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Review of Arrighi: The Long 20th Century

James Herod

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Review: Giovanni Arrighi, *The Long Twentieth Century: Money, Power, and the Origins of Our Times*. London: Verso, 1994, 2nd edition with an added 15-page Postscript, 2010, 416 pages.

This is a truly remarkable book, the best I've read in years, perhaps ever. If you want to understand capitalism, this is the book to read. But it is mis-titled. The book actually covers the entire history of capitalism from its very beginnings in Italy in the 14th century, not just the long 20th century.

Capitalism expanded not in a smooth linear fashion but in a staggered series of steps or jumps, each of which made it more powerful. There were four such leaps, each made by a different capitalist ruling class, or the four great hegemons of capitalism, centered in Genoa, Amsterdam, London, and New York. That's what this book is about, these four great expansions in the accumulation of capital. What patterns were common to all? What was distinctive about each? How were the transitions from one to another accomplished?

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Each of the hegemonies rose to supremacy and then declined over a "long century." The first, the long fifteenth-sixteenth century, centered in Genoa, ran from about 1340 to 1630, or 290 years. The second, the long seventeenth century, centered in Amsterdam, ran from about 1560 to 1780, or 220 years. The third, the long nineteenth century, centered in London, ran from about 1740 to 1930, or 190 years. The fourth, the long twentieth century, centered in New York, runs from about 1870 to the present, or about 140 years. But since the New York hegemonic cycle is already well into its terminal crisis, this will be the shortest life-span of a capitalist hegemon so far. Each cycle of capital accumulation has gotten shorter, even though each was simultaneously more widespread and powerful.

The main feature shared by all four cycles of capital accumulation is that each cycle had two phases. The first phase, starting off the cycle, was a vigorous expansion of commodity production and trade. The rate of profit from this eventually begins to fail. The second phase therefore was a shift of emphasis onto finance and speculation. The point at which the owners of capital started withdrawing from material production and moving into finance, as the best way to continue making profit, Arrighi calls the signal crisis of the cycle, signaling as it does the beginning of the decline of a hegemon.

As should be obvious to all, for the past several decades, we have been in the financial speculation phase of the fourth great systemic cycle of capital accumulation. This really helps clarify what is happening to us, and puts current events into a much needed longer historical framework.

So this is what the book is about in broadest outline. But what makes it riveting is the rich historical detail recounted by the author. Arrighi himself is writing on quite an abstract level, but his story is infused throughout with concrete, empirical, historical data. A vast amount of outstanding scholarly research into capitalism has been accumulated over the past half century. That any one person could survey, absorb, and

synthesize this body of knowledge and mold it into a coherent history is almost beyond belief. But he has done it – an astonishing accomplishment.

Capitalism originated in the city-states of northern Italy. There had been a great expansion of production and trade in the late thirteenth and early fourteenth centuries. But this was not capitalist. (All this is according to Arrighi, of course.) There were many centers of this trade, with none being hegemonic. Within the city-states, there was no distinction between business and government – these functions were completely intertwined. In fact, one of the long term trends which Arrighi discovers is the 500-year transition from capital being embedded in the state, as in the early Italian city-states like Venice, to the state being embedded in capital, as in the contemporary United States.

What happened is that the expansion of the trade networks of these city-states reached its limits, and profits began to fall. So the surplus capital that had been accumulated was shifted over to building up the state, waging war, and financial speculation (except for Genoa). This is how the second phase of the cycle always begins, with the over accumulation of capital. (And my God! Isn't this still agonizingly true today: the huge accumulation of surplus capital which is sloshing around the world, with nowhere profitable to go in the real economy, is pouring into financial speculation, wars and weapons, and to building up police states.)

Part of the Italian surplus capital was used to finance northern European governments and their wars. Florence became a major creditor. And this also was the beginning of another feature of capitalism – the control of public finances by private creditors (just as Wall Street now controls the U.S. Treasury, and the "market" – private owners of surplus capital – is calling the tunes all across Europe). This first financialization that took place in northern Italian city-states was thus directly antecedent to the beginning of the first true systemic cycle of

capital accumulation, carried out by the capitalist ruling class in Genoa.

Genoa eventually won the city-state wars (Venice, Milan, Florence, and Genoa being the major competitors). Instead of wars and government, Genoa poured its surplus capital into developing new trade networks. It made a deal with "Spain." Spain handled the wars; Genoa managed the trade. This arrangement helped Genoa to become the first great hegemon of capitalism.

Until it was overtaken by Amsterdam. I won't try to summarize that transition, or the subsequent transitions to London, and then to New York, or how each new hegemon managed to expand the capitalist system. But I hope this brief sketch of the beginning of the story is tantalizing enough to whet your appetite so that you will read the book.

Another great thing about the book is that Arrighi tries to answer the question as to what comes next. Will a new capitalist hegemon emerge to replace the United States? Will there be a fifth systemic cycle of capital accumulation? He published a book in 1999, *Chaos and Governance in the Modern World System* (with Beverly Silver and others) which deals with these issues, as does his last book, *Adam Smith in Beijing* (Verso, 2007, 418 pages). Arrighi explores the following three possible outcomes to our present historical juncture:

(1) The establishment of the first true world empire by the United States. This would be the end of capitalism because capitalism is based on competing capitalist ruling classes through their corporations and states. A world empire would appropriate surplus wealth through sheer political and military tyranny, as in the empires of old. Although this still could conceivably happen, Arrighi doesn't think that it will.

(2) The emergence of China as a new hegemon. For a variety of reasons, however, Arrighi pretty much dismisses the idea that China could become a fifth hegemon within capitalism and launch a new phase of capital accumulation. If China becomes dominant it would most likely revert to its historical tradition

and establish a non-capitalist market system. This would also signal the end of capitalism. I'm unfamiliar with this concept and don't really understand it. I've started reading *Adam Smith in Beijing*. Perhaps I will get its meaning by the time I finish. I get the impression though that he doesn't think this is all that likely either.

(3) That leaves, as the third possibility, a long period of chaos in the world social order, which I think Arrighi believes is the most likely outcome of present trends. But what happens next? What comes out of this period of chaos?

My one disappointment in the book, although one shouldn't be disappointed about something one couldn't really expect from a scholar writing in the Marxist tradition, is that it doesn't even enter its author's mind that this coming period of chaos might be an opening, an opportunity, to establish anarchy, that is, a world full of democratic, autonomous communities, free of capitalism, states, wage-slavery, hierarchy, markets, and money, a world without borders or war, based on peace and justice, a world social order, finally, built on equality, without ruling classes.