Writing almost twenty years ago—shortly after the collapse of the Soviet Union—the British historian Eric Hobsbawm pointed to a widespread sense of confusion about where the world was headed: he wrote that it was as if we were “surrounded by a global fog.” The citizens of the world at the end of the twentieth century “knew for certain that an era of history had ended. They knew very little else.”¹ In the two decades since this was written, the shape of the “new era” has continued to take form, but the “global fog” has not dissipated.

Understandings about the direction of global change have shifted wildly. In the late 1990s—with the long economic boom in the United States and no serious challengers to US global military power—it became common to hear predictions of an impending “Second American Century.” Such predictions reached a high point in the aftermath of the 1997 East Asian financial crisis. But then the tables turned, first, with the bursting of the New Economy stock-market bubble in the United States in 2000–2001, followed by the debacle in Iraq and the failure of the Bush administration’s Project for a New American Century. With the 2008 US-centered financial meltdown and the continued rapid growth of China, talk of a Second American Century faded. Instead, speculation about an impending Chinese Century took off. At the same time, speculation about the demise of US global dominance reached levels not
seen since the 1970s, when the US defeat in Vietnam, oil shocks, and economic stagflation produced a sense of deep crisis.

How can we make sense of these wildly shifting perceptions about what era of world history we have entered? In this chapter, we argue that a comparison with past periods that are broadly analogous with the present can help both in explaining the shifting perceptions and in dissipating the global fog that still surrounds us. But to what period should we compare the present? It has become relatively common to point to similarities between the beginning and the end of the twentieth century. In both periods, finance capital rose to a dominant position in the global economy relative to capital invested in production. In both periods, moreover, the financialization of economic activities proved destabilizing, culminating in major crises, notably in 1929 and 2008.

These two periods of financialization are indeed analogous. But the rise of finance to a dominant role in world capitalism was not unique to the late nineteenth and the late twentieth centuries. As the French historian Fernand Braudel has pointed out, the financialization of capital has been a recurrent feature of historical capitalism from its earliest beginnings. Writing in the 1970s (that is, before the takeoff of the latest phase of financialization), Braudel identified three periods of systemwide financial expansion: in the mid-sixteenth century (centered in the Italian city-states), in the mid-eighteenth century (centered in Holland), and in the late nineteenth century (centered in the United Kingdom). In this chapter, we take these three earlier instances of financial expansion as the appropriate historical comparisons for understanding the current (fourth) period of systemwide financial expansion.

Like today, each of these past periods of financialization was preceded by a long period of material expansion of the global economy—that is, a period in which capital flowed predominantly into trade and production rather than financial intermediation and speculation. Genoa, Holland, Britain, and the United States successively rose to global preeminence by taking the lead in a major material expansion of the global economy (as was the case, for example, during the US-led “golden age” of Fordism-Keynesianism in the 1950s and 1960s). At a certain point, these material expansions reached their limits (for reasons to be discussed later), and when this happened, the dominant power of the epoch led a systemwide shift away from investment in trade and production and toward financial speculation and intermediation.
A phase of material expansion followed by a phase of financial expansion constitutes what we have called a long century, or a systemic cycle of accumulation (SCA). We can identify four (partially overlapping) long centuries, or SCAs: (1) a Genoese-Iberian cycle, stretching from the fifteenth through the early seventeenth centuries; (2) a Dutch cycle, stretching from the late sixteenth through the late eighteenth centuries; (3) a British cycle, stretching from the mid-eighteenth through the early twentieth centuries; and (4) a US cycle, stretching from the late nineteenth century to the present. Each cycle is named after (and defined by) the particular complex of governmental and business agencies that led the world capitalist system toward the material and financial expansions that jointly constitute the long century.

In all three cases discussed by Braudel, financial expansions led to a dramatic resurgence of power and prosperity for the leading capitalist country of the time (e.g., a second golden age for the Dutch; the Victorian belle époque for Britain). Yet in each case, the resurgence of world power and prosperity was short-lived. For Braudel, the successive shifts by Genoese, Dutch, and British capitalists away from trade and industry and into finance were each a sign that the material expansion had reached “maturity”; it was “a sign of autumn.” Financialization turned out to be a prelude to a terminal crisis of world hegemony and to the rise of a new geographical center of world economic and military power.

Is this pattern repeating itself today? Are we experiencing the “autumn” of US world hegemony? In this chapter, we argue that the 2008 financial meltdown is one of the latest indicators that this is indeed the case. Like the Genoese, Dutch, and British before it, US capital shifted increasingly into finance and away from trade and production as the major world-scale material expansion founded on Fordism-Keynesianism reached its limits in the 1980s. By shifting to a focus on finance, the United States succeeded in attracting capital from all over the world, financing both a major boom in the stock market and a dramatic expansion of the US military. The Soviet Union collapsed under the strain, while the United States experienced its own belle époque in the Reagan-Clinton years. By the late 1990s, the crisis of the 1970s seemed a distant memory, and forecasts of a Second American Century became common.

Seen from the perspective of this chapter, however, those who forecast an impending Second American Century were mistaking the “autumn” of US world hegemony for a “new spring.” Put differently, we are
witnessing the end of the *long twentieth century*—a long century that has stretched from the late nineteenth-century financial expansion through the current financial expansion, a long century that is coextensive with the initial rise, full flowering, and demise of the US-centered era of capitalist world history. The chapter also addresses the question as to whether the “autumn” of US world economic and military power is likely to be seen (in retrospect) as the “spring” of a new world economic and military power, as has been the case during the three previous financial expansions.

In the remainder of this chapter, we compare the present with previous periods of financialization, and we compare the long twentieth century with previous long centuries. We do this in three main steps. In the following section, we identify similarities among the three previous periods of financialization, pointing to patterns of *recurrence* across time. In the next section, we focus on patterns of *evolution*. For long centuries should not be understood as primarily recurrent (cyclical) phenomena; rather, the financial expansions that mark the beginning and end of each long century have been periods of fundamental reorganization of the world system. We show how these successive reorganizations have produced an evolutionary pattern in which the dominant governmental-business complex increased over time in size, power, and complexity—*including social complexity*.

The pattern of recurrence and evolution summarized in the following two sections helps us narrow down the possible alternative futures open to us at this time. But as we argue in the last section of the chapter, there are good reasons to think that we cannot simply project into the future from past patterns of recurrence and evolution. The last part of the chapter identifies significant *anomalies* that can be expected to make future outcomes deviate from past patterns and concludes with a discussion of “possible futures.”

**Recurrence**

A repeated theme in the second and third volumes of Fernand Braudel’s trilogy *Civilization and Capitalism*—which takes us on a sweeping tour from the fifteenth through the eighteenth centuries—is that the periodic resurgence of finance has been a characteristic of historical capitalism
from its earliest beginnings. "Finance capital," Braudel wrote, "was no newborn child of the 1900s." Instead he points to at least two earlier waves of financial expansion—periods in which "finance capital was... in a position to take over and dominate, for a while at least, all the activities of the business world." The first wave of financialization began around 1560, when the leading groups of the Genoese business diaspora gradually withdrew from commerce to specialize in finance; the second began around 1740, when the Dutch began to withdraw from commerce to become "the bankers of Europe."4

Seen from this perspective, the financial expansions that began in the late nineteenth and the late twentieth centuries are the third and fourth waves of a recurrent world-systemic process. During and after the Great Depression of 1873–96, when it became clear that the "fantastic voyage of the industrial revolution" had created an overabundance of money capital that could not all be profitably reinvested in industrial activities, the British increasingly withdrew from industry to specialize in finance. At the time Braudel was writing his trilogy, the fourth (that is, the current) wave of financialization had not yet taken off; but we can recognize today a repeat of the same phenomenon: that is, when, in the final decades of the twentieth century, it became clear that the golden age of Fordism-Keynesianism had created an overabundance of money capital that could not all be profitably reinvested in industrial activities, US capital switched to specialize in finance rather than industrial production. By the mid-1990s, the share of total US corporate profits on a world scale accounted for by finance, insurance, and real estate (FIRE) had surpassed the share of profits accounted for by manufacturing.5

It is helpful to reformulate Braudel's insights about the periodic resurgence of finance capital in light of Marx's general formula of capital, which is often understood as depicting the logic of investment decisions by individual capitalists.6 Capitalists put their money capital into commodities for use in production (e.g., machinery, labor) with the expectation of obtaining a greater mass of money capital at some future point in time. They do not participate in production as an end in itself. If capitalists do not expect that their money capital will increase by investing in production, or if this expectation systematically goes unfulfilled, then they will tend to move out of production and revert to more flexible (liquid) forms of investment.
But Marx’s formulation can also be understood as depicting a systemic logic. There are phases in which the dominant tendency among capitalists is to invest the mass of their money capital in production and trade, thus leading to phases of overall material expansion. But the very success of any material expansion eventually leads to an overaccumulation of capital that drives down the rate of return in the activities that had previously fueled the material expansion. The attendant squeeze on profits results in a switch: the dominant tendency among capitalists becomes to hold an increasingly large portion of their capital in liquid form, creating the “supply conditions” for financial expansions for the system as a whole. Financial expansions are thus symptomatic of a situation in which investment in the expansion of trade and production no longer serves the purpose of increasing the cash flow to the capitalist stratum as effectively as pure financial deals can.

As already noted, past financial expansions temporarily restored the power and fortunes of the leading capitalist state of the epoch (most recently seen in the Reagan–Clinton belle époque). How has this happened? In very broad terms, the slowdown in the material expansion associated with the initial takeoff of the financial expansion puts a squeeze on the fiscal positions of states, which in turn begin to compete more intensely for the mobile capital piling up in financial markets, fueling the financial expansion on the “demand side” of the equation. The world hegemonic power at any given time (Dutch, British, US), thanks to its continuing centrality in networks of high finance, is best positioned to turn the intensifying competition for mobile capital to its advantage and to gain privileged access to the overabundant liquidity that accumulates in world financial markets. This was clear in the 1980s and 1990s, when the United States succeeded in attracting mobile capital from around the world, fueling a long boom in the United States and provoking severe debt crises elsewhere in the world. The first major debt crisis was centered in Latin America in the early 1980s, producing what the United Nations dubbed “the lost development decade.” Debt crises in eastern Europe and East Asia followed.

In the past, a new systemwide material expansion took off only if and when there was a hegemonic power capable of creating the needed global institutional preconditions (financial, geopolitical, and social). When this was the case—as it was in the 1950s and 1960s, when the
US-sponsored global institutions provided a certain degree of security and predictability—capitalists routinely plowed profits back into the further expansion of trade and production. However, such global institutional conditions are not created quickly or easily. In the past, declining powers lost their ability to maintain the necessary global institutional conditions before rising powers had the capacity or inclination to take over the role of leader. Thus, periods of transition from one long century to the next historically have been periods of widespread warfare and economic crises. This was clearly the case in the first half of the twentieth century—with the transition from British to US hegemony. We can see signs of a similar dilemma facing the world today.

Interestingly enough, Marx, in his discussion of primitive accumulation, took note of a historical pattern whereby expansions of the financial system recurrently played a key role in the transfer of surplus capital from declining to rising geographical centers of capitalist trade and production. Marx observed a sequence that started with Venice, which “in her decadence” lent large sums of money to Holland; then Holland lent out “enormous amounts of capital, especially to its great rival England” when the former “ceased to be the nation preponderant in commerce and industry”; and finally, England was doing the same vis-à-vis the United States in Marx’s own day. Thus, expansions of the credit system played a crucial role in restarting capital accumulation in a new geographical center again and again over the lifetime of historical capitalism—or to put it in our terminology, financial expansions have played a crucial role in launching each new systemic cycle of accumulation.

Put differently, financial expansions historically have been periods of hegemonic transition, in the course of which a new leadership emerged interstitially and over time reorganized the system, setting the stage for a new material expansion on a world scale. Financial expansions have not only been the “autumn” of the existing hegemon; they have also marked the “spring” of a new major phase of capitalist development under a new leadership—that is, the start of a new long century with a different geographical center. But because this process has been neither simple nor smooth, financial expansions have culminated in fairly long periods of widespread systemic chaos.
In the previous section, we focused on the similarities among long centuries. If we were to draw conclusions based on patterns of recurrence alone, then we would conclude that we are now in the “late autumn” of US world hegemony and the “early spring” of a new long century with a different (perhaps East Asian) geographical center. We might well be worried that we are entering (or have entered) a more or less long period of systemic chaos, with attendant widespread human suffering. However, precisely because the global system has evolved over time, we are limited in what we can conclude about the present and near future by focusing solely on patterns of recurrence. In this section, we focus on the pattern of evolution.

Figure 1.1 sums up a historical pattern of evolution that can be seen by focusing on the changing characteristics of “the containers of power” that have housed the headquarters of the leading capitalist agencies (i.e., the dominant governmental-business complex) of the four successive long centuries: the Republic of Genoa, the Dutch Republic, the United Kingdom, and the United States. One key aspect of the evolutionary pattern shown in figure 1.1 is a trend toward an increase in the size, power, and complexity of the dominant governmental-business complex from one long century to the next.

At the time of the Genoese-centered material expansion, the Republic of Genoa was a city-state. It was small in size, simple in organization, deeply divided socially, rather defenseless militarily, and by most criteria a weak state in comparison with all the great powers of the time. Genoa’s wealth made it a tempting target for conquest, but because it lacked any significant military power, the Genoese had to depend for their protection on the Iberian monarchs from whom they “bought protection.” The Dutch Republic, in contrast, was a larger and far more complex organization than the Republic of Genoa. At the time of the Dutch-centered material expansion, it was powerful enough to win independence from imperial Spain, to carve out a highly profitable empire of commercial outposts, and to keep at bay military challenges from England and France. Thus, unlike the Genoese, the Dutch did not have to “buy” protection from other states; they “produced” their own protection. The Dutch, in other words, “internalized” protection costs that the Genoese had externalized, as figure 1.1 shows.
At the time of the British-centered material expansion, the United Kingdom was a fully developed national state with a world-encompassing commercial and territorial empire that gave its ruling groups and its capitalist class an unprecedented command over the world’s human and natural resources. Like the Dutch, the British capitalist class did not need to rely on foreign powers for protection (i.e., both internalized protection costs). But as the “workshop of the world,” Britain also did not need to rely on others for the manufactured goods on which the profitability of its commercial activities rested. The British went beyond the Dutch by internalizing production costs.

Finally, the United States was a continental military-industrial complex with the power to provide effective protection for itself and its allies and to make credible threats of economic strangulation or military annihilation toward its enemies. This power, combined with the size, insularity, and natural wealth of the United States, enabled its capitalist class to internalize protection and production costs, as the British capitalist class had already done. But in pioneering the formation of vertically integrated multinational corporations, the US capitalist class was also able
to internalize “transaction costs”—that is to say, to internalize the markets on which the self-expansion of its capital depended.

If we were to draw conclusions based on patterns of evolution discussed so far in this section, then we would predict that the governmental-business organization leading any future systemic cycle of accumulation would necessarily be of greater size and complexity than the United States. It is not plausible that any single country could meet this requirement. For example, China is much larger but also much poorer than the United States—not withstanding decades of rapid economic growth. Thus, the future evolution depicted in figure 1.1 is a movement toward some type of “world state.”

The clear linear trend toward greater size and complexity is, however, partially moderated by another aspect of the historical pattern, which is summed up in figure 1.1 as a pendulum-like swing back and forth between “extensive” and “intensive” regimes of accumulation. Dutch chartered companies, such as the Dutch East India Company (VOC), were formally more complex organizations than the family-based business networks of the Genoese capitalist diaspora. But the family business enterprises on which the British textile industry flourished were formally less complex than the Dutch chartered companies; moreover, the overall success of British capital on a world scale depended on reviving in new and more complex ways the combined strategies and structures of Genoese cosmopolitan capitalism and Iberian global territorialism. Likewise, the US multinational corporations were formally more complex than the British family firms, while the success of US capital on a world scale depended on reviving in new and more complex forms the strategies and structures of Dutch corporate capitalism.

What are the implications for the present of this pendulum swing back and forth between “extensive” (cosmopolitan-imperial) regimes and “intensive” (corporate-national) regimes superimposed on a linear trend of increasing complexity? If the pattern were to hold into the future, then we would expect the strategies and structure of the governmental-business complex leading the next long century to be “extensive” in comparison with the “intensive” US regime, although of greater formal complexity than in the nineteenth-century British-centered material expansion of the world system. For now, we will only note that the multilayered subcontracting systems and other forms of flexible production associated
with post-Fordism (which were, not incidentally, largely pioneered in East Asia) can be seen as signs of a pendulum swing back in the “extensive” direction.\textsuperscript{10} Notwithstanding the pendulum swing, however, a linear trend toward increasing complexity is still clear.

Problems with projecting this linear trend into the future arise more clearly when we take note of the current split in the control of global financial and military resources, with the former concentrated in East Asia and the latter concentrated in the United States. This split is an unprecedented phenomenon, whose implications we discuss in the next section.

Anomalies

A significant anomaly in the present transition is the unprecedented bifurcation in the geographical locus of military and financial power. US multinational corporations have been investing heavily in China, repeating the historical pattern observed by Marx in which declining centers transfer surplus capital to rising centers. However, in a major departure from past patterns, the \textit{net} flow of surplus capital, \textit{from the beginning of the US-led financial expansion}, has been \textit{from the rising to the declining economic center}—most notably, in the form of massive East Asian purchases of US Treasury bonds, first by Japan, later by China. As in past hegemonic transitions, the declining hegemon (the United States) has been transformed from the world’s leading creditor nation to a debtor nation. This transformation, in the case of the United States, has taken place on a scale and at a speed without precedence (see figure 1.2).

Yet military resources of any global significance are overwhelmingly concentrated in the hands of the United States. There is no credible sign that any of the rising economic states, including China, has any intention of directly challenging US military power. Even without a direct challenge, however, the United States no longer possesses the financial resources needed to support its worldwide military apparatus (and now does so only by going deeper and deeper into international debt). Moreover, as was made clear by the failure of the Bush administration’s Project for a New American Century, the projection of military power has not been particularly effective in bending the world to the will
of the United States or in countering escalating system-level social and political crises.

The future scenario suggested by the historical patterning summarized in figure 1.1—that is, the emergence of a world state—presupposes that the world state would somehow gain access to global surplus capital, now mostly located in the Global South, especially in East Asia. The recent expansion of the G7 meetings of wealthy countries to include large countries of the Global South (for example, the G20 meetings) is a more or less explicit recognition of this prerequisite and suggests at least a partial recognition of the fact that a world-state project that is Western- and Northern-dominated (e.g., primarily based on an alliance between the United States and western Europe) is no longer a feasible political project. The West now finds itself without one of the two most important ingredients of its fortunes over the preceding five hundred years: control over surplus capital. This is a major anomaly with respect to previous hegemonic transitions—all of which were transitions within the West and Global North.
The Rise of China and Alternative Future Scenarios

If a Western-dominated world state seems unlikely, what then are the prospects for China itself becoming the center of a new material expansion of capitalism on a world scale in the twenty-first century? First, it is important to eliminate irrelevant considerations from the discussion. In the aftermath of the East Asian financial crisis of 1997–98, many observers dismissed the East Asian ascent as a mirage; and today, it is common to hear predictions of an impending financial crisis in China that, it is claimed, will reveal assessments of the Chinese ascent to have been overblown. Whether or not a major financial crisis will break out in China is an open question. But any such crisis would be of little relevance for understanding whether the center of world capital accumulation has been and continues to be shifting to China. As we pointed out in the conclusion of *Chaos and Governance in the Modern World System*, historically, the deepest financial crises were experienced in the newly emerging centers of capital accumulation on a world scale—London in 1772, New York in 1929—as their financial prowess outstripped their institutional capacity to manage the burgeoning flows of capital. It would make no sense to argue that the Wall Street crash of 1929–31 and subsequent Great Depression were signs that the epicenter of capital accumulation had not been shifting to the United States in the first half of the twentieth century. Likewise, it would make no sense to make the same argument about late twentieth- and early twenty-first-century financial crises centered in East Asia.

However, as we noted earlier, past systemwide material expansions only took off once the rising economic power was able to become hegemonic, in the Gramscian sense of the word—that is, to lead the world toward the creation of global institutional arrangements (financial, geopolitical, and social) capable of providing the necessary safety and security for a broad-based material expansion. Since the world system has evolved in fundamental ways from one long century to the next, the nature of these global institutions has also fundamentally changed from one long century to the next.

Today, as in the past, the barriers to a new material expansion are as much social as they are economic. As we argued in *Chaos and Governance*, successive hegemons have had to find ways to accommodate demands
from a wider and deeper array of social movements. Thus, the evolutionary pattern of increasing size, scope, and complexity described earlier also entails increasing social complexity. The firm establishment of US hegemony after the Second World War (and the takeoff of the systemwide material expansion) did not just depend on the country's preponderance in military and economic power. Rather, it also depended on the implementation of policies designed to accommodate, at least in part, the mass labor, socialist, and national liberation movements of the first half of the twentieth century. The US-led solutions—the mass-consumption social contract for workers in the Global North and decolonization and the promise of development for the Global South—were only temporary solutions, as they were unsustainable within the context of historical capitalism. For one thing, to fully implement these solutions would bring about a squeeze on profits, given their substantial redistributive effects.

Indeed, the initial crisis of US hegemony in the late 1960s and 1970s was in important measure a social-political event, sparked by worldwide social unrest as a variety of movements in both the First and Third World mobilized to demand what in essence was a quicker fulfillment of the implicit and explicit social promises of US hegemony. This crisis, which marked the end of the US-led material expansion, was both an economic event and a social-political event; or more precisely, both elements of the crisis were intertwined. The financial expansion of the late twentieth century temporarily resolved these intertwined crises for US capitalists and the US state, leading to the belle époque of the 1990s. Financialization—the massive withdrawal of capital out of trade and production and into financial speculation and intermediation—had a debilitating effect on social movements worldwide, most notably via the mechanism of the debt crisis in the Global South and mass layoffs at the heart of the labor movement in the Global North.

If all previous long centuries presupposed a fundamental social-political reorganization of the global system—for example, the end of the Atlantic slave trade under British hegemony, the end of formal colonialism under US hegemony—what does the type of analysis carried out in this chapter suggest about the kind of fundamental reorganizations that would be required today? First, a new world hegemony (whether led by a single state, a coalition of states, or a world state) would have to accommodate and foster a greater equality between the Global North and
Global South, given the financial power of the latter. If the linear trend toward increasing social complexity were to continue into the future, then it would mean that such North-South equalization would take place, at least in part, through the incorporation of a wider and deeper array of social movements from below. (The widespread social unrest in China in both urban and rural areas since the late 1990s—and the efforts of the Chinese government to respond—may be a precursor to another move toward increased social complexity on a world scale.)

But what would this mean more concretely? This question brings us to a third point, which is highlighted in figure 1.1 but which we have not yet discussed. All previous world hegemonies have been based on the externalization of the costs of reproduction of labor and of nature. That is, profitability in all past material expansions has depended on treating the natural world as a no-cost input to production. Moreover, profitability has depended on paying only a small minority of the world’s workers the full cost (or nearly the full cost) of the reproduction of their labor power. Instead, a large share of the costs of reproduction has been shifted onto households and communities involved in nonwaged activities (such as subsistence agriculture or unpaid household labor relied on for child care and care of the sick and elderly).

The externalization of the costs of reproduction of nature has been taken to an extreme in the long twentieth century with the highly resource-intensive and wasteful mass-consumption and production model associated with the “American way of life.” Moreover, development for all—that everyone could achieve the American way of life—was an explicit promise of US hegemony (institutionalized through, among other things, the United Nations Development Program). That this promise was “false” first became clear with the crisis in the 1970s, the oil price shocks being a particularly relevant indicator.

Mohandas Gandhi already recognized the problem in 1928: “The economic imperialism of a single tiny island nation [England] is today keeping the world in chains. If an entire nation of 300 million [India’s population at the time] took to similar economic exploitation, it would strip the world like locusts.”11 Gandhi’s insight of more than eighty years ago remains fundamental today: the rise of the West has been based on an ecologically unsustainable model, which was possible only as long as the vast majority of the world’s population was excluded from that same
path. Given the shifting geographical distribution of economic power on a world scale discussed earlier, it is not clear how access to this style of consumption can be limited to only a small percentage of the world’s total population. Yet any serious attempt to generalize the American way of life can only lead to social, political, and ecological conflicts that are more likely to form the basis for a long period of systemic chaos than the basis for a new material expansion.

The model of accumulation that drove the material expansion of the long twentieth century cannot provide the basis for a new material expansion in the twenty-first century. Any new world-scale material expansion presupposes a vastly different social, geopolitical, and ecological model—different not only from that of the long twentieth century but from those of previous long centuries as well. It presupposes an alternative path to the resource-intensive Western model of capitalist development—one that is more labor-absorbing, less resource-wasteful, and not premised on the exclusion of the vast majority of the world’s population from its benefits.12

We have reached the end of the long twentieth century. It remains an open question whether we will find it meaningful to refer to whatever eventually emerges as another “long century” of historical capitalism or whether we will decide that we have (in retrospect) also reached the end of historical capitalism. In the meantime, a long and deep period of systemic chaos—alogous but not identical to the systemic chaos of the first half of the twentieth century—remains a serious historical possibility. While the end of the long twentieth century is inevitable, there is nothing inevitable about it coming to a catastrophic ending. Avoiding the latter is our urgent collective task.
Notes to Chapter One


6. Marx’s general formula of capital is MCM’, where $M$ is money capital invested in $C$ (commodities including labor, machines, and raw materials) and $M'$ is the money capital accruing to the capitalist once the commodities produced are sold. If $M'$ is greater than $M$, then the
capitalist has made a profit. If $M'$ is consistently less than $M$, then there would be no profit and no incentive for capitalists to invest in production either as individuals or as a class. Karl Marx, *Capital*, vol. 1 (1867; repr., Moscow: Foreign Languages Publishing House, 1959).


8. We can imagine this process as a set of overlapping S-curves. The overlap depicts the fact that a new systemic cycle of accumulation emerges at the same time that the still dominant regime is reaching its limits.

9. For a detailed historical account of the evolutionary patterns summarized in this section, see Arrighi, *Long Twentieth Century*; and Arrighi and Silver, *Chaos and Governance*.

10. For more on this point, see Arrighi, *Long Twentieth Century*; and Arrighi and Silver, *Chaos and Governance*, chapter 2 and conclusion.


12. For reasons to think that China may be able to draw on both the legacy of the Communist era and the legacy of “industrious revolution” from imperial times to fashion a new hybrid model that constitutes such an alternative path, see Arrighi, *Adam Smith in Beijing*.

Notes to Chapter 2


Notes to Chapter 3

