that is unfortunately does not give us the true picture. The Arab Spring surely inspired some change, but a change desired by the elite class in the developing countries of the region who has enriched themselves as the exporter of the raw materials rather than the laborer class devastated by the rising neoliberal system (Özdemir et al, 2015, p. 37). The elites of the affected Arab nations backed by the Western imperialists and the Gulf sub-imperialists (together forming a kind of “collective imperialism”) quickly manipulated the popular dissent to spread the neoliberal system to the countries where the state ownership had been prevalent. In turn, the galvanized impoverished masses of the lesser developed countries were transformed from the subjects of the resistance to the “weapons” at the hands of the global capitalists powers for enacting a change beneficial for them and aid the entrenchment of a new sense of imperialism (Ibid, p. 36-37). The new form of imperialism has been rather the recognition that the Gulf states, most effectively led by Saudi Arabia, form the core of the regional political economy and their crucial position in administering imperialism is directly connected with maintaining the patterns of uneven and combined development that have characterized the region as a whole over the last two decades (Hanieh, 2013, p. 144).

In addition, the rising importance of the large Gulf conglomerates played a key role in the internationalization of Saudi capital and were somewhat affected by the Arab Spring process. The 2008 global crisis and the increase of the global oil prices pushed the Gulf countries to support these conglomerates especially in the sectors of construction and real estate. Saudi Arabia was the center of the massive construction and real estate projects, and the construction companies across the Gulf was supported through the plans in the Kingdom that encompassed \$1.4 trillion worth of projects from 2009 to 2015 (McKinsey Global Institute, 2007, as cited in Hanieh, 2013, p. 148). Therefore,

the rising of these conglomerates gave them leverage to act accordingly with the Gulf governments whenever their stakes at hand were threatened by popular revolts. The need to protect the interests and the profits of the conglomerates necessitated to cut expenditures from a lesser popular aspect which was, unsurprisingly, the migrant workers across the Gulf region. The setbacks in the projects (like in the construction sector) because of the effects of the crisis triggered the cessation and repatriation of migrant workers without much resistance from the workers themselves (Hanieh, 2011, p. 177-8). The picture of the migrant workers gets more dramatic at this point as the lack of citizenship rights makes it possible for Gulf states to transfer the worst impacts of the crisis onto migrant labor and, due to the workers's return to their homeland, to the surrounding region with little regard for its social consequences (Hanieh, 2011, p. 178). Saudi Arabia, in this context, did not hesitate at all to reflect its foreign policy troubles to its internal composition as well and used every chance to turn a loss into a potential profit by exploiting its migrant workforce.

What followed the initial phase of the Arab Spring was the display of a lot more hawkish and interventionist Saudi foreign policy agenda which was hellbent on protecting its deep-rooted economic and political interests. The later stages of the Arab Spring period, after the initial successes in Tunisia and Egypt, saw a counter-revolutionary yoke ameliorating the stunned old order. Of course, the eventual failure of the Arab Spring might be explained with many aspects from the viability of democracy in the Middle East, to the strategies employed by the protesters. Notwithstanding, the focus on the Saudi foreign policy suggests us a different aspect highly related with sub-imperialism theory.

Saudi Arabia, without a doubt, was at the forefront against the forces of the Arab Spring. It harshly suppressed the protest movements in the Kingdom,<sup>31</sup> directly intervened against the protesters in Bahrain, started an active military campaign against

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<sup>31</sup> These activists participating in the protest movements tried to organize a Day of Rage on 11 March against the misdoings of the regime, alas it was prevented by the regime through pacifying the protesters as well as driving a wedge between them (Al-Rasheed, 2011, p. 517).

the Houthis and most importantly adopted a containment policy against the Iranian influence in several Middle Eastern states from Syria to Lebanon. Despite the motivation to preserve the hold on the region, the Saudi foreign policy was preoccupied with the very defense of the regime and state survival which are the two perpetual nemesises of the Saudi political establishment. Through this old vein, Saudi Arabia has retooled its foreign policy since 2011 and the containment of the Arab uprisings has become the defining feature of its foreign policy (Ennis and Momani, 2013, p. 1130). The containment proved very difficult however, as the Saudi foreign policy had to take account the domestic policy due to the concerns from various segments within society (especially Shia Muslims) which were capable of hurting the legitimacy and the security of the Saudi state if they became unified (Ennis and Momani, 2013, p. 1132). Indeed, this situation created a double problem for the sub-imperialism of the Saudis, which were the risk of losing the meticulously planned exploitative hold on the region and the shaky foundation beneath the strong state system.

Through its counter-revolutionary efforts against the Arab Spring protesters, Saudi Arabia was actually at odds against the Islamic Republic of Iran in a new epoch of their rivalry. The main tool in the anti-Iranian strategy was the use of sectarian rhetorics against (but not limited to) Shia communities across the region. The sectarianist approach relied on exaggerating religious difference and hatred, along with preventing the development of national non-sectarian politics which might have led to a unified struggle against the Saudi regime eventually (Al-Rasheed, 2011, p. 513). In addition to plain oppression against the Shias, the sectarian rhetorics pursued the co-optation of Sunni majority to appease them (Ibid, p. 514). Lastly, the Saudi regime has had the full ideological support of its Wahhabi clergy which is well-known for its historical rejection of the Shia as a legitimate Islamic community (Steinberg, 2001, as cited in Al-Rasheed, 2011, p. 513). Hence, the domestic functioning of the Wahhabi ideology found a meaningful means of expansion with the aid of new foreign policy understanding. The anti-Shia sectarian approaches would even regard the violent Salafi sect as a viable ally against the Iranian tide without any meaningful calculation of the consequences from a strengthened Salafi zeal. Looking at the sectarianism issue from the perspective of sub-imperialism, it should be pointed the emergence of new fractions

of capital (Saudi-Iranian rivalry) have used religious discourse as a means of building cross-class hegemonic projects, in other words as a way to strengthen the Khaleeji Capital (Hanieh, 2018, p. 340).

Still, in spite of just plaguing the Saudi leadership, the rivalry with Iran was convenient for fortifying the Saudi interests closely tied with sub-imperialism. The examples of Bahrain and Yemen are the perfect examples of the Saudi foreign policy using the sectarian cards to its advantage while essentially aiming to protect its self-interests.

In the case of Bahrain, the term “self-interest” might sound odd deeming the fact that Bahrain itself is also a GCC country. Indeed, Bahrain has carried more or less the same state formation with an authoritarian rule effectively managing the Bahraini capital, and its class formation has riddled with social status differences based on citizenship and sect. The Shia Muslims, like elsewhere in the Gulf, was severely suppressed by discrimination that prevented them from serving in the military or in the state sector jobs (Hanieh, 2013, p. 152). Economically and politically Bahrain was rather a junior partner in the GCC which made the Bahrainis look up to the major GCC states, most significantly Saudi Arabia and UAE, for advancing their own capital. More than being a fellow Gulf monarchy though, Bahrain is crucial for the Saudis due to its sheer proximity to the Kingdom.<sup>32</sup> In this case, the overthrow of the Bahraini monarchy would precipitate a tremendous security risk that would endanger the Saudi regime as a direct connection could be attained between the Shias in Bahrain and the Shia community in Saudi Arabia’s eastern provinces (Hanieh, 2013, p. 153). In connection with the already shaky situation with Saudi Arabia’s Shia population, the protests in Bahrain suddenly were seen as the start of a domino effect which was believed to end with the disruption of the strong Saudi state system capable of sustaining the Saudi sub-imperialism in domestic and foreign realm.

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<sup>32</sup> These two Gulf countries are even linked by a narrow, twenty-five kilometer bridge (Hanieh, 2013, p. 153).

The predominantly Shia nature of the protests was enough to frame the Bahraini uprising with “being a fifth column backed by Iran” (Hanieh, 2013, p. 154). The sectarian discourse utilized by both the Saudi and the Bahraini monarchy turned out to be effective in breaking the unity of the Sunni and Shia populations in the protesters’ ranks. The success of the sectarian rhetorics eventually helped to legitimize the military intervention of the other GCC states, led by Saudi Arabia, against the Bahraini protesters on March 14, 2011 (Ibid, p. 154). Such a radical move surely reached far beyond saving the Khalifa dynasty of Bahrain as it meant saving the Gulf region from fervent revolutionary movement that might have severely impaired the Khaleeji Capital and erased the Saudi successes in internationalizing its capital. This scenario would, without a doubt, profoundly eliminate the Saudi sub-imperialist system because of a potential schism within the Gulf region that would appear with the abolishments of the monarchies in weaker GCC kingdoms, and which would result in a rival Gulf capital preventing the extent of the Saudi capital.

The other example is the situation in Yemen in which Saudi Arabia plays a pivotal role. Being the poorest country in the Middle East, Yemen relies heavily on its rich Gulf neighbours for its basic needs (particularly food imports). Indeed, the very fact that the poorest country in the Middle East is located right next to the richest countries in the Islamic world captures the sheer unevenness of capitalist development in the region (Hanieh, 2013, p. 151). Located in the adjacent proximity of Saudi Arabia (like Bahrain), Yemen is also an important issue for the security of the Kingdom and, unfortunately for the Saudis, Yemen presents a much more volatile threat against the Saudi regime.

The Saudis has been an active and influential actor in all crises and developments taken place in Yemen during the past decades (Adami & Pouresmaeili, 2013, p. 168). Pursuing the dual objective of integrating the Yemeni elite (most importantly the long-time president Ali Abdullah Saleh) to the Khaleeji Capital framework and creating a secure border with Yemen, Saudi Arabia created influential ties with its southern neighbour that would allow the Saudis to monitor them. Regarding the heavy Saudi

focus on Yemen, it would be no surprise to claim that the spread of the Arab Spring movement to Yemen and the rise of the Houthi movement raised the alarms in the Kingdom because of the possibility of an Iranian entry into the conflict<sup>33</sup> In response Saudi Arabia truly demonstrated its power of in shaping the internal order of Yemen when it sponsored a power transition agreement in March 2011 which would make Ali Abdullah Saleh step down and give his powers to Yemeni vice president Abd Rabbo Mansour Hadi, a move which would guarantee the continuation of Saudi influence (Adami & Pouresmaeili, 2013, p. 168). This power transition, nevertheless, was cut short because of the Houthi offensive and their takeover of capital Sanaa in 2014.

The Saudi counter-attack has become more and more heavy as it started with conducting air raids against the Houthis and then reached its climax in the form of a pledged coalition war starting in 2015 during the tenure of the crown prince Mohammad Bin Salman (MBS) as the defence minister (Hanieh, 2018, p. 340). The Saudis mobilized against the Houthis by employing a heavy sectarian rhetoric, especially in the media, by associating them with Iran owing to their Shia affiliation. The scale of the Saudi crackdown, the military aspect of which has created the “world’s worst humanitarian crisis” (UN, 2021), reflects the Saudi regime’s fervour in maintaining their hold on the political scene of Yemen. This fervour certainly demonstrates the Saudi willingness to protect the successful outcomes of expanding their sub-imperialism to the region. Yemen, in this sense, is a perfect example showing the true extent of the Saudi sub-imperialism that turns the subject country a puppet at the mercy of the imperialist country. The Saudi sub-imperialism is effective to the degree that the Saudi leadership is more powerful than any domestic Yemeni actors or groups in shaping the economic and political fate of the country.

Likewise we may extend the instances of the Saudi influence to Syria, Egypt and Tunisia which have affected heavily by the Arab Spring protests. The example of the

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<sup>33</sup> Even though not initially being directly aligned with Iran, the Houthi movement itself carries deep anti-Saudi aspects. In addition to incorporating Shia tenets, the movement itself was founded to counter the spread of Saudi-inspired Salafi groups in northern Yemen (Zweiri, 2016, p. 12)

Syrian Civil War demonstrates Saudi Arabia's willingness to place itself in a stronger position within the political establishment of a peripheral country going through a turmoil. According to Hanieh (2018, p. 341), the Gulf states' support of various opposition forces and armed groups, in Syrian case, has primarily aimed at placing themselves upfront as the key factors in the political future of the country, rather than showing any genuine concern with the Syrian uprising.

The focus of the Saudi foreign policy was rather fixated on toppling the Assad regime that has been a vital member of Iran's resistance axis, and thus viewed the Syrian opposition with a pragmatic perspective. Nevertheless, the Saudi leadership played a hand in turning the popular and democratic character of the Syrian uprising into a sectarian struggle ironically hand-in-hand with the sectarian turn of the Syrian leadership they opposed (Ibid, p. 341). The radicalization of the Syrian Civil War would provide a breeding place for the violent Islamic fundamentalist groups, the most significant of which is ISIS that managed claim large areas in Iraq and Syria and the lives of thousands of people. Considering the fact that the Assad government secured its position thanks to the support of Russia and Iran, the Syrian example is a rather fail attempt of the Saudis (and the greater imperialist framework) in opening up a country to a flux of investments. The grand goal in supporting the armed resistance in Syria (an act incompatible with the greater Saudi foreign policy) was overthrowing the Syrian government resisting to the forces of neoliberalism for the reason of opening up the Syrian economy to foreign investments (which was indeed coveted by GCC monarchies). It was tried to be done through stating the harsh attack of the Syrian states against the protestors as a reason to establish a new state structure respecting the rule of law and democracy, a statement hiding the true purpose of Saudi Arabia's role in the conflict (Özdemir et al, 2015, p. 113). In this context, the Saudi sub-imperialism was so insistent on advancing its own capitalism to the region that it did not mind the apparent discrepancy of its actions when compared to its general stance against the Arab Spring protests. Therefore, we might present Saudi Arabia's Syrian example as an evidence for the inherent pragmatism of the sub-imperialist system.

In spite of playing no direct role in Egypt and Tunisia, the Saudi influence nonetheless has become a leading force in shaping the post-Arab Spring political environment in those countries. In Egypt, the Saudis were an integral part in the fall of Morsi government through pledging \$12 billion to Abdel Fattah el-Sisi, an effort supported by UAE and Kuwait, in a variety of forms from subsidised supplies of oil to the deposit of Gulf financial reserves in the Egyptian Central Bank (Hanieh, 2018, p. 345). Meanwhile in Tunisia, the animosity of the Saudis towards the Ennahda party, which came out victorious after the fall of Ben Ali regime, established a connection with the Nidaa Tounes party representing the old elites. The victory of Nidaa Tounes in 2014 parliamentary and presidential elections reoriented the country's relationship to the Gulf region and has allowed the Saudis to pursue the expansion of their capital to Tunisia (Hanieh, 2018, p. 346). Looking at the general situation, the extend of the Saudi interventions throughout the region alone is an evidence exposing the vitality of preserving the political and economic interests in lesser developed countries of the region for upholding the sub-imperialist system. Without a doubt, the Saudi regime manipulated the complications of the Arab Spring to step up its efforts to gain a significant foothold in the region so as to be the dominant actor and counter the efforts of any other major powers to challenge them, which is Iran in our current case.

Qatar clearly points out to an important fact forcing us to rethink the political nature of the Gulf region, and seriously consider the fact that Saudi Arabia's aspiration to hegemony in the Middle East (particularly in Arabian Peninsula) is met with resentment and resistance from the other GCC rulers (Ennis & Momani, 2013, p. 1140). Qatar represented the biggest resistance against the Saudis from the GCC itself, confirming again the fact that the formation of the Khaleeji Capital does not mean the elimination of rivalries within the GCC.<sup>34</sup> During the Arab Spring period, Qatar has opposed the Saudi aspirations in every way possible: it emboldened the Muslim Brotherhood (an Islamist organization drew the ire of the Saudis due to conflicting views) in key

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<sup>34</sup> Qatar's disaffection with Saudi Arabia, of course, did not occur solely during the Arab Spring period and instead has a history. The high point of the disaffection occurred in the mid-1990s when Saudi Arabia was accused of attempting a counter-coup against Sheikh Hamad bin Khalifa who had usurped the rule from his father the year before (Ennis & Momani, 2013, p. 1140).



countries such as Tunisia and Egypt, supported the Arab Spring protests via its news network Al Jazeera (Ennis and Momani, 2013), and most importantly refrained from publicly opposing Iran's policies in the Middle East along with advocating economic and security cooperation with the Islamic Republic (Adami and Pouresmaeili, 2012, p. 172). The Qatari example determines that the Arab Awakening borne out of the Arab Spring movements did not remain limited with an ideological challenge against the sub-imperialist Saudi foreign policy from an external source, but also raised active resistance within the ranks seeming allied with the Saudis and thus has shown the cracks in the Saudi foreign policy (Ennis and Momani, 2013, p. 1141). Moreover, it may be observed that GCC carries a sharp hierarchy of political and economic power, the main pivot of which has been shaped around a Saudi-UAE axis, therefore being the core zones of capital accumulation in the Gulf, while the other smaller Gulf countries have felt themselves muscled out by their two larger neighbours (Hanieh, 2018, p. 344).

In the chapter summarising the history of contemporary Saudi Arabia, it was mentioned that how the animosity towards Israel has encouraged the Saudis to play the leadership in the Arab politics and clash any other ideologies seeking to unify the Arab under their banner. In other words, the foreign policy revolving around leading the Islamic world encouraged the Saudis to join the common Arab goal of countering the interests of the Israelis. The outcomes of the Arab Spring, however, ironically have pushed Israel and Saudi Arabia to the common effort of countering the Iranian influence in the region. After all, Israel had its own reasons for opposing the Iranian interests towards the Middle East as the Iranian foreign policy (especially during Ahmedinejad's tenure) has been incredibly hostile to Israel and used its proxies (mainly Hezbollah and Hamas) whenever possible to weaken the Israeli designs. The Saudis were in an awkward position even before the advent of the Arab Spring due to the conflicting views of animosity against Israel and irritation towards the Iranian efforts. An instance of this happened during the 2006 war between Israeli Defence Force and Hezbollah in which Saudi Arabia was morally supporting the Muslims, regardless of their sect, in Lebanon yet also regarded the rising influence of Hezbollah as a serious problem for the Kingdom (Mabon, 2019, p. 150). The dilemma from such instances inspired the Saudis

to take a *realpolitik* approach focusing on the actual potentials of major regional powers without prioritizing their cultural or religious identity.

The Iranian advancements in enhancing their sphere of influence during and after the Arab Spring, particularly the ongoing Iranian nuclear program, brought Saudi Arabia and Israel to a previously unthinkable rapprochement. The initially clandestine rapprochement eventually became public with the warm exchange of words from the media and institutions of the two countries that accepted the importance of each other for the security establishment in the region. One strong evidence of the warmer view of Israel towards may be seen in a white paper from the Israel-based Begin-Sadat Center for Strategic Studies noted the following:

The very fact that Saudi Arabia now undertakes to uphold in practice the obligations assumed by Egypt under the peace treaty means that Israel's place in the region is no longer perceived by Arab leader Saudi Arabia as an anomaly to be corrected (Lerman & Teitelbaum, 2016, as cited in Hanieh, 2018, p. 349).

The rapproach with Israel may seem unrelated with the Saudi sub-imperialism, yet even this diplomatic move implicates a big impact on the capital accumulation in the region. The rapprochement with Israel, quite naturally, effects the situation of the Palestinian community. The Palestinian capital accumulation in relation with the GCC relies on important political implications and is largely driven by the same elite interests connected to the Gulf, thus making it subordinated to the regional power of the GCC (Hanieh, 2018, p. 351). Therefore, Israel-Saudi Arabia rapprochement crucially limits the Palestinian aspirations for a homeland and this is prone to cause obstacles to the sub-imperialist designs of the Saudis, potentially even risking the expansion of the Iranian influence via Hamas organization. However, the alignment of the Palestinian elites with the Khaleeji Capital is prone to keeping the Palestinian population in check and eliminate a meaningful opposition against the Saudi sub-imperialism.

Lastly, the relationship of the Saudis with the major powers constitute another change in the Saudi foreign policy and the fulfilment of the sub-imperialist tenets vis-a-vis with

the major powers. Typically, it would be a mistake to skip over the developments in American-Saudi relations even if the general framework illustrates a persistent “antagonistic cooperation”. The 2010s, perhaps, witnessed the most fluctuations between the U.S. and Saudi Arabia which were often determined by the approaches of the incumbent American president. The policies of the Obama administration, in some ways, created several low points in their alliance with the Saudis due to the difference of their perspectives towards the Arab Spring. Having been mindful about the troubles that occurred in Iraq and Afghanistan, the Obama administration often followed a timid approach towards the Arab Spring protests (arguable with the significant exception of Libya) stated by U.S. secretary of state Hillary Clinton that the United States was “not taking sides” and that it would “wait and see” while the Saudi side saw the protesters as “infiltrators who in the name of freedom of expression... spew out their hatred in destruction... inciting a malicious sedition” (Hanieh, 2013, p. 165). This exchange of words is a clear sign of the problems in the American-Saudi relations occurring from the conflicting opinions.

Subsequently, the U.S. policy regarding the Arab Spring turned into a question of “orderly transition” after the overthrow of Ben Ali and Mubarak in order “to stabilize” the region by demobilizing the new political and social forces while restoring the legitimacy of the state structures at the same time (Hanieh, 2013, p. 165). This policy soon turned into a nightmare with the outbreak of the Syrian Civil War and the emergence of the extremely radical groups like ISIS, yet still such an approach restored the friction with the Saudi monarchy.

Nevertheless, the subsequent nuclear agreement between the U.S. and Iran would disappoint the Saudis greatly and lead them to doubt the level of their dependence on the USA (but not the question of ending their alliance with the American altogether). Iranian nuclear program has always been a matter of “Iranophobia” for Saudi Arabia in which they framed Iran’s nuclear activities as an urgent danger upon the region (Adami and Pouresmaeili, 2012, p. 165). Interestingly, the similar view held by the Israeli leadership places the Saudis at the same side as Israel, and therefore facilitated their

reapproachment. For both countries, the American led nuclear agreement was a betrayal for their regional security worries and raised concerns over the tremendous increase of the Iranian sponsorship to its violent proxy groups (especially in Lebanon and Iraq) capable of destabilising their local governments (Mabon, 2019, p. 152). Moreover, the lifting of the sanctions imposed on Iran, a condition agreed upon in the nuclear agreement, had the potential to significantly strengthen the Iranian economic capabilities which could create an Iranian capital challenging the hitherto relatively unopposed Saudi capital and could further endanger the Saudi designs for regional hegemony.

Due to all of the factors above, Saudi Arabia distanced itself from the U.S. position but has not seriously attempted to cut its ties with them. Even towards the end of the Obama administration, when the tensions between the U.S. and Saudi Arabia were high, the U.S. administration avoided making negative comments on the basis of their alliance with Saudi Arabia. For example, during a Q&A event with the Press in Diriyah Palace, President Obama was asked about his opinion about the Gulf States after adding the aspect of the strains in the relationship between the U.S. and Saudi Arabia. President Obama's answer started with:

Well, I think that a lot of the strain was always overblown. The fact of the matter is, is that the friendship and cooperation that exist between the United States and the Gulf countries has been consistent for decades. During the course of our administration, the GCC countries have extensively cooperated with us on counterterrorism, on curbing the financing of terrorist activities. They are part of the counter-ISIL coalition that has made progress both in Syria and in Iraq (Obama, 2016).

Obama's statement is solely one of the examples that the level of cooperation between the U.S. and Saudi Arabia is too high to be disturbed by foreign policy conflicts. Even if the discrepancies in the national interests show itself (such as the discontent of the Saudis against the detente policy adopted by President Obama toward Iran), the greater threats (like ISIL mentioned above) necessitates the might of the financial and military cooperation between the superpower and the middle power.

Still, the Saudi leadership has been wooing other major powers like India and China through economic and political cooperation agendas and nodding at the anti-American agendas of the other major rival powers (Pant, 2006, p. 45-52). The deepening ties with China is especially striking considering the fact that the Gulf region provides more and more oil to the People's Republic needing ever-more oil imports to sustain its globally expanding economy. Saudi Arabia alone exported 19 percent of the total of 52,3 percent oil exported from the Middle East to China in 2012 (Özdemir et al, 2015, p. 101). Therefore, it might be claimed that Saudi Arabia is seeking to break its bond with the Western nations in favor of a new great power aiming to subvert the American-led global political and economic system. The covert GCC attempts of persuading other major powers (China, Russia, Japan and France) to use other currencies than dollar in oil trade cement such suspicions (Fist, 2009, as cited in Özdemir et al, 2015, p. 101).

Regardless, it would be a mistake to claim that the Saudis are preparing to betray the global capitalist structure by separating their own capital because it would prove disastrous for not only the Saudi foreign policy, but also for the very integrity of the Saudi state structure. As a middle power seemingly has adopted the sub-imperialist system, Saudi Arabia is dependent on the might of the great powers despite the fact that it is capable of pursuing its own interests in the Middle East region. The courting of the other major powers does not eliminate the influence of the other great powers (especially of a great power central to the Kingdom's integrity), but rather increases the number of great powers on which Saudi Arabia becomes dependent.

### **Conclusion – A Foreign Policy Agenda Under The Sub-Imperialist System**

The post-Cold War foreign policy of Saudi Arabia may be summarized as the continuation of the core Saudi interests in the Middle East region (with Mashreq subregion in particular) which has been increasingly affected by the sub-imperialist understanding for the last three decades. Although the core interests of the Saudis stay more or less consistent (seeking the leadership of the Islamic world and ensuring the integrity of the Kingdom), the significant economic, political and social changes after

the end of the Cold War necessitated a more hawkish Saudi policy to fend off undesirable effects both domestically and externally. Especially the globalization phase of neoliberalism opened up massive opportunities for the Saudi regime already trying to further internationalize the Saudi capital. From this motive, the Saudi strategy heavily relied on extending its influence across the lesser developed countries in the region, even at the cost of increasing the instability in these countries, while preventing any rival major power from strengthening at the expense of the Saudi domination agenda in the region.

The 1990s were indeed a harsh for the Saudis preparing themselves to cope with a new unipolar world order. The Gulf War and its shockwaves proved to be hefty challenges for the Saudi leadership, but it also provided a playground for the Saudi sub-imperialist to expand deep into the Middle East region.

Iraq's invasion of Kuwait presented an immediate danger both to the very security of Saudi Arabia and to the general Khaleeji Capital framework. The continuity of an external threat against the Gulf monarchies would be more than enough to hinder the internationalization of the Saudi capital and the spread of the Saudi influence. In this context, the Saddam Hussein threat had to be eliminated for the sake of the Saudi capital seeking new places to load off its overaccumulation.

The relation between the Saudis and the Western capitalist countries was the key to eliminate such threat, and the Iraqi aggression against Kuwait was more than enough to curb the influence of the Iraqi Baathism exhibited by Saddam Hussein. Here, we are able to observe the two-sided characteristics of the relationship between core imperialist countries and sub-imperialist countries. During the period of 1990s, the whole of which was profoundly affected by the results of the Gulf War, Saudi Arabia was more than happy to host the coalition troops (mostly American) in order to play a major part in curbing Iraq's power and to ensure the security of the Kingdom. However, the Saudi leadership was also somewhat worried about the undesirable results from the American intervention, as it could hinder Saudi Arabia's plans for regional domination, and the

desire to lead the Muslim community along with the pressures from the Wahhabi religious establishment. All of these factors have necessitated the Saudi leadership to denounce (but never actively resist against) the U.S. interests in the Middle East. Hence, the Saudi foreign policy displayed both the “antagonism” and the “cooperation” in its relation with the core imperialist countries.

Furthermore, the strong state structure that has enforced the sub-imperialist system came under the attack of the moderate Saudi groups calling for reforms during the 1990s. Despite the fact that the conflict was unrelated to the Saudi foreign policy at the first glance, the external events borne out of the Gulf War enabled the Saudi foreign policy to manipulate the domestic order. The Saudi state establishment, with the help of the Wahhabi clergy, was able to frame the reformists as “Americanizers” who desire to impair the stability of the Kingdom and managed to preserve the domination of the state establishment (and through it, the domination of the state ownership in economy) which is a must for the sustainability of the sub-imperialist system.

Lastly, the bond between the Saudi religious establishment, a crucial component of the domestic order in Saudi Arabia, and the rising Islamic terrorist organizations presented an additional dilemma for the Saudi foreign policy. The need of keeping the ulama satisfied for the sake of stability in the Kingdom and the potential of using the terrorist organizations as a way of power projection propelled the Saudi leadership to approach cautiously to support the core imperialist interests in the region, and thus it enhanced the antagonism aspect of the Saudi’s relations with the Western capitalist powers.

The period of 2000s, both in the sense of the events in the regions and the situation that the Saudis found themselves, is pretty much a continuity of the Saudi foreign policy in the 1990s. The notable change during the first decade of the millennia is the spread of the Saudi capital into the lesser developed Arab countries to the degree of the Saudi leadership being able to manipulate the policies in the subject country. For this goal, the 2000s saw a great leap of Saudi investments in various ways across the Middle East and nowhere else the Saudi investments were as visible as in devastated Iraq. Being the

forerunner in this event, the War on Terror initiated by the U.S. against the so-called rogue states around Saudi Arabia has opened a new chapter in American-Saudi relationship as well as leaving Saudi Arabia with the problem of a rival major power at its doorstep.

The 9/11 attacks (which included the Saudi nationals in the act, most notably Osama Bin Laden) and the War on Terror campaign drastically strained the American-Saudi relationship as both sides viewed each other with utter suspicion. However, the deep financial and political ties between the great power and the middle power prevented the end of the alliance between them and eventually led to the restoration of the ties. In spite of its claim of assuming the leadership over the Islamic world, the outrage of the Muslims over the American adventurism in the region does not lead to the end of Saudi reliance on the great powers for the survival of its own sub-imperialism. Regardless of the expectations of an American-Saudi confrontation due to the seemingly conflicting interests, the opening up of the Iraqi economy actually mended the disagreements.

The U.S. invasion of Iraq was essentially a show of force by the core imperialist powers (with USA and United Kingdom in the lead) for the purpose of spreading neoliberalism to the untapped locations and it was naturally followed by a massive effort to open up the Iraqi economy to the foreign businesses under the pretext of nation-building. Over time, Saudi Arabia emerged as the primary investor to the post-invasion Iraq and achieved to play a major role in its politics. The Saudi effect in this context should not appear unexpected because the American invasion spells opportunity rather than a tragedy for the Saudi leadership. The fall of the Saddam Hussein government, an opponent against the Saudi domination plans, precipitated a vast influx of the Saudi capital looking for new places to internationalize. The Saudi success in Iraq would encourage the Saudi design of expanding their capital throughout the region in order to emerge as the dominant actor in the Middle East.

Nevertheless, the American invasion of Iraq also gave a huge opportunity to the Islamic Republic of Iran to assert more power through establishing proxies (mainly in Iraq and



Lebanon) in order to emerge as an effective major power, so the Saudi-Iranian rivalry became inevitable. The rivalry between these two contenders, which would become more intense in 2010s, are usually explained with a focus on religious and political reasonings. Notwithstanding the importance of these two factors, the Saudi leadership has become more irritated at the prospect that the Iranian capital itself could present a bigger threat owing to its strong connections with its proxies abroad and the enormous natural resources in the Islamic Republic. Therefore, the Saudi-Iranian rivalry involved an economic concern for the Saudi sub-imperialism wishing to spread across the region unopposed. This urgent need would push the Saudis to ally themselves with the anti-Iranian containment policies of the U.S. and support their aggression against Iran despite the fact that they are irritated by the destabilizing effect of the American policies as well.

Finally, the 2010s presented a new set challenges against Saudi Arabia and its sub-imperialist system. The Saudi capital had managed to establish a sustainable sub-imperialist network by creating reliable bonds with the local elites of the lesser developed nations, yet this network was briefly endangered by the advent of the Arab Spring protests. However, the “neoliberal” turn of the Arab Spring, meaning the takeover of the movements by the elite classes loyal to the global capitalist system, has opened up even more opportunities for the Saudi sub-imperialism to flourish, but not without its accompanying problems. The problems faced by the Saudi foreign policy in the 2010s was not solely about the contesting major powers acting against the Saudi interests, but also the seemingly brethren countries sharing the same fear against the Saudi sub-imperialism.

Even though the Arab Spring protests started with the honest motivation of the lower stratas to create mass revolts to bring down the authoritarian governments; the popular movement soon devolved into a grand chess including local elites of the countries in question, Khaleeji Capital dominant in the region and dominated by UAE-Saudi Arabia axis, the smaller Gulf countries (especially Qatar) seeking to make a name for themselves, the Western imperialist powers and Iran along with the “Resistance Front”

that it leads. The Saudi leadership was adamantly opposed the Arab Spring movement (with the notable exception of Syria) and sought to suppress such movements wherever possible. Perhaps the strongest will of the Saudi foreign policy under the effect of sub-imperialism has shown itself during the counter-revolutionary fervour of Saudi Arabia. The grand Saudi foreign policy aim in all the countries rocked by mass protests (Tunisia, Egypt, Bahrain, Yemen and Syria) was protecting the gains the Saudi sub-imperialism had made in the past lest they would be wasted at the hands of a rival faction. The sub-imperialist system itself has proven useful against the possible threats as the Saudi has sought alliances with the local elite adhering to the prevalent status quo, used its political power (established thanks to the steady investments) to manipulate the domestic order in the subject country, extended the Khaleeji Capital to the devastated governments looking for a way out and even utilized force against groups acting against the Saudi interests.

The rivalry with Iran was the main point of contention for Saudi Arabia during 2010s and inspired the Saudis to actively join the efforts to contain the Iranian influence. The rivalry between these two major powers has been generally explained as two rival nations symbolizing different religious groups chasing after policy goals that are utterly uncompromisable. Accordingly with this image, the Saudi leadership has usually focused on maintaining a sectarian discourse that vilified the actions of the adversary. The hidden reality nonetheless points out the competition of two rival capitals trying to wrestle each other out of assuming domination over the region. The Saudi leadership is aware of the capitalist ambitions of Iran, and thus has responded by strengthening its own capitalist ties in the region through further internationalization.

The only rivalry during the 2010s was not limited with Iran, as Saudi Arabia was also at odds with its fellow GCC member Qatar. Dissatisfied with the Saudi efforts for domination both within GCC and in the whole region, Qatar mounted an effective resistance against the Saudi sub-imperialism by supporting the factions (such as the Muslim Brotherhood) detesting the Saudi ambitions. The Qatari defiance may seem truly exceptional when its ties with Khaleeji Capital framework are regarded, yet it is

actually a very natural outcome of sub-imperialism. The domination ambitions of a sub-imperialist system are prone to attract opposition not merely from rival major powers but also from the ranks within the allies of the sub-imperial country. The inside-opposition generally occurs from the fear of being sidelined by the domination of a sub-imperial country and this opposition essentially desires a certain degree of independence from the sub-imperial ambitions. Ironically, this phenomenon likens Saudi Arabia to the core imperialist countries in terms of dreading the lesser developed countries with its ambitions for expansion.

As the last point, Saudi Arabia maintained a rocky relationship with the great powers when inspected under a sub-imperial understanding. The relationship with the USA and the Western powers reached rather low points generally arising out of the issues revolving around the handling of the Arab Spring and the Iranian problem, yet the framework of mutual cooperation in view of pragmatism was retained. The notable difference in 2010s, on the other hand, was the reapproachment with Israel and the increasing dialogue with other great powers, particularly China. The Saudi sub-imperialism in this context has been attempting to solidify its position by establishing closer relations with multiple major and great powers. The Israeli example demonstrates the pragmatic insight of the sub-imperial framework viewing the countries by merit rather than identity. Meanwhile, the Chinese example should be interpreted simply as a Saudi attempt to further internationalize its capital rather than totally backstabbing the American order.

## CONCLUSION

Defining the concept of imperialism actually in some ways means defining the course of history as well. Throughout the history some nations have prospered and found the possibility to extend their influence, whereas some nations have been vanquished under the tides of history and often unwillingly tied their fate to the prosperous nations. Arguably the concept of imperialism played a major part in placing the numerous nations to either the category of the prosperous or the vanquished.

Although there may be some scholars who insist on the "unchanging nature" of imperialism, this concept should not be regarded as a supra-historical entity exempted from the chronological analysis. In this context, imperialism is also viable to be explained by mentioning its various stages which are: (1) its early period in which the primitive framework of imperialism was laid down as a direct plunder and assimilation method, (2) the colonial period during which the merchant capitalism was established and the foundations of the capitalist sense of imperialism was slowly being built, (3) the zenith of imperialism when the European empires (particularly Great Britain) turned its own economic insecurities from the issue of overaccumulation to a drive for bringing most of the underdeveloped world into its dominion as well as creating new dimension in the practice of exploitation, and (4) the imperialism heralded by the U.S. leadership which created a kind of a collective imperialism owing to the increasing cooperation among the developed countries while keeping the developing countries in a vicious circle of dependency.

Imperialism has shown a persistency in placing itself in every age throughout the human history by releveling itself to a widespread trend that has impacted nearly all aspects of the political, economic and social life: capitalism. The relationship between these two concepts has a mutual characteristics rendering both of them unseparable over the course of history. The various innovations related to capitalism like colonialism and the recent offsprings of capitalism like the neoliberal epoch has transformed imperialism profoundly. The increasingly dominant role of capitalism within the concept of

imperialism has turned the latter from an obvious practice of plunder under arms to a covert practice robbing the unfortunate masses from their own riches to an imperialist metropole in order to sustain its own capital from the exploitation of others. Even the rise of the liberal values promoting the human rights did not erase the ferocity of capitalist imperialism, but instead got incorporated as a rhetoric at the employment of the capitalist countries. Under the light of this phenomenon, the subsequent spread of globalization was rather largely useful for extending capitalism to the farthest corners of the world.

The theory of sub-imperialism greets us at this point to remind us the fact that not all may be seen so clearly in the framework of imperialism. Surely imperialism is essentially the imposition of the developed countries' dominance on the developing country, yet the portrait of imperialism is not limited to such a dichotomous understanding. The developing countries in the previous definition might not stop at solely being under the effect of strong capitalist countries because the developing countries might also be affiliated with capitalist system. This affiliation does not solely mean succumbing to the neoliberal practices by opening their own economy to the foreign capitals, but being one of the enforcers for neoliberal order. It would be a mistake to regard developing countries as merely the receiving ends of the imperialist because the developing countries with strong capabilities (in terms of economy, military or both) have the possibility to utilize imperialism on the weaker developing countries particularly in their peripheral region.

The status of being a sub-imperial country is partially the product of belonging to a peculiar hierarchical order shaped by the uneven effect of capitalism. The position of a sub-imperial country is situated at the middle of core imperialist countries and the lesser developing countries, in essence acting as a medium between these two opposite categories. The position of sub-imperial countries towards the core imperialist countries consists of a sheer dependency on the mighty power of developed capitalist countries and their importance in the global capitalist system. In spite of the occasional disagreements over the national interests and rhetorics denouncing the practices of the

developed capitalist countries, sub-imperial countries desperately need a level of cooperation with their stronger counterparts in order to cling onto the global capitalist system on which their own capitalist interests are dependent. The common capitalist problem of needing new spaces to cool down the level of overaccumulation are also valid for the strong developing countries as they also look after ways to improve their own capital. This path eventually lead them exploits the lesser developed countries in their surroundings by using the pretty much the same imperialist methods, namely taking advantage of the weakness of the peripheral countrys' economies by expanding their own capital into them and manipulating the resources and the labor of the victim country to their own advantage.

On the other hand, sub-imperialism is also dependent on the subject country's internal coherence because of the necessity for a stable domestic order cleansed by any significant opposition to the sub-imperial system. The foremost method to realize that is through labor-exploitation which saps the strength of the lower stratas by turning their earnings into a mechanism of profit. Therefore, the sub-imperial state is able to transfer the purchasing power to the middle and upper classes in order to gear up consumerism for the benefit of the national capital. The profits flowing to the upper strata have also the possibility of incorporating the bourgeoisie classes to the sub-imperialist framework by enticing them to invest in ever-expanding sub-imperial system. Lastly, the guarantee of an unwielding sub-imperial system relies on a strong state structure which is able to hold the bourgeoisie class together, suppress the demands of the oppressed lower strata and use its own power (through armed forces and law enforcement) and finance to optimize the sub-imperial system to the maximum level.

Sub-imperialism theory, despite the fact that its main factors have been repeated many times in this thesis, deserves to be under the spotlight even in the closing remarks. Whilst the concept of imperialism are commonly mentioned whenever a great power seeks to extend its power to a global level, a sub-imperialist approach is definitely missing from the analyses covering the actions of the strong developing countries. Rather than a sub-imperialist approach, the policies of the such countries are explained

as either perpetual power struggles in volatile regions (a perspective marred by realism) or a straight-forward approach supporting the efforts of power projection if it is compatible with the neoliberal understanding and gets denounced as a “rogue state action” if the subject country opposes neoliberalism (a perspective carrying the wishful liberalism understanding). Sub-imperialism is needed to lay down and understand the actions of the strong developing states which make moves to export their own capital to abroad. The best way to ensure that is putting forward suitable case studies that may enable us to understand the mechanisms of sub-imperialism in a more clear way.

Until now the majority of the studies about sub-imperialism theory has covered Brazil and South Africa, but unfortunately, albeit being valid examples, these two countries are not enough to carry the theory forward. The example of Saudi Arabia that has been put forward in this thesis is a promising opportunity to expand the area of the theory to a vastly different region than the examples at hand. Bringing up the topic of sub-imperialism in the analysis of Saudi Arabia has all the potential to comment differently on the actions of the middle powers hitherto dressed as the victims or the errand boys of the global capitalist order.

It is no secret to interpret the domestic structure of the Saudis as a conservative, authoritarian, religious and illiberal one. The absolute power of the Saudi crown family alongside with its cronies and the influential Wahhabi clergy class holds absolute sway over the rest of the population who are bound by religion (more specifically by Wahhabi tenets) and by culture (reflecting the tumultuous history of the Saudis) to succumb to the authority of the rulers. The common reference to this domestic situation is usually pronounced as an oppressive setting serving to the totalitarian measures of the rulers and the dire need of liberal reforms in the Saudi society. However, the authoritarian measures driving a degree of class divide in the Saudi society do not solely reflect a wish to keep the population under control, but beyond that aims to create a solid foundation to create an efficient sub-imperial system. The point in here is not claiming that the Saudi domestic order is designed specifically for ensuring sub-

imperialism, but rather it is pointed out that the domestic order in Saudi Arabia is quite suitable for establishing a sub-imperialist system.

The state structure in Saudi Arabia is more than strong enough to keep the lower strata under control and ensure the loyalty of the upper classes, especially the merchant class representing not only Saudi Arabia but the whole Gulf region. Therefore, the Saudi state has been able to support the exportation of the capital through its own means and authority. The factor of labour super exploitation nonetheless has a different counterpart in the Saudi society which might be explained not only as an exploitation of the labour but also of the very spatiality of the workers. The exploitation of the spatiality occurs largely from the fact that the worker class in Saudi Arabia is a migrant one, meaning that they are workers without even the right of citizenship and thus being open to total exploitation without the risk of revolt. It is a situation not present in the worker classes of other sub-imperial countries. Although the spatiality factor creates an alien setting with the established labor super-exploitation concept, the spatiality of labor actually introduces an invaluable asset to the sub-imperialism theory as it tells us the boundaries that the act of super-exploitation of labor may reach.

Lastly, the political economy of Saudi Arabia, which is seemingly all about oil revenues yet actually tells us an intricate mechanism consists of a network of capital exportation, allows a rapid internationalization of Saudi capital not only across the Middle East but also across the world by integrating itself to the global capitalism through feeding the global finance with funds. Within this dimension, the Khaleeji Capital represented by all of the oil monarchies greets us by introducing a collective sense of capitalism aiming to carry the Gulf capitalism to the international arena. The Khaleeji Capital would serve the Saudi sub-imperialism by giving the Saudi capital an enormous chance to expand towards the weaker Middle Eastern countries within the pan-GCC framework. The Saudi sub-imperialism, therefore, shows the capability of simultaneously expanding both inwards the Gulf region and outwards towards the greater Middle East or beyond.



The domestic suitability of Saudi Arabia for a functioning sub-imperialist system aligns perfectly particularly with its post-Cold War foreign policy. The Saudi foreign policy in the last three decades demonstrates an increasingly hawkish approach arising from the realization that the Kingdom could no longer afford to keep the reins of the regional security by merely relying on the great powers. The necessities of sustaining a sub-imperialist system required more active participation in the events determining the status quo in the region. Scrutinizing the actions of Saudi Arabia without taking sub-imperialism granted reveals the covert aspect of its foreign policy which might crudely be summarized as a drive to protect and enhance the presence of the Saudi capital in the region. Saudi sub-imperialism, in this regard, is deeply connected with the Saudi claim for the leadership over the Islamic world as Saudi Arabia sought to legitimize its intrusion over the economies of the weaker Middle Eastern states by invoking its religious authority. The recent rivalry with Iran as well hides a fervous battle between two different capital accumulations in spite of the apparent sectarian animosity. Being even more obvious after the Arab Spring events, Saudi Arabia has placed the protection of the status quo in the region to the center of its foreign policy because any distortion of the regional order by hostile powers (both internal and external) spelled an opposition against the ongoing expansion of its sub-imperialism.

The traces of sub-imperialism also heavily manifests itself in Saudi Arabia's relationship with the great powers, most particularly the United States. It is indeed no secret that Saudi Arabia maintains a close relationship with the U.S. and benefits heavily from having the U.S. alliance at its side for the sake of its own security and the internationalization of the Saudi capital. Despite these advantageous perks, the Saudi-American relationship is exactly the type of an "antagonistic cooperation" involving a conflictual nature kept together by a highly beneficial mutual understanding. Saudi Arabia has been able to sustain a convenient relationship with the U.S. even with the destabilizing effect of the U.S. in the Middle East during the post-Cold War period. Rather than solely sticking to the U.S., Saudi Arabia has been able to forge a good standing with other great powers in order to cement its sub-imperialism with the support from different great powers. Still regardless of all its bold foreign policy moves, Saudi

Arabia retains its power as a middle power mediating between powerful great powers and weaker developing countries.

In the end, it could definitely be argued that Saudi Arabia retains a certain degree of sub-imperialism both in domestic and external sense. Introducing Saudi Arabia to the list of sub-imperial countries is hoped to advance the imperialism literature by enlarging the area covered by it. Bringing up the topic of imperialism might allow us to understand the actions of countries (regardless of their importance) and inspect the reasons of their policies in a deeper way. By employing the imperialism theories this way, they might be employed as a foreign policy analysis method for deconstructing the foreign policy of various great or middle powers. The Saudi example, in this sense, has been put forward for utilizing the sub-imperialism tenets as a decyphering method for interpreting the Saudi interests in the Middle East region after the Cold War.

On the other hand though, the Saudi example has also the potential to enrich the sub-imperialism literature by drawing attention to the alternative aspects of its components. Especially, the spatialization of labor factor should be advocated as a more extreme instance of labor exploitation even going after the right of space of the workers. Regarding the foreign policy, the religious leadership appeal of Saudi Arabia and the resulting sectarian discourse used against the forces seeking to upset the status quo benefiting the Saudi sub-imperialism. The religious struggle factor is, so far, unique to Saudi Arabia as it can not be found in other examples of sub-imperial countries. Consequently, these examples illustrate that each new entry into the list of sub-imperial countries carry the opportunity to expand the sub-imperialism theory and make it more inclusive for foreign policy analysis efforts. The following steps for the literature should search further for more sub-imperial countries remaining in the shadows and keeping an eye out for any potential middle powers getting more talented in expanding their capital. In a world where the interests of the states, actors and institution are getting more and more complex, the sub-imperialism theory may be needed to interpret the actions of strong middle powers not as a solely oppressed country struggling to catch up to the latest political trends in the world, but as a shrewd actor profiting as best as it can from

the appropriate position either in which they have found themselves or they themselves have carved out.

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## APPENDIX 1 ORIGINALITY REPORT



### HACETTEPE ÜNİVERSİTESİ SOSYAL BİLİMLER ENSTİTÜSÜ YÜKSEK LİSANS TEZ ÇALIŞMASI ORJİNALLİK RAPORU

#### HACETTEPE ÜNİVERSİTESİ SOSYAL BİLİMLER ENSTİTÜSÜ ULUSLARARASI İLİŞKİLER ANABİLİM DALI BAŞKANLIĞI'NA

Tarih: 03/06/2022

Tez Başlığı : ALT-EMPERYALİZM VE ORTA DOĞU: SOĞUK SAVAŞ SONRASI SUUDİ ARABİSTAN'IN BÖLGESEL POLİTİKASI

Yukarıda başlığı gösterilen tez çalışmamın a) Kapak sayfası, b) Giriş, c) Ana bölümler ve d) Sonuç kısımlarından oluşan toplam .....150.... sayfalık kısmına ilişkin, ...27.../...04.../...2022..... tarihinde şahsım/tez danışmanım tarafından Turnitin adlı intihal tespit programından aşağıda işaretlenmiş filtrelemeler uygulanarak alınmış olan orijinallik raporuna göre, tezimin benzerlik oranı % ...8.. 'tür.

Uygulanan filtrelemeler:

- 1-  Kabul/Onay ve Bildirim sayfaları hariç
- 2-  Kaynakça hariç
- 3-  Alıntılar hariç
- 4-  Alıntılar dâhil
- 5-  5 kelimedenden daha az örtüşme içeren metin kısımları hariç

Hacettepe Üniversitesi Sosyal Bilimler Enstitüsü Tez Çalışması Orijinallik Raporu Alınması ve Kullanılması Uygulama Esasları'nı inceledim ve bu Uygulama Esasları'nda belirtilen azami benzerlik oranlarına göre tez çalışmamın herhangi bir intihal içermediğini; aksinin tespit edileceği muhtemel durumda doğabilecek her türlü hukuki sorumluluğu kabul ettiğimi ve yukarıda vermiş olduğum bilgilerin doğru olduğunu beyan ederim.

Gereğini saygılarımla arz ederim.

Tarih ve İmza

**Adı Soyadı:** MERT EMİR YILMAZ  
**Öğrenci No:** N19138068  
**Anabilim Dalı:** ULUSLARARASI İLİŞKİLER  
**Programı:** TEZLİ YÜKSEK LİSANS

DANIŞMAN ONAYI

UYGUNDUR

(Unvan, Ad Soyad, İmza)



**HACETTEPE UNIVERSITY  
GRADUATE SCHOOL OF SOCIAL SCIENCES  
MASTER'S THESIS ORIGINALITY REPORT**

**HACETTEPE UNIVERSITY  
GRADUATE SCHOOL OF SOCIAL SCIENCES  
INTERNATIONAL RELATIONS DEPARTMENT**

Date: 03/06/2022

Thesis Title : SUB-IMPERIALISM AND THE MIDDLE EAST: SAUDI ARABIA'S REGIONAL POLICY IN THE POST-COLD WAR PERIOD

According to the originality report obtained by myself/my thesis advisor by using the Turnitin plagiarism detection software and by applying the filtering options checked below on 27/04/2022 for the total of 150 pages including the a) Title Page, b) Introduction, c) Main Chapters, and d) Conclusion sections of my thesis entitled as above, the similarity index of my thesis is 8 %.

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I declare that I have carefully read Hacettepe University Graduate School of Social Sciences Guidelines for Obtaining and Using Thesis Originality Reports; that according to the maximum similarity index values specified in the Guidelines, my thesis does not include any form of plagiarism; that in any future detection of possible infringement of the regulations I accept all legal responsibility; and that all the information I have provided is correct to the best of my knowledge.

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**Name Surname:** MERT EMİR YILMAZ  
**Student No:** N19138068  
**Department:** INTERNATIONAL RELATIONS  
**Program:** MASTERS

**ADVISOR APPROVAL**

APPROVED.

(Title, Name Surname, Signature)

## APPENDIX 2 ETHICS BOARD WAIVER FORM



### HACETTEPE ÜNİVERSİTESİ SOSYAL BİLİMLER ENSTİTÜSÜ TEZ ÇALIŞMASI ETİK KOMİSYON MUAFİYETİ FORMU

#### HACETTEPE ÜNİVERSİTESİ SOSYAL BİLİMLER ENSTİTÜSÜ ULUSLARARASI İLİŞKİLER ANABİLİM DALI BAŞKANLIĞI'NA

Tarih: 03/06/2022

Tez Başlığı: Alt-Emperyalizm ve Orta Doğu: Soğuk Savaş Sonrası Suudi Arabistan'ın Bölgesel Politikası

Yukarıda başlığı gösterilen tez çalışmam:

1. İnsan ve hayvan üzerinde deney niteliği taşımamaktadır,
2. Biyolojik materyal (kan, idrar vb. biyolojik sıvılar ve numuneler) kullanılmasını gerektirmemektedir.
3. Beden bütünlüğüne müdahale içermemektedir.
4. Gözlemsel ve betimsel araştırma (anket, mülakat, ölçek/skala çalışmaları, dosya taramaları, veri kaynakları taraması, sistem-model geliştirme çalışmaları) niteliğinde değildir.

Hacettepe Üniversitesi Etik Kurullar ve Komisyonlarının Yönergelerini inceledim ve bunlara göre tez çalışmamın yürütülebilmesi için herhangi bir Etik Kurul/Komisyon'dan izin alınmasına gerek olmadığını; aksi durumda doğabilecek her türlü hukuki sorumluluğu kabul ettiğimi ve yukarıda vermiş olduğum bilgilerin doğru olduğunu beyan ederim.

Gereğini saygılarımla arz ederim.

Tarih ve İmza

**Adı Soyadı:** Mert Emir Yılmaz  
**Öğrenci No:** N19138068  
**Anabilim Dalı:** Uluslararası İlişkiler  
**Programı:** Uluslararası İlişkiler Tezli Yüksek Lisans  
**Statüsü:**  Yüksek Lisans  Doktora  Bütünleşik Doktora

### DANIŞMAN GÖRÜŞÜ VE ONAYI

(Unvan, Ad Soyad, İmza)



**HACETTEPE UNIVERSITY  
GRADUATE SCHOOL OF SOCIAL SCIENCES  
ETHICS COMMISSION FORM FOR THESIS**

**HACETTEPE UNIVERSITY  
GRADUATE SCHOOL OF SOCIAL SCIENCES  
INTERNATIONAL RELATIONS DEPARTMENT**

Date: 03/06/2022

Thesis Title: Sub-Imperialism and the Middle East: Saudi Arabia's Regional Policy in the Post-Cold War Period

My thesis work related to the title above:

1. Does not perform experimentation on animals or people.
2. Does not necessitate the use of biological material (blood, urine, biological fluids and samples, etc.).
3. Does not involve any interference of the body's integrity.
4. Is not based on observational and descriptive research (survey, interview, measures/scales, data scanning, system-model development).

I declare, I have carefully read Hacettepe University's Ethics Regulations and the Commission's Guidelines, and in order to proceed with my thesis according to these regulations I do not have to get permission from the Ethics Board/Commission for anything; in any infringement of the regulations I accept all legal responsibility and I declare that all the information I have provided is true.

I respectfully submit this for approval.

Date and Signature

**Name Surname:** Mert Emir Yilmaz  
**Student No:** N19138068  
**Department:** International Relations  
**Program:** International Relation MA with thesis  
**Status:**  MA  Ph.D.  Combined MA/ Ph.D.

**ADVISER COMMENTS AND APPROVAL**

\_\_\_\_\_  
(Title, Name Surname, Signature)



