

THE SYSTEMIC CYCLES OF ACCUMULATION IN THE WORK OF GIOVANNI ARRIGHI: THE 2008 CRISIS, THE END OF US HEGEMONY AND THE ROLE OF CHINA¹

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Introduction

Giovanni Arrighi, deceased in 2009, left a very important legacy for the explanation of power dynamics in international relations and the formation of the Modern World System. Starting from the Systemic Cycles of Accumulation (SCAs) as a theoretical-conceptual tool, Arrighi uses the general formula of Capital, by Karl Marx, to conceptualize the SCAs and their successions, as the process that regulates the relations between the capitalist powers of the World-System.

For Arrighi, each cycle is formed by a moment of material and commercial expansion (M-C), which is interrupted by a moment of crisis of capitalism, opening space for a financial expansion of this cycle (C-M') to, then, finally, reach a last crisis and its downfall. From there, a new cycle begins:

¹ This article is based on Igor Estima Sardo's Course Completion Work in International Relations at UFRGS, supervised by Professor Dr. Analúcia Danilevicz Pereira (Sardo 2021a). Correspondingly, the article is based on the eBook published by the South American Institute of Policy and Strategy (ISAPE) (Sardo 2021b).

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[...] we shall designate the beginning of every financial expansion, and therefore of every long century, the “*signal crisis*” [...]. This is crisis is the “*signal*” of a deeper underlying systemic crisis, which the switch to high finance none the less forestalls for the time being. [...] We call the event, or series of events, that lead to this final supersession the “*terminal crisis*” [...] of the dominant regime of accumulation, and we take it to mark the end of the long century that encompasses the rise, full expansion, and demise of that regime (Arrighi 2010, 220-221).

In his work *The Long Twentieth Century: Money, Power and the Origins of Our Time* (2010), in which the author discusses the succession of cycles, there is a concern with the development of the last cycle under analysis – the American one –, which had already experienced a signal crisis in 1973, but had not yet experienced its terminal crisis. In this sense, the author proposes to answer the following question: “What forces are in the process of precipitating the terminal crisis of the US regime of accumulation, and how soon should we expect this terminal crisis to occur and the long twentieth century to end?” (Arrighi 2010, 221).

In this perspective, this article seeks to discuss whether the terminal crisis of the US cycle has already occurred and whether, therefore, the World-System would experience a new SCA. As a hypothesis to the question, it is assumed that the 2008 crisis can be interpreted as the terminal crisis of the US cycle and that, after this event, a dichotomous SCA begins between the United States (US) and the People’s Republic of China (PRC), expanding the organic core of capitalism and the decision-making bodies of the world economy in the G20 (Silver; Arrighi 2011).

In a broader sense, the purpose of this article is to contribute to the debate, left open after the death of Giovanni Arrighi in 2009 (Harvey 2009), about the successions of SCAs, the signal and terminal crises and the hegemonies of the World-System. This work intends to review the main works of the author *The Long Twentieth Century: money, power and the origins of our time*, *Chaos and governance in the Modern World System* and *Adam Smith in Beijing*⁴ and to analyze the context of the 2008 crisis, both its causes and consequences. for international relations.

4 The publication of the first edition of each work, in the original language, took place, respectively, in 1994, 1999 and 2007.

Systemic Cycles of Accumulation (SCA), Systemic Crises and Hegemonies

The SCAs, conceptualized by Arrighi, are the focal point of his analysis of international relations. In addition to geopolitical disputes, armed conflicts and legal issues between nations, “which mask the class struggle [...]” (Marx 2011, 59, own translation)⁵, international relations are guided by periodic cycles of capitalism that can be traced back to the 15th century to the present day. A SCA can be summarized as follows:

Marx’s general formula of capital (MCM’) can therefore be interpreted as depicting not just the logic of individual capitalist investments, but also a recurrent pattern of historical capitalism as world system. The central aspect of this pattern is the alternation of epochs of material expansion (MC phases of capital accumulation) with phases of financial rebirth and expansion (CM’ phases). In phases of material expansion money capital “sets in motion” an increasing mass of commodities (including commoditized labor-power and gifts of nature); and in phases of financial expansion an increasing mass of money capital “sets itself free” from its commodity form, and accumulation proceeds through financial deals (as in Marx’s abridged formula MM’). Together, the two epochs or phases constitute a full systemic cycle of accumulation (MCM’) (Arrighi 2010, 6).

It is important to note that each cycle is moved under the auspices of a capitalist class of a state, this being the dynamic center of a specific SCA. Although the author does not develop a well-defined concept of the state in the context of SCA successions, it can be summarized as a “bureaucratic-military governmental machine” (Marx 2011, 149, own translation)⁶, which serves the interests of the ruling class (Lenin 2017; Engels 2019). The state, therefore, is a transforming agent of the material base, as active as the revolutionary classes of the 15th century bourgeoisie (Huberman 1979).

Thus, for Arrighi (2010), the state, together with the ruling class, plays a decisive role in the transitions of SCAs, in the world economy, in the intercapitalist power struggle and, therefore, in international relations. This role of the state is evident in the institutions it builds to foster the full development of each SCA, such as a monetary authority that guarantees a competitive currency and encourages credit expansion; a stock exchange that captures foreign savings; the internalization of costs from predecessor cycles;

5 In the original: “que mascara a luta de classes [...]” (Marx 2011, 59).

6 In the original: “máquina governamental burocrático-militar” (Marx 2011, 149).

the support of diplomatic systems and the construction of mechanisms of coercion – funding the armed forces – and consensus – funding an international financial system (IFS) (Arrighi 2010).

In the history of the Modern World System, Arrighi identifies four cycles: the Ibero-Genoese cycle (1453-1648), the Dutch cycle (1580-1784), the British cycle (1740-1929) and the US cycle (since 1870). Furthermore, from the previous excerpt, it can be seen that a cycle consists of two moments: a material expansion, in which the dominant state manages to concentrate and control global value chains and input-output cycles, guiding the process of accumulation of capital on a world scale; and a financial expansion, a moment in which the SCA is in decline, because the capitalist class of this state no longer has incentives to replace the working capital, since there is a strong pressure on profits, and starts to take advantage of the financial capital, which finances a material expansion into another space (Arrighi 2010).

Indeed, it is important to note that the cycles overlap one another, given that the financial expansion of a declining SCA finances, almost unintentionally, the material expansion of the next cycle. Marx, had already recognized this capacity for transitioning cycles that the international credit system has, “which often covered up one of the sources of primitive accumulation in this or that people” (Marx 2017, 825, own translation)⁷ and was responsible for the beginning of material expansion, by example of:

[...] capitals of Netherlands, to which the decadent Venice lent large sums of money. The same happened between the Netherlands and England. [...] One of its main businesses, between 1701 and 1776, was the lending of enormous sums of capital, especially to its powerful competitor, England. Something similar occurs today between England and the United States (Marx 2017, 825-826, own translation)⁸.

Something worth noting in the analysis of SCAs is the composition of the hierarchy of international power. The state that leads and coordinates a cycle does so to increase its capacity to accumulate capital and survive in the international system. However, this leadership is not always accompanied

⁷ In the original: “que frequentemente encobria uma das fontes da acumulação primitiva neste ou naquele povo” (Marx 2017, 825).

⁸ In the original: [...] capitais da Holanda, à qual a decadente Veneza emprestou grandes somas em dinheiro. O mesmo se deu entre a Holanda e a Inglaterra. [...] Um de seus negócios principais, entre 1701 e 1776, foi o empréstimo de enormes somas de capital, especialmente à sua poderosa concorrente, a Inglaterra. Algo semelhante ocorre hoje entre Inglaterra e Estados Unidos (Marx 2017, 825-826).

by international legitimacy and, sometimes, competing states question the order of a particular SCA. Therefore, the leadership of a state in the process of accumulation of international capital is not synonymous with hegemony in the World-System. To this end, Arrighi derives his concept of hegemony from the Gramscian concept, which unites coercion and consensus to the legitimacy of domination (Arrighi; Silver 1999). For Gramsci, at the national level, “[...] the supremacy of a social group manifests itself in two ways, as ‘domination’ and as ‘intellectual and moral leadership’. A social group dominates antagonistic groups that it tends to ‘liquidate’ or subjugate, perhaps even by armed force; he leads kin or allied groups” (Gramsci 1971, 57-58).

It is valid to make this comparison between Gramsci at the national level and Arrighi at the international level. In the class struggle, whether between capitalists and proletarians, or between center and periphery, the dispute is never direct, but always masked and dampened by the political level of analysis and by the elements intermediate to this struggle: be it the petty bourgeoisie at the national level, or the semiperiphery in the international context. Thus, when Gramsci writes that hegemony “leads related or allied groups”, indirectly citing the petty bourgeoisie, Arrighi also characterizes hegemony as a leader for a similar development center.

[...] when we speak of leadership in an international context, the term is used to designate the fact that by virtue of its achievements, a dominant state becomes the “model” for other states to emulate and thereby draws them onto its own path of development (Arrighi; Silver 1999, 27).

Furthermore, when hegemony drags other states along their path of development, it constitutes an organic nucleus – a kind of global condominium of power. In this way, the organic core of capitalism:

[...] consists of all the states that over the last half-century or so have consistently occupied the top positions of the global value-added hierarchy and, in virtue of that position, have set (individually and collectively) the standards of wealth which all their governments have sought to maintain, and all other governments have sought to attain. Broadly speaking, the members of the organic core during the US cycle have been North America, Western Europe [European Union and United Kingdom], and Australia (Arrighi 2010, 343).

However, if on the one hand it is easy to identify a leading state’s faculty of coercion – through its military capabilities –, its faculties of consensus are

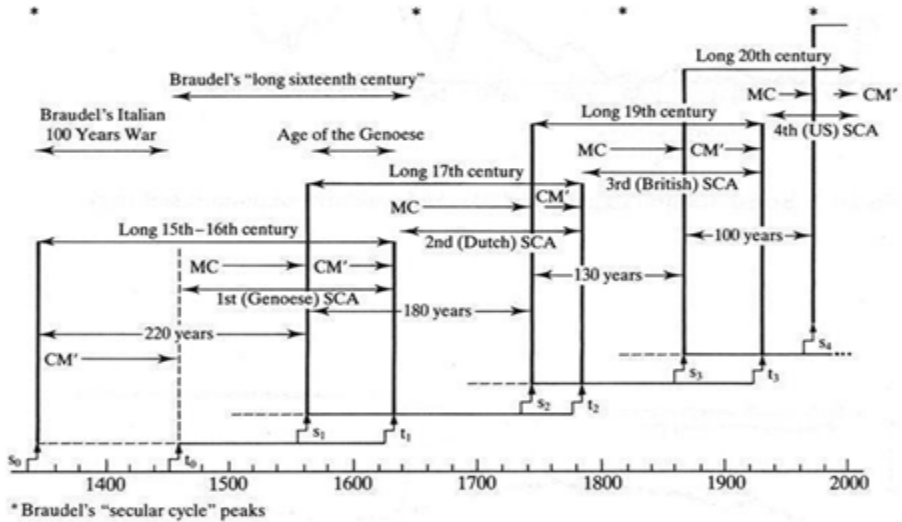
more unstable to sustain itself in a hegemony. The consensus of a hegemony is achieved through the provision of international public goods that can be enjoyed by all states in the process of capital accumulation. These are, for Arrighi, like:

[...] such “collective goods” as the protection of ocean commerce and the surveying and charting of the world’s oceans. Thanks to this perception, instead of inspiring challenges, British dominance secured a large measure of willing acceptance among Western states (Arrighi; Silver 1999, 60).

However, these collective goods are difficult to sustain as they represent a burden on hegemony. They are only useful when the gains from this burden exceed the costs of being an undisputed hegemony. Analyzing the succession of SCAs and hegemonies, the recurrently most demanded international public good is an orderly and regulated International Financial System (IFS), as it harmonizes the process of capital accumulation in global value chains and avoids financial instabilities (Eichengreen 2011).

Because it is costly to sustain such international public goods and, therefore, the consensus that a hegemony requires, hegemonic periods in the World-System are characterized by the exception and not the rule. In fact, transitions between SCAs, even if they are gradual, are uninterrupted, with no period without a clear SCA, as the process of capital accumulation is interminable. On the other hand, transitions of hegemonies are slower and there are, throughout the History of the Modern World System, non-hegemonic periods, in which, although there is a dominant state, it is not hegemonic. Thus, hegemony can be considered as a golden period of a SCA, in which there is a certain harmony between the States that make up the organic core of capitalism (Arrighi 2010; Arrighi; Silver 1999).

Figure 1: Long Centuries and Systemic Cycles of Accumulation



Source: Arrighi (2010, 220).

In the sense of SCA transitions, Image 1 shows each of the four cycles analyzed by Arrighi, their material and financial expansions, signal and terminal crises and transitions from one cycle to the other. In reading these transitions, Arrighi points out that there are:

[...] (1) a first period of financial expansion (stretching from S_{n-1} to T_{n-1}), in the course of which the new regime of accumulation develops within the old, its development being an integral aspect of the full expansion and contradictions of the latter; (2) a period of consolidation and further development of the new regime of accumulation (stretching from T_{n-1} to S_n), in the course of which its leading agencies promote, monitor, and profit from the material expansion of the entire world-economy; (3) a second period of financial expansion (from S_n to T_n), in the course of which the contradictions of the fully developed regime of accumulation create the space for, and are deepened by, the emergence of competing and alternative regimes, one of which will eventually (that is, at time T_n) become the new dominant regime (Arrighi 2010, 219-220).

The Transitions of SCAs in the History of the Modern World System (1453-1973)

The first cycle, the Ibero-Genoese, took place in the context of the transition from feudalism to capitalism, a period named by Marx as primitive accumulation of capital, in which the bankruptcy of feudal relations and the rise of commercial and usurious capital occurred (Marx 2017). These two movements gave rise to the proletarianization of the working class, the formation of European nation-states and the improvement of long-distance trade networks, supported by the rising class of merchants and bankers. This initial SCA, being inserted in an embryonic phase of capitalism, had many peculiarities, the main one being the fact that it was dichotomous, because it was a cycle “[...] consisting of an (Iberian) aristocratic territorialist component – which specialized in the provision of protection and in the pursuit of power – and of a (Genoese) bourgeois capitalist component – which specialized in the buying and selling of commodities and in the pursuit of profit” (Arrighi 2010, 123).

From 1453 to 1557, this dichotomous cycle underwent its material expansion, which was interrupted by a signal crisis in 1557, caused by two main reasons: (i) the increase in Spanish military expenditures and (ii) the instability of international finances, when “[...] finance ceases to be healthy to become speculative” (Corazza 1994, 127, own translation)⁹. From 1557 to 1648, the financial expansion of the Ibero-Genoese cycle took place, through a commercial triangle, “[...] through which the Genoese pumped American silver from Seville to northern Italy, where they exchanged it for gold and bills of exchange, which they delivered to the Spanish government in Antwerp in exchange for the *asientos* which gave them control over American silver in Seville” (Arrighi 2010, 134). However, financial expansion again became unsustainable after a terminal crisis of this cycle in 1648, after Spain’s military defeat in the Thirty Years’ War and yet another crisis of default on Genoese accounts (Arrighi 2010).

This first cycle was unable to build hegemony, even though the symbiosis of Spain and Genoa was dominant in international finance from 1453 to 1648. The failure of this cycle to build hegemony is due to two main factors: (i) conflict of foreign policy and (ii) lack of consensus. By itself, it is impossible to have a shared hegemony between two states, given that the foreign policies of both states did not always coincide. Furthermore, the Ibero-Genoese SCA based its domination of the World-System solely on coercion,

9 In the original: “[...] a finança deixa de ser sadia para se tornar especulativa” (Corazza 1994, 127).

without offering common goods that would guarantee a consensus among capitalist nations (Arrighi; Silver 1999).

Furthermore, this first SCA can be characterized by two aspects: (i) its accumulation regime and (ii) its political-diplomatic system. The Ibero-Genoese accumulation regime is of an extensive type, based on the anarchy of production and the hierarchy of circulation, since the productive model was composed of guilds, craft corporations and trade monopolies. Still in the productive aspect, although this cycle did not have a stock exchange, it was the first to have a monetary authority that stimulated credit expansion: the *Casa di San Giorgio*, founded in 1407. From the aspect of its political-diplomatic system, this cycle was responsible for overcoming the Papal System of International Relations in 1492, beginning the era of bilateral relations. But, in its place, the Spanish Empire did not offer any new diplomatic system, trying to control Europe based on coercion, establishing a new empire in place of the Church of Rome (Arrighi 2010; Kennedy 1988).

With regard to the transition from this first cycle, during the Ibero-Genoese financial expansion, a margin was opened for the beginning of the next cycle in the history of the World-System: the Dutch SCA. From 1581, the United Provinces held a “[...] kind of ‘inverted’ fiscal squeeze [to Spain] through piracy and privateering” (Arrighi 2010, 135), financing the beginning of its material expansion and thus concentrating Europe’s trade networks around Amsterdam. Unlike the predecessor cycle, the United Provinces internalized the costs of protection and conducted their rule based on the coercion of a powerful navy and the consensus of collective goods, such as international law, the balance of power and an efficient network of trade and international freight. Thus, from 1648 to 1713, the United Provinces were the first hegemony of the World-System (Arrighi; Silver 1999):

We speak of a Dutch hegemony within the European system of sovereign states primarily because the Dutch played a leading role in the protracted struggles that resulted in the formal founding of that system by the Treaties of Westphalia of 1648. The Treaties replaced the idea of a suprastatal imperial/papal authority with the notion that the European states formed a single political system based on international law and the balance of power [...] (Arrighi; Silver 1999, 39).

Dutch hegemony – a brief moment of capitalist harmony and unchallenged dominance – fades after the growth of rival navies, especially the British, thus weakening the coercive power of Dutch hegemony. After the Peace of Utrecht, in 1713, the Dutch capacity for coercion was no longer preponderant, ending its hegemony, but not its cycle, nor its material

expansion. The signal crisis of the Dutch SCA only occurred in 1748, after a commercial retraction suffered by the Dutch stock companies, which suffered from European mercantilism. Other causes of the crisis were the European military build-up during the War of the Austrian Succession (1740-1748) and the financial instability in the Amsterdam exchange houses (Arrighi; Silver 1999).

Thus, from 1748 to 1784, the Dutch capitalist class was no longer able to productively replace circulating capital and thus fled to interest-bearing capital, initiating its financial expansion. As in the previous cycle transition, the declining capital of the United Provinces financed the material expansion of an ascending SCA: the British cycle, which already started in 1740. Again, the terminal crisis of the Dutch SCA occurred in 1784 in crisis-like circumstances. previous systemic problems: (i) a military defeat during the fourth Anglo-Dutch war and (ii) another bad debt crisis for the big banks of the United Provinces (Arrighi; Silver 1999).

Once again, this SCA is characterized by two aspects: (i) its accumulation regime and (ii) its political-diplomatic system. The accumulation regime of the Dutch cycle was based on an intensive type, formed by equity capital companies, financed by the Amsterdam Stock Exchange, founded in 1602, and aided by the *Wisselbank*, the Dutch monetary authority, founded in 1609, which fostered expansions of credit. In its diplomatic political system, the United Provinces were responsible for initiating multilateral relations in the History of the World-System, with the Westphalian System (1648-1815), based on the balance of power and international law. Furthermore, unlike the predecessor cycle, the United Provinces internalized the costs of protection, not having to resort to a state symbiosis in search of a strong navy, given that the Dutch navy itself was the most powerful in the world (Arrighi 2010; Arrighi; Silver 1999).

Regarding the transition of cycles, in this second moment, the end of the “[...] Dutch hegemonic order did not in itself result in the establishment of the nineteenth-century British order. British world hegemony was only established as a result of a final round in the power struggle between Britain and France” (Arrighi; Silver 1999, 56). After the Seven Coalition Wars against France, Britain consolidated its hegemony, from 1815 to 1914, uniting elements of coercion – a powerful navy and expeditionary army – and consensus – the promotion of the first international financial system (IFS) that boosted world capitalist accumulation. This IFS was based on the triad of initiatives of (i) free mobility of international capital, (ii) fixed exchange rates and (iii) monetary policy rigidity (Eichengreen 2011). Since the British SCA, production costs had also been internalized – in addition to protection costs –, since Great Britain was not only a trading post, but also the largest industrial center in the

world (Arrighi; Silver 1999).

This internalization of production costs to the British SCA ended the period of primitive accumulation of capital and started a mature phase of capitalism, in which capital came to life and started to interfere directly in the signal and terminal crises of each cycle and, therefore, in their transitions. The material expansion of the British cycle was interrupted in 1873 with the beginning of the first generalized crisis of world capitalism, the Long Depression of 1873-1896 (Hobsbawm 2011), or, also called by Arrighi as the “[First] Long Downturn” (Arrighi 2007, 116). The beginning of this economic depression, in 1873, marked the signal crisis of the British SCA and the beginning of its financial expansion:

In the course of the depression, great-power rivalries intensified, military-industrial complexes too powerful for Britain to control through its traditional balance-of-power policy emerged, and a systemwide financial expansion centered on Britain took off. These tendencies came to a head with the outbreak of the First World War, which marks the beginning of the second phase of the transition (Arrighi; Silver 1999, 64).

This crisis, therefore, brought together the two main causes of predecessor systemic crises: (i) the resurgence of military rivalries and (ii) the instability of international finance. In addition to these common causes, there is a new trigger for this crisis: the crisis of capitalism itself. Unlike past systemic crises, which had circumstantial factors as the trigger for the crisis, after the internalization of production costs to the British SCA, the capital crisis began to act together with the multicausal factor of systemic crises. In this context, for Paul Sweezy (1983), there are two types of crises in capitalism: (i) crises of profit compression and (ii) crises of underconsumption.

In the case of the long depression of 1873-1896, there was a crisis of profit compression, in which capitalist production did not fall, but there was pressure on the rate of profit of the capitalist class. This type of crisis usually “[...] bring[s] about long periods of financial expansions which, to paraphrase Schumpeter, provide the means of payments necessary to force the economic system into new channels” (Arrighi 2007, 93), that is, by funding the material expansion of the next SCA. However, although the crisis had shaken British industry, its IFS still remained functional, ensuring the support of British hegemony, since its elements of coercion and consensus were still operational (Arrighi; Silver 1999).

However, British hegemony dissipated after the First World War, in 1918, when it no longer had its elements of coercion and consensus. On the one hand, defiant Germany was not defeated in the theater of war operations,

but because of a social revolution within its own borders; on the other hand, after the conflict, the restructuring of the British IFS was unsustainable, also shattering the capitalist consensus around London. Finally, in 1929, the terminal crisis of the British SCA occurred, bringing together again typical elements of a systemic crisis: (i) increase in international protectionism and intercapitalist competition, caused by the post-1918 power imbalance, and (ii) instabilities inherent to financialization., including the gradual and unbalanced return to the gold standard (Arrighi; Silver 1999). In addition to these recurrent characteristics of systemic crises, the 1929 crisis can be considered a crisis of underconsumption of capitalism, in which production is collapsed at once and there is a rapid spiral of unemployment, falling incomes and freezing of the credit system (Gazier 2019; Sweezy 1983).

Likewise, two elements that characterized this cycle can be identified: (i) the accumulation regime and (ii) the political-diplomatic system. The accumulation regime of the British cycle was based on an extensive type, composed of family businesses with little vertical integration, which were supported by the Bank of England, founded in 1694, a monetary authority that promoted credit expansion. In its diplomatic political system, Great Britain structured the Vienna System (1815-1914), based on the balance of powers, which, despite having military competition, was a period of peace in the European concert (Arrighi; Silver 1999).

The terminal crisis of the British SCA gave way to the last SCA analyzed by Arrighi: the ascending US cycle. The material expansion of this cycle began in the 1870s, after the US had calmed its class contradictions with the end of the Civil War (1860-1865) and the US system had prevailed over the free trade of the southern states (Arrighi; Silver 1999). After the terminal crisis of the British SCA, the US was the biggest economy in the world, and “[...] the two world wars had brought about an almost complete centralization of world liquidity in U.S. hands” (Arrighi; Silver 1999, 73).

Second World War, however, sealed the American hegemony, based on the coercion of uncontested military capabilities and on the consensus of a new ordered and regulated IFS. This new IFS – Bretton Woods – was based on the triad of initiatives of (i) restriction of international capital mobility, (ii) fixed exchange rate and (iii) monetary policy autonomy (Eichengreen 2011). According to Arrighi & Silver:

This confrontation [WW2] soon translated into the establishment of a new world order - an order now centered on and organized by the United States. By the time the Second World War was over, the main contours of the new order had taken shape: at Bretton Woods the foundations of a new monetary system had been established; at Hiroshima and Nagasaki new

means of violence had demonstrated the military underpinnings of the new order; and at San Francisco new norms and rules for the legitimization of statemaking and warmaking had been laid out in the charter of the United Nations [UN] (Arrighi; Silver 1999, 80-81).

Thus, from 1945 to 1973, the US SCA went through its last phase of material expansion, concomitantly with its hegemonic period, in which elements of coercion and consensus sustained this period of certain capitalist harmony. But, as seen earlier, material expansions in capitalism are unsustainable in the long run, since capital crises cause production to fall and discourage the replacement of circulating capital. Within each material expansion already lie the contradictions that will lead to its overcoming:

The result of this energizing and organizing was a new expansion of world trade and production – the so-called Golden Age of Capitalism of the 1950s and 1960s. Like the analogous expansions that had occurred under British and Dutch hegemony, this expansion too ended in a hegemonic crisis. When around 1970 it became clear that U.S. army was headed toward a humiliating defeat in Vietnam and the U.S.-controlled Bretton Woods monetary system was about to collapse, U.S. hegemony entered a prolonged crisis – a crisis, which in spite of the even greater troubles and eventual collapse of the USSR, has not yet been resolved (Arrighi; Silver 1999, 88).

Thus, the long boom of the post-1945 world economy ended in 1973 with a crisis of profit compression much like the Long Depression of 1873-1896, since the crisis of 1973 initiated a period of pressure on profits until 1996 and marked the signal crisis of the US SCA and, therefore, its financial expansion (Visentini 1992). Along with the end of US material expansion, 1973 also ended US hegemony, given that the post-1945 IFS proposed by Washington became unsustainable, purging the consensus element of US hegemony (Arrighi 2010; Arrighi; Silver 1999).

Furthermore, two elements can be inferred that characterized this cycle: (i) its accumulation regime and (ii) its political-diplomatic system. The accumulation regime of the US cycle was based on an intensive type, in which, in addition to the internalization of protection and production costs, there was also the internalization of transaction costs. Thus, the US accumulation regime was based on large vertically integrated multinational companies, which were aided by the US Treasury's credit expansions, since 1789. Finally, the US was responsible for the globalization of the balance of powers, through the System of Yalta (1945-1991), in which the world concert became, for the first time, bipolar (Arrighi 2010; Kennedy 1988).

However, it was possible to identify two common causes to all systemic crises, whether signal or terminal: (i) a military component of interstate dispute and (ii) a component of financial instability. Both components can be controlled and contained in the development of each SCA through balance of powers and regulated monetary systems, respectively, but dominant and/or hegemonic periods, as seen, are unsustainable in the long run. According to Arrighi (2007, 234):

[...] wars played a crucial role [in SCAs transitions]. In at least two instances (from Holland to Britain and from Britain to the United States), the reallocation of surplus capital from mature to emerging centers began long before the escalation of interstate conflicts (Arrighi 2007, 234).

However, the component of financial instability can also be understood as a cyclical agent:

Instability arises when debts cannot be paid, and finance changes from sound to speculative. This would be the subjective basis of instability. But there is also an objective foundation, namely the fact that credit money issued by banks cannot be validated by the return on investment that it financed. There are problems with investments, which do not allow debts to be paid (Corazza 1994, 127, own translation)¹⁰.

However, these two components alone are not enough for a systemic crisis since the internalization of production costs in the succession of SCAs, that is, since the British cycle. If, in the period of primitive accumulation of capital, the systemic crises of the Ibero-Genoese and Dutch cycles had a circumstantial trigger – such as a military defeat or a change in conjuncture –, in the period of mature capitalism, the systemic crises have one more cause: the crisis of capitalism itself (Arrighi 2010), this being one of profit compression or underconsumption (Sweezy 1983). It is important to note, in this context of crises of capitalism, that crises of profit compression initiate long periods of financial downturn and expansion and, therefore, can be characterized as signal crises *per se*; while underconsumption crises bring down production and employment and mark the transition from one cycle to the next and, therefore, can be characterized as terminal crises *per se* (Arrighi

¹⁰ In the original: A instabilidade surge quando as dívidas não podem ser pagas, e a finança deixa de ser sadia para se tornar especulativa. Esta seria a base subjetiva da instabilidade. Mas há também um fundamento objetivo, ou seja, o fato de que o dinheiro de crédito emitido pelos bancos não pode ser validado pelo retorno do investimento que ele financiou. Há problemas com os investimentos, que não permitem honrar as dívidas (Corazza 1994, 127).

2007; 2010).

US Financial Expansion and East Asian Material Expansion

From 1973 to 1993, there was a period of economic stagnation in the most advanced capitalist markets – in the organic core of the World-System –, a period that Arrighi coined as the “[Second] Long Recession” similar to the first long retraction of 1873-1896, which also started with a crisis of profit compression that was also the signal crisis of the predecessor SCA (Arrighi 2010). These two decades of stagnation and downturn in the world economy can be characterized as a period of (i) a retraction in international trade due to the easing of exchange rates, (ii) a devaluation of the dollar after the end of the gold standard and (iii) of financial and exchange rate instability due to the return of free mobility of international capital (Arrighi 2007). Therefore, by the aspects listed, what prevailed in the post-1973 world economy is a non-international financial system, that is, an unregulated and highly unstable system (Eichengreen 2011).

From 1973 to 1981, there was a first moment of frank crisis, inflation and devaluation of the dollar. The rate of profit for US companies was declining and international competition with German and Japanese companies made it difficult for the US to recover. From the 1970s to the 1990s, this macroeconomic scenario can be summarized as follows:

US business began restructuring itself to compete more effectively with Japanese business in the exploitation of East Asia’s rich endowment of labor and entrepreneurial resources, not just through direct investment, but also and especially through all kinds of subcontracting arrangements in loosely integrated organizational structures. As noted in Chapter 10, this tendency led to the displacement of vertically integrated corporations, such as General Motors, by subcontracting corporations, such as Wal-Mart, as the leading US business organization (Arrighi 2007, 348).

From the above, another trend of any financial expansion is evident: the process of deindustrialization, since the capitalist class no longer has incentives to replace circulating capital and flees to interest-bearing capital. In fact, “[...] it was the failure of capitalist enterprises and governments to restore profitability to its previous level through the elimination of excess capacity that was primarily responsible for the persistence of comparative stagnation from 1973 to 1993” (Arrighi 2007, 105). Since it was impossible to restore the level of profitability with industrial capital activities, the logical response of the US capitalist class, as well as the US government itself, was to restore

profitability in finance capital, in international loans and foreign investments (Arrighi 2007).

According to Arrighi (2007, 148) “[...] the turnaround was primarily due, not to the comparatively slower growth of US real wages, but to the overall reorientation of the US economy to take full advantage of financialization, both at home and in the world at large”. In this context, from 1981 onwards, the US strategy was reoriented towards raising domestic interest rates and the overvaluation of the dollar, attracting foreign capital at the expense of domestic companies. In line with this movement, in 1985, the US, Germany and Japan signed the Plaza Agreement, in which the US coerced competing governments to appreciate their currencies against the dollar, in order to maintain the international competitiveness of US companies. This monetary maneuver clearly demonstrated the US coercive capacity, but the absence of consensus (Arrighi 2007).

Beginning in 1989, US financial expansion gained new momentum with a wave of deregulation of national markets in a myriad of states on the periphery and semi-periphery of the World-System. Labor relations were relaxed, protectionist barriers were overturned, state-owned companies privatized, currencies devalued, exchange rates liberalized, and foreign investments accepted. This liberalizing wave reached mainly Eastern Europe, Latin America, and Africa. For Arrighi, this period gave impetus to the financial expansion of the US SCA:

The collapse of the Soviet Union and the savage privatization carried out under the heading of “shock therapy,” as advised by the capitalist powers and the international financial institutions, was a major episode in the release at fire-sale prices of hitherto unavailable assets. Equally important, however, has been the release of devalued assets in other lower-income countries in the wake of the financial crises that have punctuated the liberalization of capital flows in the 1980s and 1990s (Arrighi 2007, 224-225).

However, while the organic core of the World-System was undergoing a financial expansion, on the fringes of the US radius of action, the material expansion of East Asia was ascending, which had started since at least the 1950s. This material expansion, unlike its predecessors, is geographically and politically spread out, having two main dynamic centers: the People’s Republic of China (PRC) and Japan, together with its cooperation zone – Hong Kong, Singapore, South Korea, Taiwan, Malaysia, Indonesia, Philippines and Thailand. However, while Japan, and its periphery, kept its sovereignty tied to the US in the post-war period, the PRC was, and remains, a sovereign

state and, therefore, gradually became the main dynamic center of material expansion from East Asia (Arrighi 2007).

The PRC's reincorporation back into the international scene began in 1971, when it was admitted to the UN and supplanted Taiwan (Republic of China) in the Security Council. In 1979, a series of economic reforms began with the aim of modernizing the countryside and gradually opening the country to foreign capital (Damas 2014). Arrighi summarizes this moment as follows:

[...] the reincorporation of Mainland China into regional and global markets brought back into play a state whose demographic size, abundance of entrepreneurial and labour resources, and growth potential easily surpassed all other states operating in the region, the United States included (Arrighi; Silver 1999, 267).

From 1979 to 1989, the economic expansion of the PRC was based on three pillars: the liberation of the national market gradually, agrarian reform and investment in education. These three elements gave dynamism to the Chinese economy without dispossessing the peasant population or compromising the country's sovereignty. So, "[a]s the Chinese ascent gained momentum under its own steam in the 1990s, Japanese, US, and European capital flocked ever more massively to China" (Arrighi 2007, 352). However, it is important to note that the PRC is still a socialist country, although it has opened up to foreign capital, given that the economy is guided by five-year plans of execution (Damas 2014; Pettis 2013).

In this context, being a socialist oriented country, the PRC demands large sums of foreign savings to sustain its material expansion, and, like any other predecessor material expansion that used the financial expansion of a declining SCA, the material expansion of East Asia finances from the US financial expansion. However, this relationship, which in past transitions was characterized by a virtuous cycle, has become an interdependent symbiosis between the US and the PRC. This behavior can be summarized as follows:

This macroeconomic symbiosis that exists mainly between the United States and China, evident after the year 2002, when China started to show growing current account surpluses, and the excess consumption of American families was satisfied by the excess supply from from China, worked well until 2008 (Damas 2014, 106, own translation)¹¹.

11 In the original: "Essa simbiose macroeconômica existente principalmente entre os Estados Unidos e a China, evidente após o ano de 2002, quando a China passou a apresentar crescentes superávits em conta-corrente, e o excesso de consumo das famílias norte-americanas era

This interdependent symbiosis is due both to the need for economic growth on the part of the PRC and to the support of US financial expansion:

For the time being, by far the most important financiers of the US current-account deficits have been East Asian governments, who have engaged in massive purchases of US treasuries and in building up dollar-denominated foreign-exchange reserves—first and foremost the Japanese, but to an increasingly significant extent also the Chinese (Arrighi 2007, 193).

Starting in 1993, when the profitability of US companies rose again, along with the East Asian economic boom, the US Central Bank (Fed), in 1995, felt free to appreciate the dollar at pre-1971 levels, in a maneuver known as the Reverse Plaza Agreement. Two consequences follow from this: a new attraction of capital towards the US and a currency crisis in East Asia in 1997. Thus, “[t]his flood of US-bound foreign capital and the associated appreciation of the dollar were essential ingredients in the transformation of the pre-1995 boom in equity prices into the subsequent [2000s] bubble” (Arrighi 2007, 112). On the other hand, the trauma of the 1997 Asian crisis, caused by the Reverse Plaza Accord, made emerging Asian economies begin to accumulate “[...] a large amount of international reserves as protection against future capital reversions, or a phenomenon commonly known as sudden stops, altering their models of economic growth to become more export-oriented” (Damas 2014, 21, own translation¹²).

Thus, by joining the two ends of the process – the US financial expansion and the material expansion of East Asia –, the two causes that led to the scenario of superliquidity in the US economy in the 2000s are highlighted, a scenario that led to the 2008 crisis. Writing a year before the 2008 crisis, Arrighi had the “[...] overwhelming impression that the long downturn is far from over, and indeed, that the worst has yet to come” (Arrighi 2007, 115). In this way, the author already identified that the interdependent symbiosis between the US and the PRC had flawed components:

It follows that the US belle époque of the 1990s was based on a virtuous circle that could, at any time, turn vicious. This virtuous but-potentially-vicious circle rested on the synergy of two conditions: the US capacity to

saciado pelo excesso de oferta proveniente da China, funcionou bem até 2008” (Damas 2014, 106).

¹² In the original: “[...] uma grande quantidade de reservas internacionais como proteção a futuras reversões de capitais, ou fenômeno comumente conhecido como sudden stops, alterando seus modelos de crescimento econômico para se tornarem mais voltadas para exportações” (Damas 2014, 21).

present itself as performing the global functions of market of last resort and indispensable political-military power; and the capacity and willingness of the rest of the world to provide the US with the capital it needed to continue to perform those two functions on an ever-expanding scale (Arrighi 2007, 194).

2008 Crisis and the Elements of a Transition

2008 crisis can be placed within the context of US financial expansion. Since the instability of international finance was reactivated after the dismantling of Bretton Woods in 1973, a myriad of developing economies had been affected by currency and financial crises¹³ (Eichengreen 2011). As long as these crises did not reach the center of the world economy, the American way of conducting international finance seemed to work. As seen, from 1995 onwards, with the revaluation of the dollar, the US economy experienced a new growth boom, due to the “[...] inrush of capital unleashed by the “reverse Plaza Accord” and the Fed’s easy credit regime [...]” (Arrighi 2007, 113).

With an overheated economy, the US experienced two events that worried national monetary authorities: a small stock market bubble (internet bubble) and the 9/11 attacks. To avoid an economic downturn, the US Federal Reserve lowered domestic interest rates even further, flooding the market with cheap credit (Damas 2014). In short:

After the bursting of the internet bubble in 2000 and the attacks of September 11, 2001, the US government began to adopt an expansionary fiscal policy with heavy government spending, mainly on national defense, concomitantly with the implementation of stimulus taxes packages and tax cuts. The president of the Central Bank of the United States, Alan Greenspan, started to practice an expansionary monetary policy with reductions in interest rates (Damas 2014, 226, own translation)¹⁴.

Finally, one last event was crucial to the spiral of high liquidity that triggered the 2008 crisis: the US intervention in Iraq. Starting in 2003, the

13 Debt Crisis in Latin America and Africa (1980s), currency crises in Mexico (1994), East Asia (1997), Russia (1998), Brazil (1999) and Argentina (2001) (Eichengreen 2011).

14 In the original: “Após o estouro da bolha da internet no ano 2000 e os atentados de 11 de setembro de 2001, o governo norte-americano passou a adotar uma política fiscal expansionista com pesados gastos governamentais, principalmente em defesa nacional, concomitantemente com a implementação de pacotes de estímulos fiscais e cortes de impostos. O presidente do Banco Central dos Estados Unidos, Alan Greenspan, passou a praticar uma política monetária expansionista com reduções nas taxas de juros” (Damas 2014, 226).

US intervened in Iraq with the aim of performing a surgical regime change maneuver, using a reduced expeditionary force and state-of-the-art military capability. The problem was how to finance the war. “Since taxes could not be raised, further borrowing from abroad had limits, and the war was not paying for itself, the exploitation of US seigniorage privileges became the main source of finance for Bush’s wars” (Arrighi 2007, 197). This means of financing through the issuance of government bonds “[raised] US foreign indebtedness and therefore [raised] US vulnerability to capital flight” (Arrighi 2007, 226), and, furthermore, the symbiotic interdependence of the US economy with the emerging economies of East Asia has intensified. Arrighi, in this context, classifies such symbiotic interdependence as a vicious cycle:

The more things went sour in Iraq, the more dependent did the Bush administration become on this addiction in order to prevent things from going sour also on the economic and social front at home. Hence the administration’s reluctance to press China too hard on the appreciation of the yuan, its praise for the CCP’s 2005 Five Year Plan, and more generally its greater restraint than Congress in complaining about Chinese goods flooding the US market and US jobs being lost to China (Arrighi 2007, 305).

The situation of superliquidity in the US economy was practically irreversible, as the macroeconomic symbiosis between the US and East Asia fed back into the low US interest rates and the high productivity of emerging economies, such as the PRC. This became evident in December 2001, when the PRC’s admission to the World Trade Organization (WTO) was approved, initiating a cycle of high demand for commodities to supply Chinese industrial production. From 2003 to 2008, the international production bubble called saving gluts was formed, that is, an underconsumption crisis. Damas (2014, 21)¹⁵ summarizes it as follows:

¹⁵ In the original: “Algumas economias emergentes, principalmente na Ásia, acumularam uma grande quantidade de reservas internacionais como proteção a futuras reversões de capitais, ou fenômeno comumente conhecido como sudden stops, alterando seus modelos de crescimento econômico para se tornarem mais voltadas para exportações. Ao fazerem isso, os governos dessas nações canalizaram seus excedentes por meio do mercado de capitais internacional, investindo-os principalmente em títulos de longo prazo emitidos pelos Estados Unidos. Com maior demanda por esses títulos, as taxas de juros implícitas atreladas a eles caíram além do razoável, incentivando assim maior endividamento das famílias norte-americanas e inflando os preços dos ativos, principalmente do setor imobiliário. Maior endividamento das famílias norte-americanas e menor poupança doméstica privada seriam então uma resposta aos efeitos de uma maciça entrada de capitais nos Estados Unidos. [...]. Os comportamentos dos agentes econômicos norte-americanos e seus consumidores, segundo a teoria dos saving gluts, seriam

Some emerging economies, mainly in Asia, have accumulated a large amount of international reserves as protection against future capital reversions, or phenomenon commonly known as sudden stops, changing their models of economic growth to become more export-oriented. In doing so, the governments of these nations channeled their surpluses through the international capital market, investing them primarily in long-term bonds issued by the United States. With greater demand for these bonds, the implicit interest rates linked to them fell beyond reason, thus encouraging greater indebtedness by US households and inflating asset prices, especially in the real estate sector. Higher indebtedness by American households and lower private domestic savings would then be a response to the effects of a massive inflow of capital into the United States. [...]. The behavior of US economic agents and their consumers, according to the theory of saving gluts, would be affected by measures taken by other countries.

However, like any crisis of capitalism, demand cannot grow indefinitely, US credit cannot become inelastic, and eventually indebtedness emerges as a manifestation of the crisis because, as Arrighi (2007, 198) predicted “[...] [a]s it turns out, this ‘biggest default in history’ has yet to occur”. From 2003 to 2008, the super-liquidity in the US market manifested itself through a real estate bubble, in which household consumption was supported by affordable credit, investments in inflated real estate prices and, of course, in the purchase of cheap goods from the material expansion of East Asia. “The United States had a housing bubble. When the bubble burst and home prices dropped from the stratospheric levels they were at, an increasing number of homeowners felt ‘drowned’. They owed more in mortgages than their homes were worth” (Stiglitz 2010, 36, own translation)¹⁶.

The only possibility to maintain this state of constant unbridled growth would be if property prices continued to rise, encouraging more loans and investments, however, “[when] the supply of real estate assets exceeded demand, the price of real estate began to fall, increasing the default of underprivileged borrowers, the so-called subprime” (Damas 2014, 238, own translation)¹⁷. The trigger for the crisis took place on September 15, 2008, when the US government decided not to bail out one of the largest banks in

afetados por medidas tomadas por outros países (Damas 2014, 21).

16 In the original: “Os Estados Unidos tinham uma bolha imobiliária. Quando a bolha estourou e os preços das casas caíram dos níveis estratosféricos em que estavam, um número cada vez maior de proprietários se sentiu ‘afogado’. Eles deviam mais em hipotecas do que o valor das suas casas” (Stiglitz 2010, 36).

17 In the original: “[q]uando a oferta de ativos imobiliários excedeu a demanda, o preço dos imóveis começou a cair, fazendo aumentar a inadimplência dos tomadores desprivilegiados, os chamados subprime” (Damas 2014, 238).

the country, Lehman Brothers (Stiglitz 2010). Soon, the housing bubble began a spiral of bankruptcies, unemployment, falling incomes and production. As Stiglitz (2010, 38, own translation)¹⁸ puts it:

Demand has fallen as families have seen the value of their homes (and the stock they own) collapse and their own propensity to borrow. A negative inventory cycle occurred: credit markets froze, demand fell, and companies reduced their inventories as quickly as possible.

The crisis soon spread to the rest of the world not only because “[...] nearly a quarter of US mortgages had gone abroad” (Stiglitz 2010, 61, own translation)¹⁹, but also because the retraction in US demand contracted the East Asian industrial production (Damas 2014). The 2008 crisis, as in a single blow, brought down all world production, caused by the inability of capitalism to generate demand in line with supply, thus qualifying as an underconsumption crisis (Sweezy 1983).

Thus, it is possible to identify two causes of systemic crises, whether signal or terminal: (i) increased military spending by the dominant state and (ii) increased international financial instability. In addition to these two causes common to all SCAs, there is a third cause typical of the crises of mature capitalism SCAs: (iii) the crisis of capital itself. Looking more closely at the most recent crises (1873, 1929 and 1973), one can then see the pattern that crises of profit compression are signal crises, as they inaugurate periods of financial expansion, and underconsumption crises are terminal crises, because they disrupt the overall production of goods and ending a SCA (Arrighi 2010; Sweezy 1983).

Analyzing the 2008 crisis at the points studied in this work, we arrive at common elements that classify it as a systemic crisis: (i) the increase in military spending by the dominant state is equivalent to the US military enterprise in Iraq from 2003; (ii) the increase in international financial instability has been present since the dismantling of Bretton-Woods in 1973 and affected a myriad of developing states until reaching the US itself; (iii) finally, these two joint elements triggered the capital crisis itself in 2008.

¹⁸ In the original: “A demanda caiu, à medida que as famílias viram entrar em colapso o valor das suas casas (e também o das ações que possuíam) e sua própria propensão a contrair empréstimos. Ocorreu um ciclo negativo de estoques: os mercados de crédito congelaram, a demanda caiu e as empresas reduziram seus estoques o mais rapidamente possível” (Stiglitz 2010, 38).

¹⁹ In the original: “[...] quase a quarta parte das hipotecas dos Estados Unidos havia ido para o exterior” (Stiglitz 2010, 61).

Therefore, the 2008 crisis, according to this work, is a systemic crisis and, moreover, it is the terminal crisis of the US SCA, once that it is a crisis of underconsumption, similar to the crisis of 1929.

Arrighi recognized that the events of the early 21st century were precipitating the terminal crisis of the American cycle, because “[...] just as US difficulties in Vietnam precipitated the signal crisis of US hegemony, in all likelihood US difficulties in Iraq will, in retrospect, be seen as having precipitated its terminal crisis” (Arrighi 2007, 185). In his last work, although he still did not recognize that this was the terminal crisis of the American SCA, Arrighi stated that George W. Bush’s foreign and macroeconomic policies could lead to the end of the fourth cycle of the Modern World System:

In sum: far from laying the foundations of a second American century, the occupation of Iraq has jeopardized the credibility of US military might, further undermined the centrality of the US and its currency in the global political economy and strengthened the tendency towards the emergence of China as an alternative to US leadership in East Asia and beyond. It would have been hard to imagine a more rapid and complete failure of the neo-conservative imperial project. But if the Bush administration’s bid for global supremacy is most likely to go down in history as one of the several “bubbles” to have punctuated the terminal crisis of US hegemony, the bursting of this bubble transformed but did not erase the world historical circumstances that generated the Project for a New American Century. Although no longer hegemonic in the sense in which we have used the term, the US remains the world’s preeminent military power and retains considerable leverage in the new “balance of terror” that links its economic policies to those of its foreign competitors and financiers. In order to identify the possible future uses of this residual power, we must now turn to the historical processes that underlie the relationship between capitalism and imperialism (Arrighi 2007, 209-210).

However, although the author has not discussed extensively whether 2008 can be considered the terminal crisis of the American SCA, he stated, in a posthumous article, that “[...] 2008 financial meltdown is one of the latest indicators that this is indeed the case (Silver; Arrighi 2011, 55), that is, “[p]ut differently, we are witnessing the end of the *long twentieth century* [...]” (Silver; Arrighi 2011, 55-56). So, if the 2008 crisis is the terminal crisis of the US SCA and, knowing that the transition between cycles is uninterrupted, which SCA rises to replace its predecessor? Arrighi gives us, in part, some alternatives:

[...] the renaissance [of East Asia] has been associated with a structural

differentiation of power in the region that has left the United States controlling most of the guns, Japan and the Overseas Chinese controlling most of the money, and the PRC controlling most of the labor. This structural differentiation - which has no precedent in previous hegemonic transitions - makes it extremely unlikely that any single state operating in the region, the United States included, will acquire the capabilities needed to become hegemonic regionally and globally. Only a plurality of states acting in concert with one another has any chance of developing a new world order. This plurality may well include the United States and, in any event, U.S. policies toward the region will remain important in determining whether, when, and how such a regionally based new world order would actually emerge (Arrighi; Silver 1999, 269-270).

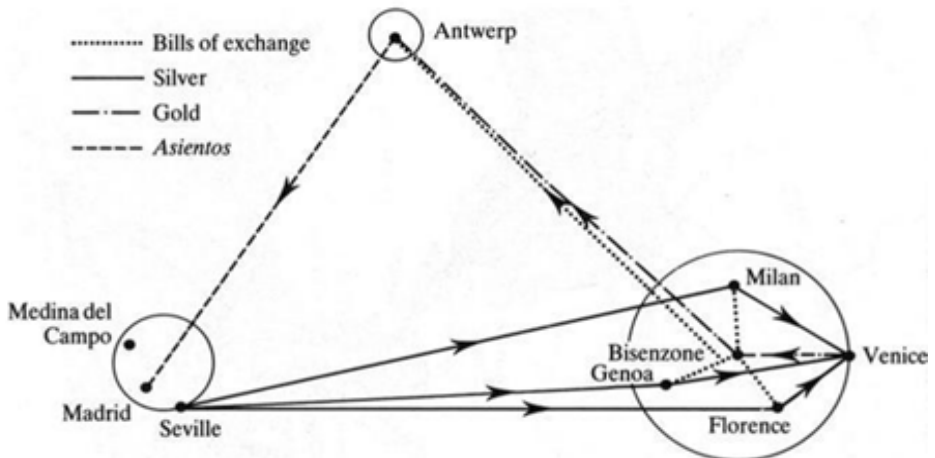
In fact, as this article has shown so far, the material expansion of East Asia has already rivaled the US as a pole of power since 1950. However, the PRC, which is the main center of this material expansion, cannot lead a SCA transition since this state is a socialist and not a capitalist player. Although the PRC is part of the World-System, it still operates with a socialist market logic, with its financial institutions underdeveloped and with many restrictions. Nevertheless, the material expansion of East Asia is a geographically sparse expansion, not centered on a single state, even though all states orbit the economic weight of the PRC. In this way, how to reconcile, in this SCA transition, an interminable financial expansion and a contained material expansion? The solution seems to lie in the statement that “[...] Only a plurality of states acting in concert with one another has any chance of developing a new world order (Arrighi; Silver 1999, 269).

The analysis of the rise and development of material expansion in East Asia seems to confirm the symbiotic and dichotomous character of the current conjuncture of the world economy, “[...] a symbiotic relationship with the United States and the current dispute seems to contain elements of renegotiation of the economic ‘pact’ between the two” (Visentini 2019, 21, own translation)²⁰, that is, the PRC and the US. In this sense, from 2008 onwards, a new SCA, a Sino-American cycle and, therefore, in an unprecedented way since 1648, a dichotomous cycle, emerges. Indeed, the historical example of the Ibero-Genoese cycle (1453-1648) provides comparisons with the new ascending Sino-American cycle. The main features to be highlighted are (i) a dichotomous and symbiotic cycle of accumulation, (ii) a non-hegemonic period of the World-System and (iii) the increase in multipolarity – but this time without increasing international military tensions.

20 In the original: “[...] uma relação simbiótica com os Estados Unidos e a disputa atual parece conter elementos de renegociação do ‘pacto’ econômico entre ambos” (Visentini 2019, 21).

Regarding the first item, it is interesting to note that the dichotomy between Genoa and Spain reached a more symbiotic level after the financial expansion of the first SCA (1557-1648), a period in which Genoese finances were affected by a series of crises, “[...] all of which had Spanish origins” (Arrighi 2010, 128), just as the 2008 crisis had its birth in the East Asian saving gluts movement (Damas 2014; Pettis 2013). In addition to this similarity in the origin of crises, the symbiotic macroeconomics of the Ibero-Genoese cycle is similar to the symbiotic macroeconomics of the Sino-American cycle.

Figure 2: The Genoese Space-of-Flows, Late Sixteenth and Early Seventeenth Centuries



Source: Boyer-Xambeau; Deplace; Gillard (1991, 328).

According to image 2, the Ibero-Genoese financial expansion (1557-1648) was based on the concession of *asientos* (trade monopolies) by Spain to Genoa, “[...] that gave the Genoese almost complete control over the supply of American silver in Seville in exchange for gold and other “good money” delivered in Antwerp [...] (Arrighi 2010, 134). Thus, the triangulation between northern Italy, Antwerp and Spain seems to be easily replicable in the Sino-American case: instead of gold and silver, dollars; instead of bills of exchange, US treasury bills; and, instead of *asientos*, foreign direct investments.

Regarding the second item of this new SCA, as analyzed in this work, hegemonies are rare events in the World-System. In fact, from 1453 to 2008, in 555 years of the history of the World-System, only 192²¹ years

²¹ 65 years of Dutch hegemony (1648-1713), 99 years of British hegemony (1815-1914) and 28

were of hegemonic periods, that is, only 34% of the History of the Modern World-System. Furthermore, as already pointed out, the Ibero-Genoese SCA was not incapable of developing a hegemony because, in addition to being dichotomous, it did not offer international public goods that would guarantee consensus with the other powers (Arrighi; Silver 1999). Similarly, the simple fact that the Sino-American cycle is a dichotomous cycle makes it impossible to achieve hegemony in the current international situation.

Furthermore, both states of this symbiosis – USA and PRC –, although they are military powers, are unwilling to offer the public good that the World-System demands most: a new ordered and hierarchical IFS. Since the breakup of Bretton-Woods in 1973, the US and other capitalist powers have reorganized international financial governance through old institutions, in a loose and non-cohesive way. Until 2008, financial governance was carried out by the IMF-G7-WTO triad, with the IMF (International Monetary Fund) responsible for monetary stability, the G7 (Germany, Canada, USA, France, Italy, Japan and the United Kingdom) responsible for harmonization of macroeconomic policies and the WTO responsible for trade regulation (Visentini 2015).

However, the PRC does not seek to rival the US to build hegemony either. As Visentini (2013, 114, own translation)²² points out:

But the “Chinese problem” is how to achieve development through the integration of 22% of the world’s population to the benefits of modernity, without the international system collapsing. For it to gradually transform itself, China seeks to avoid hegemonies, both that of the United States and its own, because in the latter case, it could have the same luck as Germany in the two world wars. This is not an easy task, as China moves amid post-Cold War diplomatic fluidity and the aging of contemporary capitalism in its historic centers.

In this way, the PRC seeks consent based on moral authority and not coercion based on hegemony. The Chinese state seems to understand that the 21st century needs anarchic elements of the International System and elements of hierarchy of a Hegemonic System (Visentini 2013).

Finally, the greatest legacy of the 2008 crisis for the new Sino-American

years of American hegemony (1945-1973) (Arrighi; Silver 1999).

22 In the original: “Mas o ‘problema chinês’ é como alcançar o desenvolvimento através da integração de 22% da população mundial aos benefícios da modernidade, sem que o sistema internacional entre em colapso. Para que ele se transforme gradualmente, a China busca evitar hegemonias, tanto a dos Estados Unidos como a sua própria, pois nesse último caso, ela poderia ter a mesma sorte que a Alemanha nas duas guerras mundiais. Não se trata de uma tarefa fácil, pois a China se move em meio à fluidez diplomática do pós-Guerra Fria e ao envelhecimento do capitalismo contemporâneo em seus centros históricos” (Visentini 2013, 114).

SCA is the increase in multipolarity without increasing international military tensions. This is due to the concentration of military capabilities and the means of coercion in the US, a state, in economic terms, in decline, while the PRC, ascendant in economic terms, only seeks to assert its sovereignty without rivaling its military capabilities of the USA. Furthermore, the US, which at the time of the Cold War had a foreign and security policy of containment of the USSR, after 1991, this foreign policy became undirected. This is evidently reflected in the absence of a PRC-targeted strategy until 2016 “[...] illustrated by the radically contrasting positions of Robert Kaplan, Henry Kissinger, and James Pinkerton” (Arrighi 2007, 284).

As of 2016, although there is some friction, “[...] the current dispute seems to contain elements of renegotiation of the economic ‘pact’ between the two” (Visentini 2019, 21, own translation)²³. The eventual rivalries that may occur in the US-PRC symbiosis would hardly escalate into a security dilemma, not only because of the economic interdependence between the two states, but also because of the increase in the organic core of the World-System, which thus causes an increase in multipolarity and an increase in the economic interdependence of new emerging actors. Therefore, the 2008 crisis changed the IMF-G7-WTO financial governance triad to IMF-G20-WTO, as the developed North realized that the harmonization of macroeconomic policies should be extended to other emerging economies. This growth in the importance of the G20 since 2008 has increased multipolarity and constrained unilateral attitudes in the World-System by including South Africa, Germany, Saudi Arabia, Argentina, Australia, Brazil, Canada, PRC, South Korea, USA, France, India, Indonesia, Italy, Japan, Mexico, United Kingdom, Russia and Turkey, plus the European Union, in the Organic Core (Silver; Arrighi 2011).

The last evidence that corroborates the increase of multipolarity in the World-System in the post-2008 conjuncture is the cleavages in the political and economic structure in the international system. For Visentini (2019), there are four levels, three of which are highlighted in the G20: the Anglo-Saxon military-rental axis, the developed industrial axis and the emerging heterodox industrial axis. The first group of contemporary international politics coalesces in the Anglo-Saxon military-rentist axis: United States, Canada, United Kingdom, Australia, New Zealand and, tangentially, Israel, axis represented by the States of the North American SCA's financial expansion. The second is the developed industrial axis of the European Union, Japan and the Asian Tigers, an axis represented, in part, by the states of post-war material expansion, which maintain their sovereignty tied to the USA.

23 In the original: “[...] a disputa atual parece conter elementos de renegociação do ‘pacto’ econômico entre ambos” (Visentini 2019, 21).

Finally, the third axis is made up of the great BRICS nations, especially China and Russia, as well as Turkey and Iran, where power structures and state participation in the economy are relevant, that is, the semi periphery states, above all, the PRC, the protagonist state of the material expansion of East Asia. This political-economic cleavage at the international level, again, demonstrates that multipolarity does not lead to military tensions, since the immediate objective of the emerging heterodox industrial axis is to avoid an armed conflict of global dimensions and maintain its economic development.

Figure 3: Evolutionary Pattern of World Capitalism

Leading Governmental Organization	Regime Type/Cycle		Costs Internalized			
	Extensive	Intensive	Protection	Production	Transaction	Reproduction
World-state		US	Yes	Yes	Yes	No
		British	Yes	Yes	No	No
Nation-state		Dutch	Yes	No	No	No
		Geno-ese	No	No	No	No
City-state						

Source: : Silver e Arrighi (2011, p. 61).

Finally, although it is not yet possible to characterize the elements of (i) the accumulation regime and (ii) the political-diplomatic system of the Sino-American SCA, it is possible to compare them with the evolutionary pattern of the World-System. According to image 3, the accumulation regime of each cycle has oscillated between extensive and intensive types and, similarly to the Ibero-Genoese cycle, the Sino-American cycle appears to be of an extensive type, based on a cosmopolitan empire of networks of geographically dispersed but subcontracted and vertically structured firms (Arrighi 2007; Silver; Arrighi 2011).

Still according to image 3, it is possible to see the costs that each cycle

was able to internalize, being the cost of reproduction, that is, accumulating capital without dispossessing the working class, something not internalized. In this sense, the PRC seems to be able to internalize this cost, by externalizing the costs of financialization to the US (Silver; Arrighi 2011). Regarding a new political-diplomatic system bequeathed by this new cycle, for now, nothing seems to indicate this fact. Like the Ibero-Genoese cycle, which did not build and promote a new political-diplomatic system, the Sino-American cycle is also not capable of building a new system, precisely because it is dichotomous (Arrighi 2010; Kennedy 1988). As image 3 indicates, even in the absence of a new political-diplomatic system, the new Sino-American SCA inaugurates a phase of large political units that, like a world state, need to carry out global governance, as has been happening in the sphere of G20 (Silver; Arrighi 2011). However, the fact is that “[...] the Chinese ascent [...] can be taken as the harbinger of that greater equality and mutual respect among peoples of European and non-European descent [...]” (Arrighi 2007, 379).

Final Remarks

In this way, it is concluded that the hypothesis that the 2008 crisis could be considered the terminal crisis of the SCA is valid and can represent the end of the long 20th century. Thus, the characteristics listed confirm the elements of the new Sino-American SCA, summarized as dichotomous, non-hegemonic and multipolar. However, this seems to be further evidence that transitions in cycles, changes in polarity and hegemonies do not, as a rule, occur through military conflicts, but through changes in the political-economic conjuncture. Although war is present in the foreign policy of the great powers, war is not a *sine qua non* cause for SCA transitions. Suffice it to say that “[t]he United States, in contrast, had no need to challenge Britain militarily in order to consolidate its growing economic power” (Arrighi 2007, 312). The new Sino-American SCA, in this way, rises after the terminal crisis in the United States and is consolidated through old institutions, such as the IMF-G20-WTO triad, even because “[n]othing seems to achieve an update of the structure of the United Nations [...]” (Visentini 2019, 23, own translation)²⁴.

Using an analytical-descriptive method, and using a bibliographic review, a review of the concepts of SCA, hegemony and systemic crises was carried out. Therefore, this brief study is justified in the sense of contributing to the debate and analysis of the World-System and to the theory of international

24 In the original: “[n]ada parece lograr uma atualização da estrutura das Nações Unidas [...]” (Visentini 2019, 23).

relations itself. As Visentini (2019, 10)²⁵ highlighted:

[...] the explanatory paradigms and international reality became fluid with the end of the Cold War. Thus, what was already complicated in a phase of recognized leadership and hegemony, in the context of a transition phase can be even more complex and uncertain.

Arrighi (2007, 310) recognized the need to conform international relations theory with events concerning economic and political practices that transform the status quo:

[...] to be of any use, a theory of the relationship between incumbent and emergent great powers must fulfill at least two requirements: it must be grounded in the historical experiences that are most germane to the problem at hand; and it must leave open the possibility of breaks with underlying trends.

Finally, this work is not intangible to criticism, revisions, suggestions, contributions or even overcoming. In fact, it is expected that new fields of research and analysis will emerge to better understand the current scenario of economics and international politics as well as the strengthening of international relations theory from the perspective of the Third World.

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25 In the original: “[...] os paradigmas explicativos e a realidade internacionais se tornaram fluidos com o encerramento da Guerra Fria. Assim, o que já era complicado numa fase de liderança reconhecida e de hegemonia, no quadro de uma fase de transição pode ser ainda mais complexo e incerto” (Visentini 2019, 10).

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ABSTRACT

This article discusses the theoretical-conceptual references in Giovanni Arrighi's work, especially systemic cycles of accumulation and their impact on international relations. It is hypothesized that the terminal crisis of the US accumulation regime was marked in the 2008 crisis. As the main objective of this work, it is intended to contribute to the debate on the succession of SCAs, terminal and signal crises and hegemonies of the World-System, through a descriptive-analytical method, reviewing the main works of Giovanni Arrighi on the subject. It is concluded, in the end, that, in fact, the 2008 crisis fits the concept of terminal crisis and that, therefore, a Sino-American SCA emerges after the financial crisis, uniting elements of symbiosis, non-hegemony and multipolarity. Finally, this study is justified as it deepens the debate on international economics, international relations theory and recent international politics.

KEYWORDS

2008 Crisis; Systemic Accumulation Cycles; Signal and Terminal Crises; World-System Hegemonies.

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