Terminal crisis or a new systemic cycle of accumulation?

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Published online on: 24 May 2012
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World-systems scholars have presented different explicit or implicit models of the extent to which the modern world-system has evolved since it emerged about 500 years ago. Immanuel Wallerstein (1974) sees the emergence of a capitalist world-economy out of the crisis of European feudalism in the long sixteenth century (1450–1640). Wallerstein’s implicit model has the modern system becoming larger but not really changing its basic structure since the beginning. There are cycles and long-term trends and a game of musical chairs with the rise and fall of hegemons. The European system incorporates the rest of the world and the population grows but the basic processes of the system do not change. The expansion of capitalist accumulation and the resistance of workers and farmers to it produce long-term upward trends in the costs of labor, raw materials, and taxes and these are now reaching levels that capitalism cannot accommodate (Wallerstein 2003). The logic of profitable investment cannot continue once the profit rate has declined to near zero. The expansion of the system has now come to the point where it is in a terminal crisis, a period of chaos, in which it will become transformed into a very different kind of system in the next decades—either a kind of tributary world state controlled by a small elite or a form of democratic and socialist global governance in which the Global South will play an important role. Wallerstein stresses the continuities of historical capitalism as a system and locates his understanding of transformation at the beginning and at the end.

Giovanni Arrighi’s model starts at almost the same point, but contains important differences (Arrighi 1994, 2006a; Arrighi and Silver 1999). For Arrighi (following Fernand Braudel), the key relationship in capitalism is that between state power and finance capital. This relationship evolves during the history of the modern world-system in a series of overlapping “systemic cycles of accumulation.” The first systemic cycle is an alliance between the Portuguese state and the Genoese state in the fifteenth century. The second, which is similar to Wallerstein’s portrayal of world history, is the hegemony of the Dutch Republic in the seventeenth century. Arrighi’s systemic cycles evolve in the sense that more and more functions of the system are taken under the control of the hegemonic state and finance capital in each successive cycle. Arrighi is careful to specify how the systemic cycles are different from one another and what the implications of the differences are likely to be. So for Arrighi, transformations occur during the process of the evolution of the modern system. These theoretical differences have important implications for the analysis of the current conjuncture.

Arrighi (2006b) sees the rise of China as the harbinger of the arrival of a new systemic cycle of accumulation that he characterizes as “market society.” Arrighi and several scholars with whom he
worked saw the East Asian world-system as operating according to a somewhat different logic than the system that emerged from Europe. The Peoples Republic of China, because of the Chinese Revolution and the institutional heritage of the East Asian system, may be able lead the world toward a new order that is less warlike than the European version of capitalism has been and is less under the control of finance capitalism than has been the case with the hegemons of the Europe-centered system. Wallerstein’s model is more millenarian and may be more useful for mobilizing transnational social movements to strongly challenge (once again) the powers that be in the contemporary world-system. But Arrighi’s evolutionary model may be more useful in the long run, or may at least provide a good start, for figuring out what parts of capitalism are really bad and what parts, such as markets, are not so bad.

References