

The Long Twentieth Century

Money, Power, and the Origins
of Our Times



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London · New York

First published by Verso 1994

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Second impression 1996

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Verso

UK: 6 Meard Street, London W1V 3HR

USA: 180 Varick Street, New York, NY 10014-4606

Verso is the imprint of New Left Books

ISBN 1-85984-915-6

ISBN 1-85984-015-9 (pbk)

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloging-in-Publication Data

Arrighi, Giovanni.

**The long twentieth century: money, power, and the origins of our
times / Giovanni Arrighi.**

p. cm.

Includes bibliographical references and index.

ISBN 1-85984-915-6. – ISBN 1-85984-015-9 (pbk.)

1. Capitalism—History. 2. Economic history. I. Title.

HB501.A75 1994 94-25092

330.9'04-dc20 CIP

Typeset by Solidus (Bristol) Limited

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*To my graduate students
at SUNY-Binghamton, 1979-94*

Preface and Acknowledgements

This book began almost fifteen years ago as a study of the world economic crisis of the 1970s. The crisis was conceptualized as the third and concluding moment of a single historical process defined by the rise, full expansion, and demise of the US system of capital accumulation on a world scale. The other two moments were the Great Depression of 1873–96 and the thirty-year crisis of 1914–45. The three moments taken together defined the long twentieth century as a particular epoch or stage of development of the capitalist world-economy.

As I originally conceived this book, the long twentieth century constituted its exclusive subject-matter. To be sure, I was aware from the start that the rise of the US system could only be understood in relation to the demise of the British system. But I felt no need or desire to take the analysis further back than the second half of the nineteenth century.

Over the years I changed my mind, and the book turned into a study of

of what have been called “the two interdependent master processes of the [modern] era: the creation of a system of national states and the formation of a worldwide capitalist system” (Tilly 1984: 147). This change was prompted by the very evolution of the world economic crisis

in the 1980s. With the advent of the Reagan era, the “financialization” of capital, which had been one of several features of the world economic



crisis of the 1970s, became the absolutely predominant feature of the crisis. As had happened eighty years earlier in the course of the demise of the British system, observers and scholars began once more hailing “finance capital” as the latest and highest stage of world capitalism.

It was in this intellectual atmosphere that I discovered in the second and third volumes of Fernand Braudel’s trilogy, *Capitalism and Civilization*, the interpretative scheme that became the basis of this book. In this interpretative scheme, finance capital is not a particular stage of world capitalism, let alone its latest and highest stage. Rather, it is a recurrent phenomenon which has marked the capitalist era from its earliest beginnings in late medieval and early modern Europe. Throughout the

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capitalist era financial expansions have signalled the transition from one regime of accumulation on a world scale to another. They are integral aspects of the recurrent destruction of “old” regimes and the simultaneous creation of “new” ones.

In the light of this discovery, I reconceptualized the long twentieth century as consisting of three phases: (1) the financial expansion of the late nineteenth and early twentieth centuries, in the course of which the structures of the "old" British regime were destroyed and those of the "new" US regime were created; (2) the material expansion of the 1950s and 1960s, during which the dominance of the "new" US regime translated in a world-wide expansion of trade and production; and (3) the current financial expansion, in the course of which the structures of the now "old" US regime are being destroyed and those of a "new" regime are presumably being created. More importantly, in the interpretative scheme which I derived from Braudel, the long twentieth century now appeared as the latest of four similarly structured long centuries, each constituting a particular stage of development of the modern capitalist world system. It became clear to me that a comparative analysis of these successive long centuries could reveal more about the dynamic and likely future outcome of the present crisis than an in-depth analysis of the long twentieth century as such.

This recasting of the investigation in a much longer time frame has resulted in a contraction of the space taken up by the overt discussion of the long twentieth century to about one third of the book. I have none the less decided to retain the original title of the book to underscore the strictly instrumental nature of my excursions into the past. That is to say, the only purpose of reconstructing the financial expansions of earlier centuries has been to deepen our understanding

of the current financial expansion as the concluding moment of a particular stage of development of the capitalist world system – the stage encompassed by the long twentieth century.

These excursions into the past brought me onto the treacherous terrain of world historical analysis. Commenting on Braudel's *magnum opus* from which I have drawn inspiration, Charles Tilly has wisely warned us against the dangers of venturing on this terrain:

If consistency be a hobgoblin of little minds, Braudel has no trouble escaping the demon. When Braudel is not bedeviling us with our demands for consistency, he parades . . . indecision. Throughout the second volume of *Civilisation matérielle*, he repeatedly begins to treat the relationship between capitalists and statemakers, then veers away. . . . Precisely because the conversation ranges so widely, a look back over the third volume's subject matter brings astonishment: The grand themes of the first volume – population, food,

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clothing, technology – have almost entirely disappeared! . . . Should we have expected anything else from a man of Braudel's temper? He approaches a problem by enumerating its elements; fondling its ironies, contradictions, and complexities; confronting the various theories scholars have proposed; and giving each theory its historical due. The sum of all theories is, alas, no theory. . . . If Braudel could not bring off the coup, who could? Perhaps someone else will succeed in writing a "total history" that accounts for the entire development of capitalism and the full growth of the European state system. At least for the time being, we are better off treating Braudel's giant essay as a source of inspiration rather than a model of analysis. Except with a Braudel lending it extra power, a vessel so large and complex seems destined to sink before it reaches the far shore. (Tilly 1984: 70–1, 73–4)

Tilly's recommendation is that we deal with more manageable units of analysis than entire world systems. The more manageable units he prefers are the components of particular world systems, such as networks of coercion that cluster in states, and networks of exchange that cluster in regional modes of production. By systematically comparing these components, we may be able "to fix accounts of specific structures and processes

within particular world systems to historically grounded generalizations concerning those world systems" (Tilly 1984: 63, 74).

In this book I have sought another way out of the difficulties involved

in accounting for the full development of world capitalism and of the modern inter-state system. Instead of jumping off Braudel's vessel of

world historical analysis, I stayed on it to do the kinds of thing that were

not in the captain's intellectual temperament to do but were within the

reach of my weaker eyes and shakier legs. I let Braudel plow for me the

high seas of world historical fact, and chose for myself the smaller task

of processing his overabundant supply of conjectures and interpretations

into an economical, consistent, and plausible explanation of the rise and

full expansion of the capitalist world system.

It so happens that Braudel's notion of financial expansions as closing

phases of major capitalist developments has enabled me to break down the entire lifetime of the capitalist world system (Braudel's *longue durée*) into more manageable units of analysis, which I have called systemic cycles of accumulation. Although I have named these cycles after particular components of the system (Genoa, Holland, Britain, and the United States), the cycles themselves refer to the system as a whole and not to its components. What is compared in this book are the structures and processes of the capitalist world system as a whole at different stages of its development. Our focus on the strategies and structures of Genoese, Dutch, British, and US governmental and business agencies is due exclusively to their successive centrality in the formation of these stages.

This is admittedly a very narrow focus. As I explain in the Introduction,