THE CAUSES OF WORLD WAR 3: CLASS, GEOPOLITICS AND HEGEMONY IN THE 21st CENTURY - A RE-READING OF ARRIGHI, THROUGH McDERMOTT, SCHUMPETER AND VEBLEN

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Introduction

In recent months, world politics has taken a turn from an emphasis on issues of globalization to those of geopolitics. The years between the 2008 financial crash and the Spring of 2014 had been dominated by the themes of austerity, investor confidence, ratings agencies, Global Governance and a gradual and incomplete reeling in of US military commitments in conflict zones. But since the US-EU sponsored coup provoked the Ukraine crisis, and with the conflicts over the South China Seas Islands and renewed US military commitments in West Asia in the mix, economics appears to have given way to politics. Thus we find a new emphasis on geopolitical competition, NATO aggressiveness, great power conflict and competing hegemonic contenders.

The events since at least the beginning of the Ukraine crisis suggest that the analysis of Arrighi and Silver in Chaos and Governance in the Modern World System, and of Arrighi in Adam Smith in Beijing is being borne out: the decline of US hegemony and the rise of an alternative bloc with China at its center may after all be met with the assertion of US military power intended to thwart – and all but end – the cycle of hegemonic powers that Arrighi

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identified first in *The Long 20th Century*. But the very possibility of such action being in a position to end a secular, structural cycle at the very heart of the modern world system suggests that contingency plays a role, if not an equally significant or efficacious one at all times and places. This means that identifying who the key actors are, what the faults lines are of their alliances and hegemonic blocs, and what their strategies and options are becomes important not only for analysis, but most urgently to enable us to construct alternative alliances, structures and strategies that might give us a chance to pull the world back from the abyss. We should pay close attention to a theme that is central to, but not explored in depth in Arrighi’s work. This theme is the relationship between alliances of class interests – including of particular factions of class interest – and agencies of state power. By the latter I do not intend necessarily a completely united state or national interest behind such a state or alliance (as in the realist school’s formulations). Seeing state agencies as heterogeneous and constituted by and in relation to divergent interests in society, can help us understand more precisely why some strategies win out over others at various moments. Thus, the previous period of open markets and globalization, with its emphasis on trade and more or less peaceful development of a world market as a common good in fact is more closely related to the current return of legitimate fears of world war than is at first apparent. I will show further on how this argument is related to the analysis of class developed earlier in the paper. Our approach is toward alternative strategies that might make it more likely that movements, class alliances and states may be able to undo the causes of a third world war before they reach a horrifying fruition.

The shift to geopolitical discourse in mid-2014 was that much more notable in that it followed almost immediately public declarations by US President Obama that the current hegemonic power was leaving behind a decade of war (in Afghanistan, Iraq and elsewhere) and the announcement of significant cuts in military spending. All these changes were presumed to be part of a new emphasis on diplomacy encapsulated in Obama’s declaration that the US’ new standard for foreign policy would be “don’t do stupid stuff.”


3 See the explication of Marx’s argument in “The 18th Brumaire of Louis Bonaparte” by Massimiliano Tomba, in Max Tomba, “Marx as the Historical Materialist. Re-reading The Eighteenth Brumaire.” Historical Materialism, Vol. 21, Nr. 2 (2013), pp. 21-46.

4 Though US policy makers had previously emphasized the so-called “Pivot to Asia”: see “Remarks by President Obama to the Australian Parliament” November 17, 2011 www.whitehouse.gov; The phrase “Pivot to Asia” comes from an by then Secretary of State Hillary Clinton: Hillary Clinton, “Engaged America is Vital to Asia’s Future” *Foreign Affairs* November 2011.
While the mainstream Western media explanation for this shift is Russia’s President Putin’s supposedly more aggressive posture toward the world, and the Ukraine crisis in particular, we can at the very least say that this narrative is highly contested by alternative interpretations of the evidence. We can go even further and note that from the expansion of NATO in the 1990s and early 2000s to the overthrow of the elected government in Kiev, that it has been the US and its NATO allies that have shown the greater willingness to provoke, rather than Russia. At the same time, the South China Sea has become the scene of growing tensions as China asserts sovereignty claims over some islands there, some of which are likely oil sources and others of which could be important bottlenecks for sea lanes. Japan’s Prime Minister Abe has been extraordinarily vocal in a number of international venues using rhetoric about China and the need to confront it that is hardly diplomatic. Other countries in the region including Vietnam and the Philippines have also expressed concern and made clear their intention to build up their naval forces in the region to block Chinese ambitions. Japan has begun a significant military build-up while also changing decades-long policy and selling its weapons to other countries (notably India) and changing its law to allow its forces to be used outside its national borders and maritime territory. India, for its part, has become the largest international purchaser of arms, buying from Russia, Japan, the US and Europe. India’s new Prime Minister Modi, in the course of a mere three week period in the late Summer and early Fall 2014, held summit meetings with the leaders of Japan, China and the US. China and Russia meanwhile moved to build closer economic ties, providing for the beginnings of a monetary system that would be independent of the dollar zone. This agreement allows for free exchange of currencies within the Shanghai


8 “India has learned to flirt with the world—and suitors everywhere are dazzled” Obsession Sept.9, 2014.

Cooperation Organization. Meanwhile to two powers have agreed on a large, long-planned-for gas pipeline from Russia to supply Chinese needs, a move that left EU countries concerned about the sources of Winter fuel.10

Whatever this was all about, it wasn’t about providing investor confidence for the markets, reassuring investors or creditors or abiding by the requirements of ratings agencies, themes that seemed to have all but replaced politics in recent years.11 For decades, leaders in the West had implied, and on occasion explicitly argued, that globalization and free trade would make the world safer, and more secure and lead to making major wars unthinkable. Regional spheres of political influence and hegemony were outdated, perhaps even national interest itself. These theses were dubious in the best of times, but were just as dominant in political discourse for all that. Now it was the supposedly up-to-date globalized vision of the world that seemed as outdated as Cold War ideology had seemed a mere 12 months before. What had happened?

Giovanni Arrighi, in *The Long Twentieth Century* first demonstrated a centuries-long cycle throughout capitalist history in which successive hegemonic powers had arisen, created new bases for the organization of capitalist production, markets, international relations and the distribution of wealth and power. That book ended with the hypothesis that the hegemony of the United States of America was drawing to an end, a decline signaled as in the past by the growing importance of finance in place of production and commerce in the US economy (Fernand Braudel’s famous “sign of Autumn”). Arrighi further hypothesized that some Asian power, at the time most likely Japan but perhaps with an alliance with China would continue the trend of capitalist history of expanding the scale and representativeness of hegemonic powers in the world system. There was a catch, aside from the nagging question as to how likely a Japan-China consortium really was any time soon – though Arrighi to his credit did not make forecasts, rather seeing the gap in power relations between the US and Japan as a potential obstacle for the cycle’s renewal. The military power of the US as hegemonic state was not like the quite relative – at best – military superiority of previous powers like the Dutch (who in fact were formidable mainly through their ability to finance other armies along with some major innovations in military training) or the British (whose military advantages were of mobility - the Navy - and their

10 Gazprom says unable to meet rising gas demand from Europe for now” Reuters  September 17, 2014

11 See my analysis of the class content of this seeming replacement of economics for politics as a hieroglyphics of rule in Steven Colatrella, “Meet the Global Ruling Class: Telling the Players with a Scorecard” Counterpunch November 24, 2011.
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access to the Indian military on behalf of the British Empire and financed by Indian taxpayers).

Rather, US military advantage was absolute. In the concluding essay in the collection *Chaos and Order in the Modern World System*, Arrighi and Beverly Silver underlined the meaning of this paradox: that the greatest threat to the normal cyclical functioning of world capitalism was precisely what seemed to have long been its ace in the hole, its chief protection from all serious threats, namely the power of the US military. That military, should the ruling elites in the US decide to not follow precedent and to instead resist going gently into that good night by financing the next hegemonic power, presumably China, might be in a position to not only block such a transfer of world power as armed force trumped economic power and capitalist necessity. It would also in doing so launch the world over the precipice and into the abyss of global, and even nuclear holocaust. This parallel development, of US decline, crisis and military aggressiveness, and of Chinese economic growth and hegemonic candidacy, was the theme of Arrighi’s final work, *Adam Smith in Beijing*. That book posited that Adam Smith’s contention that a real world market system, one based on fair play, might mean a gradual lessening of the structural inequalities of capitalism, level off global and domestic economic conditions, and provide for a multi-centered political world in which any number of major countries would interact in the market place as nominal equals. For Arrighi, the possibility in concrete terms in the 21st Century was that unlike the hegemonic universalism of the US, Chinese hegemony might mean a world market without the full dominance of any one power. It might instead mean greater flexibility for national sovereignty for each individual nation-state. This could in turn provide the basis for a program that could appeal to countless national states that would have a stake in a new order that went beyond US hegemony with its bullying and its ideological insistence on homogeneity of social organizations and policies.

From this brief and admittedly over-simplified summary of Arrighi’s analysis, we can certainly state that one quite cogent and relevant explanation for what has happened over the past few months as I write this essay in the late Fall of 2014 is that two interconnected developments have taken place: first that China has developed a network of states in cooperation with its sponsored projects: with Russia in particular but also through the loose affiliation of the BRICS countries (Brazil, Russia, India, China and South Africa); the Shanghai Cooperation Organization (Russia, China and bordering Central Asian countries); through influence in ASEAN and APEC12 and any

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number of bilateral relationships (China is the primary trade partner of India, of Brazil, the EU, Russia and Japan among many others); and through its growing influence in Africa. The latter is based on a far more respectful and equitable relation of trade and investment, rather than IMF structural adjustment and austerity, debt and occasional aid, as has been the case with the US and the West. China therefore has moved to assert its candidacy for hegemony sometime in the future or else to lead a move toward a post-hegemonic multi-centered world order. It has also begun to establish a key parameter for that world order, namely to restore national state sovereignty over domestic policies and over trade and economic policies as the main principles of the world economy. In other words, replacing the neoliberal globalization and global governance, which has often used human rights as an excuse for “humanitarian intervention”, and other major aspects of the US-led world regime of the past few decades. At the same time, the US has showed greater and more aggressive willingness to use its military power to prevent the rise of any possible contending power or alliance of powers to contend with it for hegemony and to block any closer connections in particular on the Eurasian continent between China, Russia and the EU (or Germany at least) that would create an alternative world economic sphere to that run by the US.

So it is not hard, nor by any means incorrect, to conclude that the worst case scenario identified by Arrighi and Silver, military means of preventing a post-US world, has taken a step or two toward becoming a reality in the second half of 2014. One hypothesis of Arrighi’s work is that China could prove to be the center of an alternative and potentially larger alternative hegemonic bloc founded on a different basis for renewing the capitalist world as has happened in the past. This hypothesis also seems confirmed by the various connections, networks and agreements that China has been involved in with various other national states recently. So, we do not have to abandon or even to strongly amend or criticize the Arrighi-Silver theses.

Friendship is Here to Stay” Foreign Affairs October 29, 2014; “Russia ratifies Economic Union and readies trade in currencies other than dollar” The Examiner October 3, 2014.


14 Indeed, President Obama’s apparent response to the Chinese presence in Africa, other than continuing with his predecessor’s creation of Africom – the US military command for Africa, is a five year $7 billion plan for providing electricity to the continent that has fallen far short of its goals to this point: “Obama plan to ‘Power Africa’ gets off to a dim start” Reuters November 28, 2014.
What we do have to do is worry. A lot. Because as Arrighi and Silver themselves made clear, should these two developments, military might turning hegemony into mere dominance blocking the renewal of the capitalist hegemonic cycle and the growing interconnection of a part of the world into an alternative hegemonic order grow together, world war on an even more catastrophic scale than that of the two world wars of the 20th Century beckons.

I believe, however, that by analyzing more precisely a number of intermediate questions addressed to these theses and to the world situation itself, and by identifying more precisely both actors and processes, we can get a better handle on a number of key issues: first, why is this danger of war happening now? Why not five years ago or five years from now? Why is it taking the particular form it has? Who is benefitting from the US turn toward militarism (or intensification of a militarism that has always been there to be more precise), who is allied with whom or likely to be? What are the conditions under which war is most or least likely? What possible scenario could lead to outcomes that would mean any of the following: US hegemony renewed but on a different, and less dangerous or violent basis? And end to neoliberalism and the injustices and inequalities that are at its core? Chinese or Russian-Chinese significant influence or even hegemonic leadership in moving to a world with more than one center but less risk of war despite that? Or even an end to or the first steps toward a supersession of capitalism itself and the construction of a basis for a different world order?

Full answers to these questions are obviously beyond the scope of this paper. But I do hope herein to provide a framework for analysis and intervention that will make it easier for us, in the spirit of Marx’s Eighteenth Brumaire of Louis Bonaparte, to fall neither into the trap of exaggerating the role of individuals or small groups as agents nor of overstating the static or automatic nature of large-scale processes. In particular, by re-reading Arrighi along with other thinkers on both processes and social actors, and in particular by restating the relationship between classes, class factions, states and state agencies and interests and political alliances both in domestic and international politics, I hope to shed light on why this crisis has occurred when it has and under the circumstances and with the form that it has. I also hope to show where the strong lines of defense and the weak points might be in structures and institutional arrangements, as well as in alliances that are currently herding us to world crisis and world war. More specifically, by emphasizing a more complex model of class-state relationships, and examining these in the wider context of international politics and world order, and thereby, hopefully in the spirit of Marx showing the role of contingency even in admittedly structural and long-term processes, I hope to suggest where we might look to for an-
swers to how to unblock the systematic stalemate of rising hegemony versus military dominance and provide for more options. At the same time, I hope to help us avoid betting on false solutions or those that are at best ways of merely postponing the reckoning (helpful as buying us some time might be) and to show why rooting as it were, for “either side” in the growing conflict over world hegemony and why a return to a free trade, neoliberal globalization world order (say, the world of the 1990s) as a peaceful alternative to the risk of great power competition and war is not an option; instead we must see that that world order is itself one the major causes of world war 3.

States and Classes

Arrighi does not put the questions of class formation and class conflict front and center in his *The Long Twentieth Century*, nor in *Adam Smith in Beijing*, though issues of class conflict play a more explicitly important role in the latter. But here I am less concerned with the quite practical explanation of Arrighi that one cannot do everything at once in investigating a world system than in the practical question of how classes and states are related. In particular, who is in charge – the dominant class or the state authorities? What are relations between these two assuming that it is possible to distinguish one from another? Are they necessarily complementary? Are they conflictual but nevertheless functional to the needs of one another or at least are their conflicts subordinated to a larger common interest in either suppression and exploitation of non-ruling classes or in a hegemonic project in the larger world system?

Arrighi does go into these issues on a case-by-case basis in *The Long Twentieth Century*, so that in discussing for example the Dutch hegemony, he makes clear that the success of the Netherlands was that its dominant class of capitalists had to compromise with both other interests that had access to state power and with a social movement from below in the form of Calvinism. These struggles within Dutch society gave the Dutch rulers – both state authorities and capitalists, the experience they needed to understand more fully and more deeply and to develop solutions to the social problems facing the world system in the 17th Century. He also makes the extremely interesting and suggestive comment that the proto-hegemony of Venice was the closest we have ever seen to a purely capitalist strategy and logic in a hegemonic state power15 (as well as a likewise interesting and suggestive discussion of how Singapore seemed in the 1990s to have reproduced Venice’s model of

15 Arrighi, *The Long Twentieth Century*, p.34.
capitalist state strategy). Arrighi distinguishes between two strategies that are based on different logics: a territorial one and a capitalist one. The ambiguity is that he never quite spells out specifically whose strategies these are: the states’ or the capitalist classes’. In naming the various phases of capitalism for Venice, Genoa, the Dutch, Britain and the United States as succeeding hegemonies who expanded the scale and reshaped the institutional content of the capitalist world system, Arrighi appears to be saying that it is the states and their rulers who ally on a more (capitalist strategy) or less (territorial strategy) close basis with a capitalist class so as to have maximum access to mobile capital that use and decide on or have imposed on them one or the other strategy. He does, however, argue that there is a legitimate case to be made, and being made by various theorists whom he discusses, that the result of the later phase (post-Reagan) of US hegemony is the growth of greater autonomy of global business corporations to the point where they, not states, now make the law that the latter must abide by or pay the consequences rather than the reverse.

But rather than remain there, Arrighi makes clear that the autonomous power of non-territorial business interests, especially finance, and class interests and class organization operating beyond the space of places and instead in the space of flows, may have grown over the centuries in scale and power, but it is not unique to globalization, to the 20th and 21 Centuries, or to the phase of US hegemony. Rather it has been a continuous and consistent, though changing in form and content and scale all along, of the whole 500 year history of the modern world system. Indeed, citing Weber, Arrighi shows that the combination of political units of roughly comparable dimensions and power and mobile capital operating outside or beyond the territorial authority of these states creates a world market for mobile capital in order for states to increase their power in relation to one another. Thus what is considered an innovation of the era of globalization is in fact a constant and indeed a pillar of the modern world system and arguably the most unique factor distinguishing it from any of its historical predecessors. But two additional realities attenuate the effect of mobile capital: first, the need of mobile capitalists for protection

16 Ibid., p.34.
17 Actually in Adam Smith in Beijing, he does state explicitly “both logics refer primarily to state policies” in a footnote distinguishing between his analysis and that of David Harvey: Arrighi, Adam Smith in Beijing, p.212, n.2.
18 Though even here, Arrighi seems to warn against taking this view too far as in his critique of Toni Negri and Michael Hardt’s approach to Empire, in which “no national state, not even the US, can form the center of an imperial project.” Arrighi, Adam Smith in Beijing, p.175.
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by a state powerful enough to protect them (“political exchange”)\(^{20}\) and the related but different reality that is at the center of Arrighi’s research project, namely the central role of successive hegemonic state powers in organizing the capitalist world system, transforming its content and increasing by qualitative factors its scale in each phase. Arrighi never quite states it explicitly, but he strongly implies that the end game of the capitalist system is its inevitable end in a world empire based on a hegemonic bloc or state so large in scale and so powerful as to be able to incorporate mobile capital within its territorial authority system as a feature of itself. Thus, while mobile capital and the strategic choices of capitalist classes operating the space of flows outside state territorial authority are crucial to understanding the power relations in the modern world system, indeed are the central factor in understanding why which state is really the one with the greatest power or most influence in shaping the world system, determining outcomes, distributing wealth and power and determining historical outcomes - a point which alone would already have made The Long Twentieth Century arguably the most important book on international relations ever written –the strategies referred to by Arrighi are those of capitalist states and their rulers. He and Beverly Silver are interested in particular in those states and rulers presenting themselves on the world stage as prospective hegemonic powers in a position to provide leadership to an ever larger coalition of states, a large and decisive sector of the capitalist class worldwide, and an ever wider proportion of the world’s working population\(^{21}\). Thus wider political questions, and not only opportunities for profits, however decisive at times these are in determining who wins out politically domestically and internationally, are, for Arrighi and Silver (in particular relying here on the analysis of Chaos and Order in the World System) the focus of strategies for hegemonic leadership in the world system. I am, in other words, fairly confident that in discussing strategies, Arrighi intends state strategies for gaining influence, power and eventually hegemony in the world system, not principally strategies by capitalist classes as such.

If this is the case, and here I don’t claim that despite my confidence about Arrighi’s intentions that the case is open and shut, then the strategic choices available to and made by various capitalist classes that have monopoly or privileged control of mobile capital in the world system or within the borders of territorial power containers (states) or both are not really explored except implicitly. The Genoese bankers, diffused throughout Europe in their


\(^{21}\) This latter theme, of the relationship to the working population of the world, is more prominent in Arrighi and Silver, Chaos and Governance in the Modern World System.
Piacenza fairs ally with both Portugal and Spain though eventually settle on Spain as their “protection” as a favored state power kept on a leash by the mechanism of the state debt. The role of the gold standard in keeping Britain’s credit good and ensuring it privileged access to mobile capital is described by Arrighi as crucial to British hegemony and its rise as THE financial center of the world system until the early 20th Century. But the decision, whether explicit or implicit of financial capital to settle within Britain and to see its own interests as a class as all but synonymous with the state interests of the British Empire (in a way that was never imaginable for example in the Genoese-Spain relationship) is not explored as such. This is understandable as again, one cannot put everything in a book. Nor do I see it as a weakness in Arrighi’s theory. But I do see it as a research agenda to explore, one beyond the scope of this paper of course. But the larger question, namely of the bases on which classes, some of them fully resident (if not necessarily solely active) within the borders of territorial states and some of them largely outside of those borders both in terms of the residence of their members (families and individual property owners) and of their activity qua capitalists (investments, trade, provision of credit, employment of workers, etc.) is of importance to us today in understanding what just happened.

How, in short, did the attempt to unite the ruling classes of the world into a global ruling class based on finance, global corporate investment, a common outlook (neoliberal globalization), global governance institutions (IMF, WTO, G20 etc.), informal gatherings (Davos, Bilderberg) and the effective subordination of virtually every state in the world to these interests and philosophical principles under the guidance of members of this class (uniting essentially political and economic elites around a common class outlook) fail? How and why has it given way to a more traditional and explicit competition and approaching conflict between alternative hegemonic blocs, one led by the current hegemonic power the United States, and most though not all of its NATO allies and some Asian ones, and one led by China with Russia as an ally based on a projected new infrastructure linking Eurasia, the Middle East and Africa with some allies elsewhere? It is clear that in asking this question we first need to affirm that the question itself confirms the relevance of the analysis of The Long Twentieth Century, Arrighi and Silver’s Chaos and Order in the World System, and Arrighi’s Adam Smith in Beijing. But it is equally clear in asking this question that we must distinguish between different class interests and their differing relationships to states.

In particular, different kinds of capitalists, their differing environments – political-cultural, geographic, and socio-economic – and different state agencies within the same state – need to be understood to embody dif-
ferring strategies both with regard to class conflict and state policy domestically and, more importantly for our purposes here, with respect to the alternative approaches to the world system as a whole. But who do we mean by capitalists in the first place? Here Arrighi’s argument in *The Long Twentieth Century* is most interesting, and based in part on the research of others into the process of (capitalist) class formation. Capitalist classes do not remain the same over time. There is a “circulation of elites” in which the families that make up the dominant sectors of capitalists in one phase historically give way to other families connected to innovative strategies and new forms of business activity and new sources of profit-making generation to generation.\textsuperscript{22} The previously dominant sectors, those who had in the generation or so before the present had privileged or monopoly access to the most profitable areas of activity later give way to newcomers but have on hand an enormous accumulation of available capital. Thus, as Braudel states and as Arrighi repeatedly and usefully paraphrases, finance is “a sign of autumn”, a phase, that is, that like the owl of Minerva takes wing at dusk. The capital accumulated by previous elites is made available to the newly most profitable sectors and so leadership of the capitalist class is always a hybrid: with a residual prestige and influence of the predecessor elites who were themselves once, or whose immediate ancestors were once themselves the innovators of new sectors of business activity and profit-making, and a newly rising sector of capitalists engaged in and experienced in the new forms of business and the newer class relations arising from and influencing these in turn, and therefore, in condition to be attuned to the issues facing society as a whole in the present though of course willing to deal with these only on terms favorable to their class interests.

This cyclical renewal also implies and in fact historically and empirically seems to involve, the rise of new state strategies and new state powers. The new capitalist activities and classes need state sponsors and protectors and a privileged relationship with a state or coalition of states and in turn any state and rulers seeking to present themselves as potential leaders of the world system need a privileged relationship with the most profitable business activities and the most powerful classes of mobile capitalists. This analysis is partly based on an empirical finding by the historian Henri Pirenne\textsuperscript{23} but is also similar to the analysis in an interesting essay by Joseph Schumpeter\textsuperscript{24} and to the work on the transformation of the modern capitalist class in the age

\textsuperscript{22} Arrighi, *Long Twentieth Century*, pp.86-87.


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of corporations by John McDermott. 25

Pirenne makes clear that the newly arising capitalist classes are not the same as those that had predominated in the previous phase, but rather develop from their involvement in new business activities and new connections in the world economy. 26 Schumpeter is concerned with the movement up and down the pyramidal hierarchy of the capitalist (and other) class(es) and sees movement in and out of a class as a mere extension of this, albeit one that encounters greater obstacles (cultural, status, political-juridical etc.) in the process. 27 But, and this point will prove more important as we arrive at our own conclusion about actual and potential class alliances today, Schumpeter stresses that the decline of an entire class must be linked to the decline of some legitimate and recognized social function with which it is closely associated or over which is has a monopoly. 28 For since the Financial Crisis of 2008, the creditor class has openly failed in carrying out its privileged function of providing credit to the rest of the economy. But other classes have arguably increased in their socially necessary utility.

McDermott, like Arrighi, Pirenne, Schumpeter and Braudel, argues that while the family and not the individual is the appropriate unit of analysis for studying classes’ individual members. But McDermott argues that a change takes place according to McDermott around the end of the 1890s. This period corresponds to the end of the Great Depression of 1873-96 which in Arrighi’s schema is the signal crisis of British hegemony, and financial turn, which simultaneously begins to see the rise of the succeeding hegemonic power the United States. Arrighi notes in *The Long Twentieth Century* that US and German business increasingly come under the rubric of large corporate organizations that use economies of scale and in particular vertical integration to achieve these economies, thereby internalizing production costs as well as, and this was the novelty of the corporation, transaction costs (markets). 29 McDermott sees this development in class terms, and indeed one

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26 Pirenne, “The Stages”, pp.494-495; pp.506-508. According to Pirenne, the older capitalist families move into landed property and become aristocracies. Arrighi and Braudel emphasize their role as financiers later but the connection may be clearer in our contemporary category of the FIRE sector of the economy: Finance, Insurance, and Real Estate.


29 Arrighi, *Long Twentieth Century*, p.282: “In particular, the vertical integration of processes of production and exchange – which became the single most important feature of the US regime of accumulation – played no role in the formation and expansion of the nineteenth century British regime.”
of his advantages as a theorist and historian of economic agency is to see processes, forces, institutions as being embodied in groups of organized humans, that is as classes. Thus, while Arrighi focuses understandably on the German challenge to Britain, demonstrating that German efficiency of production achieved by corporate organization did not really make up the larger difference in economic power between Britain and Germany, and later on the internalization of transaction costs as such in the US case where corporations could take advantage of the continent-sized economy, territory and population and so internalize markets in more than one sense, McDermott is interested in two other phenomena: first, how forces of production in the form of those with technical know-how are incorporated (pun intended I am afraid) into the business structure of the capitalist class and the social and political class meaning of this integration of one class into the processes of another, and second, the transformation of the capitalist class, and with it property itself, through the rise of the corporation.

For the corporation as well must be understood in class terms, so as to avoid reification of an organizational form. And the corporation is a form of organization of the capitalist class that overcomes private property strictly speaking in the form of family property. Thus, capital, the organization of business activity and the businesses themselves, as well as the products and processes (carried out by the managers, professional-technical experts and working class) are the common property of the capitalist class as a whole, organized in the “business community” consisting of the immediate owners of stock, but more importantly of the board of directors, the investor community, the business press and other related parties organized in institutions related to the specific company, the industry or industries it is involved in (thus in many cases the regulatory agents intended to provide a countervailing power over private business). In short, the corporation is the organization of the capitalist class as a class, and it allows that class with a flexibility similar to that provided to mobile money capital as explained by Braudel, Weber and Arrighi: individual members of a capitalist family are no longer obligated to be engaged directly in running a specific business activity or organization, nor to be connected to or knowledgeable about a specific industry or technical production process or commercial network, and indeed may make career choices in the arts, politics, foundation work, and so forth as the family’s value is

30 McDermott, Corporate Society, p.54: “The middle element is the bearer of technology in our society...”
31 Ibid., p.21 and passim.
32 Ibid., pp.4-6.
33 Ibid. p.115.
maintained not by their direct activity any longer but as members of a collective organization, the capitalist class. (Interestingly, Marx analogously saw “private” property in Greek or Roman city-states as being the mere individual case of property rights derived from citizenship in the city and as members of the ruling class or property holding classes of those cities, so what appeared to be an individual characteristic in fact was a sign of a membership in a collective without which the property held was neither meaningful nor possible).34

According to McDermott, who is careful not to push his argument beyond what the documented history will demonstrate, but who nevertheless provides us with a highly suggestive reading based on class struggle, the turning point was the 1894 Pullman Strike in the United States. The strike, a solidarity action by the Railway Workers Union organized by Eugene V. Debs, shut down the entire rail network of the United States, defeating the most powerful capitalist organizations in the land. But more to the point, the industrial union, by organizing workers as a class, outmaneuvered the capitalist class which was divided by their internal competition both commercial and family-based. Organized by family networks, and so divided in their interests, capitalists found it hard to set up a united front against this new, well-organized and united opponent in a mass showdown of strength. With the union workers in control of working conditions and movement of goods by rail – this in 1894 before the internal combustion engine, or air travel had provided business with alternative means of getting goods to market – the working class could control and use a veto power over the transport and movement of any goods produced and so over the production conditions and working conditions for the whole capitalist economy in the US.35 The intervention of the army, sent in by President Grover Cleveland (born in my hometown), and a supporter of the Gold Standard and so of the world of British hegemonic capitalism, and his Attorney General Richard Olney, saved the capitalists for the time being. But the lesson was learned: never again could intra-class competition, business competition over market share, be allowed to politically divide the capitalist class in the face of a united, common enemy. Instead, competition had to be utilized to reduce the unity of the working class and other opponents of capitalism (including small business, farmers, merchants, as McDermott demonstrates) while capitalist class relations had to be organized and subject to planning according to class interests.


This development, embodied in the corporation, which only appears to be a form of private property while in fact it is a form of collective, class-owned property, managed in the interests of the capitalist class as a whole, or at least in the case of each company, of the relevant sectors of that class, provides an answer to a paradox of modern political science: namely, why does the dominant class in a capitalist society characterized in recent decades by electoral politics not have its own political party in most countries? The answer is that they don’t need one, they have their own form of class organization, the corporation. But the corporation turns out to be just as complex as a political party, for it too is a relationship between classes and not only the organization of one class against those of other classes.

As John McDermott demonstrates, Weber’s ideal type of a bureaucracy cannot apply to a corporation, which instead is best understood as a relationship (McDermott’s term is “corporate form”), a hierarchical relationship of power and control, between three classes: the capitalist class who are now understood to be the Board of Directors, CEO and a few other top management position, major shareholders (whose role is however seen as more passive), and “stakeholders” such as the business press, top managers at relevant regulatory agencies, investors, rating agencies etc.; the technical-professional class who now largely embody the scientific, technical, intellectual, engineering, mathematical, software and other relevant knowledge for the processes of value production and accumulation of a given corporation, that knowledge that in Debs’ time was still largely in the hands of skilled workers, and which historically had been in the hands of craftsmen and artisans and guild-members but which had been put under control of management by the introduction of Taylorism (Scientific Management); and the working class. While the latter is still the numerical social majority, if faced as the corporation is intended to accomplish, by a united front of the common interests of the other two classes, making up between 20% and 30% of the economically active population, the working class is largely defanged as a powerful force in society, since workers are subject to competition in the labor market under conditions where they are increasingly de-skilled, but where one class holds managerial power and another the necessary technical and scientific knowledge and skill to make the modern economy run profitably.

While in management control, scientific expertise only momentarily rested with management itself, as the separation of the business owner or manager from the day-to-day production process gradually gave way to management as capitalist qua capitalist, that is as manager of money and of the cycle M-C-M’. For the corporation, by making property in capital collective, essentially makes property into claims on revenue streams. The capitalists as
The causes of World War 3: class, geopolitics and hegemony in the 21st Century – a re-reading of Arrighi, through McDermott, Schumpeter and Veblen

top management are those with the largest share by far, and with the main role in determining, though in a negotiated process based on the power relations between classes at any given time, place and industry, the shares to go to the other two classes. Since maintaining political class stability, their own rule in other words, requires an alliance with the technical-professional class, whose scientific and technical skills are also needed for the production, circulation, commodification, financialization and profitability of products of all kinds and to offset the numerical superiority and needed role in value production of the working class itself, a disproportionate share is likely to go to this class to keep it loyal. Its loyalty is further to be guaranteed by the fact that it is presumably only under capitalist conditions that its work, which is of intrinsic interest to its class members – scientists, doctors, software writers, lawyers, and so on – can be carried out, and so only in corporations that this work is possible. At least this is the relatively pessimistic note of McDermott’s brilliant Corporate Society of some years ago. More recently he likewise sees signs that this alliance may not be quite so solid as it appears or as it has been till now. But more on this point further on.

For our purposes three points are to be highlighted for now: first, that the corporation provides an organizational form making capitalist class unity more likely; second, that any capitalist arrangement, and the hegemony of any capitalist class, must be understood in its context of hegemonic, but problematic relationships with other classes in what Gramsci calls “a historic bloc” – that is a political-social-economic-cultural array or “assemblage” in Deleuze and Guattari’s phrase. In more prosaic terms, we refer to an alliance of classes organized around a particular vision of civilization that is consistent with the hegemony of a given capitalist class and a given state power or alliance of states to govern and give shape to the world capitalist system; third, that family-based firms once corporations achieve the internalization of transaction costs, operate within a dual-sector economy in which they are subject to market forces which are no longer autonomous as in Adam Smith’s theorization, but instead are an instrument of social control over those smaller firms and their prices as part of the larger process of capitalist production as a whole (as shown by Marx himself in Capital Vol. 3).

Capitalist unity is never a given. Competition is not just an epiphenomena of the market. Rather even a political reading of capitalism, such as

37 McDermott, Corporate Society, p.137.
Arrighi’s own or those of Harry Cleaver, Charles Perrow, John McDermott, Dyson and Featherstone to name a few, necessarily involve understanding capitalists as being in competition for power, influence, value and profits, organizational command and control, status and privileges, or, at the pinnacle of power itself and the apex of the world system itself, hegemony. Such hegemony is exercised over, and involves the ability to give form and content to the world system as a whole. But capitalist competition is also not always a zero-sum game as Arrighi makes clear. At key moments in the historic cycles of hegemony, particularly during the commercial expansion (before the commercial contraction that leads to the financial turn as a “sign of autumn” in each hegemonic cycle), competition takes place as it were according to rules. These rules of engagement are largely those laid down by the hegemonic power of the epoch (Venice, Genoa-Spain, the Dutch, the British, the US) in institutional forms, juridical regulations, cultural mores and practices, so that capitalist coordination and cooperation does usually require a hegemonic power to provide a framework within which the competition can take place not as a zero-sum game but as a win-win context in which expansion means rising profits for the capitalist class as a whole.

The corporation is not necessary to this process per se, since Arrighi demonstrates that this phase has repeated itself for centuries, well before such organizations existed or at least were common. But an organizational form clearly reduces transaction costs (even the Genoese bankers had the consortium of San Giorgio) and makes such cooperation easier. We might add that many of the theories of international cooperation, by leaving out the dynamic of capitalism, its various phases of development (as explicated by Arrighi), and any class content in deciphering the interests involved, reduce the issue of cooperation to a logical puzzle applicable by game theory. In the real

39 Charles Perrow, Organizing America Princeton: Princeton University Press, 2002 argues that the modern large corporation arises for reasons of political control – over markets, small businesses, industries and workers, not out of any greater economic efficiency that it embodies or brings about.
40 Kenneth Dyson and Kevin Featherstone, The Road to Maastricht: Negotiating Economic and Monetary Union Oxford and New York: Oxford University Press, 1999, makes clear that the EU as an economic project and the Euro were designed and implemented for strictly political motives.
41 This lack, and a lack of class analysis and how the dynamics of class – interclass and intra-class interaction – may be involved are the main limitations of otherwise useful and insightful works such as Robert O. Keohane, After Hegemony: Cooperation and Discord in the World Political Economy Princeton: Princeton University Press, 2005; and Elinor Ostrom, Governing the Commons: The Evolution of Institutions for Collective ActionCambridge and New York: Cambridge University Press, 1990.
world real interests prevail and those interests that are most powerful are not only those of states, but as Arrighi shows, of capitalist classes linked to states, or in alliance with states, particularly hegemonic ones. This is where the short essays by Schumpeter on Imperialism and Classes come in handy. For while Arrighi is undoubtedly quite right in slapping Schumpeter down for his characterization of pre-capitalist organizations as engaging in conquest without any rational motive, Schumpeter’s larger point about imperialisms in historic times is that they are nearly always linked to a specific class interest within the imperialist community.

Nor do analogous class interests necessarily lead to the same outcomes in this regard. Not all farming classes, nor all aristocracies, nor all financial interests etc. equally likely to support or oppose imperialism. It depends on the specific socialization, formation, view of the world, and of course especially material gain – economic, political or territorial – that is to be obtained by imperialist adventure, empire building or attempts at gaining regional or international hegemony. While Schumpeter veers off from what is otherwise a model essay of historical sociology twice – once to make the claim about irrationality on the part of non-capitalist organizations which betrays an Austrian School view of market capitalist behavior as the only rational kind, and the other time to completely abandon the historical narrative to engage in a strictly logico-theoretical discussion of why market capitalists would have no interest in imperialism – he does develop for us useful tools in three ways – 1) he shows that imperialism is always linked to a class content. This helps understand attempts to gain hegemony, to defend it, or – and here we arrive at the main priority of the author of this paper – to find an alternative order to it and to capitalism as a world system. We need to identify, analyze, theorize, and develop in practice as well as in research agendas, and to organize in real world politics, concrete class interests as a “historic bloc.” Such an alternative historic bloc likely would see the advantages to their own fullest development and benefits in an abandonment of hegemony and capitalism; 2) Schumpeter shows that imperialism requires some popular support or public opinion on its side. If it doesn’t have to be a majority, it cannot be merely the top fringe of the most elite class that supports empire-building. Thus the need for “dominance” within a hegemonic community as well as internationally to be combined with “hegemony,” with a degree of consent or leadership in Arrighi’s terms. Class interests involved in a hegemonic project may therefore not benefit from such a project to the same degree as the capitalist or ruling class or elite interest that is the leading edge of such a project. Thus,
a potential fissure point may exist if an equally or more compelling project could be presented to class interests allied with that part of a ruling class that is hegemonic; 3) finally, that there is a real world dominant capitalist class interest in imperialism, militarism, and territorial expansion. That interest is what Schumpeter calls “monopoly export”.

To be sure, Schumpeter insists that modern capitalism reduces the likelihood of imperialism and war, and conquest, because a) market capitalism involves a common interest in the market as a public good (to use today’s language), in other words, being trade partners benefits all, grows the “pie” of the world economy in the way that Arrighi suggests happens during the commercial expansion phase of a hegemonic cycle, and so creates an interest in cooperative competition that makes war unlikely and counter-productive; and b) the modern working class has no interest in nor gain to be made from imperialism or militarism either; c) there is ergo little interest on the part of the two dominant classes of capitalism, bourgeoisie and proletariat in militarism, war or conquest and empire. But Schumpeter also admits, returning from the imaginary world of libertarian (as they call themselves today) free market model building logic to the real world of historical capitalism that “monopoly export” constitutes a real material force and class interest in imposing on state power its interest in conquering and guaranteeing access to resources for supply inputs, gaining monopoly access to and domination over foreign markets, and controlling sources of labor power.

It should be said that even monopoly export – and it is a useful phrase that bears meditating on – is not always equally imperialist, nor only competitive and aggressive, nor immune to seeing the advantages of capitalist cooperation. On the contrary, one could argue that competition qua level playing field market competition among price-takers in Adam Smith’s sense means creating a common, public good in the form of the market itself. Such a public good requires some institutional form to guarantee its continued fair working in the interests of all but with unfair advantages to none. If such a condition has ever existed at all, it has necessarily been highly ephemeral for reasons made clear by Karl Marx in chapter 32 of Capital vol. 1 “The Historical Tendency of Capitalist Accumulation”, and for reasons underlined by Karl Polanyi in The Great Transformation is in fact for any real length of time an impossible dystopia. Instead, for large monopolistic capital, the expansion of profits in a growing market, where profits are taken off the top as it were, through dominant positions at key points in the accumulation process, and cooperation with other large capitalist interests is advantageous at this stage so as to precisely avoid too much exposure to market forces and to likewise avoid price wars among monopolistic firms that would be self-defeating to all
involved.

Instead, common capitalist elite interests that transcend immediate local interests are most likely to come to the fore at this point. How to divide up resources, preferred markets as spheres of influence (here economics and geopolitics nearly merge), legal jurisdiction, rules and suppression of hostile classes, among other things, can take precedence when the system as a whole is in a phase of expansion. And the most current such mini-phase was the rise of globalization during the 1990s through the economic collapse of 2008. In truth, and in Arrighi’s framework, this expansion was relative, and a sub-phenomenon of a larger financial expansion, but it nevertheless meant rising profits and expanding opportunities for profit-making for global corporations, able to capture the most profitable business activities worldwide within their networks. This cooperation-competition exists outside of, and in command of market forces. The latter are instead today imposed on smaller businesses such as suppliers, on workers, farmers, governments and other weaker social forces and classes. This competition-cooperation uniting large capital has been the material basis for Global Governance, which I elsewhere have defined as the attempt to unite the world’s economic and political elites into a single class and to unite these interests worldwide across national and cultural boundaries.

That project has now broken down. Global Governance as a project and has failed as a class. Corporate structure enabled capitalists to more closely resemble their own mobile capital, able to move around beyond the limitations of their own family, cultural, ethnic or national backgrounds, creating again a material experiential basis for uniting capitalists and political elites globally. But when the expansion of profitable investment opportunities contracts, when markets shrink and profits are threatened, the global corporation and mobile finance capital as well become paradoxical: on the one hand cosmopolitan, globalist, borderless, on the other able to use a privileged access to state power that if anything has been enhanced by the closer relationship to political elites forged over the meantime (more on this process below). They are therefore more likely to come into conflict with other analogous interests that are closely tied to other state interests and that may come to see greater profit opportunities in an alternative order in which their monopoly power includes monopoly access to powerful states and privileged access to territory, resources and sources of labor power. In that case, we are thrown back to old school hegemonic conflict between competing powers. These are the main causes of World War Three.

Arrighi shows for example that it was not US financial interests on Wall Street that supported what became the winning US strategy for eventu-
al hegemony: protectionism, vertical integration by corporations and export from a position of strength. Finance instead constantly urged for a Free Trade policy, closer integration into and support for the British-run Gold Standard regime\(^\text{43}\). It was instead industrial corporations that adopted the winning strategy, and these, as well as large agribusiness needed to maintain export markets after the Second World War. Truman’s Cold War policy provided the framework needed to achieve the continued infusion of liquidity in the form of US dollars that went on until 1973 saw the negotiated end (though the actual end was two years later) of the Vietnam War, coinciding with the first oil crisis.\(^\text{44}\) Yet as Polanyi makes clear, finance had been a force for peace at least among European powers during the Hundred Years Peace\(^\text{45}\) that followed Waterloo under British hegemony, but that same power – of finance over industry as a class interest in Britain, at the same time was the basis, along with Britain’s position as world entrepot, of British hegemony and its territorial empire. In short, analogous class interests can be the social bases of differing policies with regard to imperial expansion and hegemonic candidacy. US finance before World War Two and even in the postwar world was not the basis for US hegemony, its Cold War policy, or the military-industrial complex. But since the “Financial turn” of October 1979, when Federal Reserve Chairman Paul Volker dramatically raised interest rates, and especially since the end of the Cold War in the early 1990s, US based but increasingly global finance has been one of the main pillars of US hegemony and of globalization as policy and capitalist form of expansion.

Globally-active corporations, only some of which are (often only nominally) based in the US, have an interest in maintaining globalization as a form of capitalist expansion. But when markets shrink, competition begins to sting and lose its cooperative-class nature. Then companies feel themselves “working for the public” – to use Arrighi’s phrase about US manufacturers during the Great Depression of 1873-96 when prices fell continually along with profits –and issues like control of natural resources, (and therefore) territory, and the labor forces, suppliers of raw materials and inputs and labor power that go along with those territories begin to be important. At this point global companies may either go to the national state with which they are most closely associated by national origin or by their business activity, or they may see the US and its allies as their protection on a global scale. The latter option was, in my view, a significant basis for Global Governance as a form of global ruling class unity.

\(^{43}\) Arrighi, *The Long Twentieth Century*, pp. 294-5.

\(^{44}\) Ibid. pp.296-7.

\(^{45}\) Karl Polanyi, *The Great Transformation*, p.10
But we see in retrospect that this strategy was two-sided: on the one hand it united the ruling classes of the world in common exploitation of workers and peoples around the world, developing a common class culture based on “elite socialization”\textsuperscript{46} at Davos and in participation at G20, EU, WTO and other summits; it also advanced a developing cosmopolitan ideology that formally opposed racial, gender, ethnic, religious, national, and sexual preference identities as bases for hierarchy \textit{among elites}, while leaving class inequalities to grow to unprecedented levels. On the other hand, US hegemony and NATO were the protective umbrella under which the ruling class could camp, further assured by increasingly integrating the more open to globalization sectors of political elites of every important nation. Though the distinction remained between financial-economic elites and political elites, increasingly their world views coincided around globalization and financial hegemony as forms of civilization that were not to be questioned or criticized.

But the very same US hegemony brought with it the power of the US state. When competition ceases to be friendly and cooperative because it serves the interests of each at the elite global level, and instead becomes a struggle over scarce resources – oil, water, territory, food sources, raw materials for a country’s productive machinery or for powerful global companies competing for access and running to one or another powerful state to help insure these, the power of the US state is not going to be neutral. Especially since these conditions are precisely those in which other states will be active in moving to ensure their own economic bases, shore up the corporations with which they have a favored relationship and be willing to take more risks in accomplishing these things. The US however, with a policy of “full spectrum dominance” has made clear that it will tolerate no potential competitors for hegemony. Again the relationships are paradoxical but all the more dangerous for this fact: globalization has utterly gutted much of the manufacturing base within the territorial borders of the United States, and simultaneously first diffused industry worldwide to the Global South, and then largely concentrated it within the borders of China. This process has led, particularly since the Asian Financial Crisis of the late 1990s, to the rise of China as an industrial, increasingly technologically savvy, if still well behind the US and much of the West, and military power. That is, the very policy of financialization has, as in the past, provided the conditions for the emergence of a potential successor hegemonic power to the United States.

\textsuperscript{46} Ernst Haas, \textit{The Uniting of Europe: Political, Social and Economic Forces 1950-57} Stanford: Stanford Univ. Press 1968. See how I have expanded this concept in Steven Colatrella, “In our Hands is Placed a Power: Austerity, Worldwide Strike Wave and the Crisis of Global Governance” \textit{Socialism and Democracy} vol. 25, no. 3 November 2011 pp.82-106.
For industrial corporations based in the US were in the end companies first and industrial second. To be sure this outcome was somewhat in doubt for a time: the growth of a rationalist and technocratic approach to corporate strategy and governance was quite prominent in the 1950s and 60s.\footnote{See for example, Reinhard Bendix, \textit{Work and Authority in Industry} Berkely: University of California Press, 1974, p.319 and pp.308-341} It was precisely after the financialization in the early 80s that we began to see instead financial markets intervene in corporate management with instruments such as the pioneering “junk bonds”, hostile takeovers, shareholders’ rebellions and other moves to restore the essential capitalist qua capitalist (M-C-M’) nature of corporations; these were restored to being seen as large pools of money that happened in a given time and place to produce or carry out a specific activity but which increasingly could not be understood to be defined by that activity, nor to any particular place or workforce composition (see David Harvey’s discussions of how capital creates environments and breaks them back down again when their costs outweigh their profitability). Thus even manufacturing companies in the US have increasingly relied for profits from their own financial departments (such as GMAC for General Motors) rather than sales of industrial products.

Here I think we see the limits of how far Polanyi’s analysis can take us: this is not the free market, as a self-regulation mechanism that requires all activity to be available on the market and treated as commodities (including land, labor and money as Polanyi stresses). It is no longer “The need of a constantly expanding market for its products” (itself the phase Arrighi defines as “commercial expansion” in a historical cycle of hegemonies) that now “chases the bourgeoisie over the whole surface of the globe.”\footnote{Karl Marx and Frederich Engels, \textit{Communist Manifesto} in Karl Marx London: The Collector’s Library of Essential Thinkers 2004, p.25.} It is rather the free flow of money capital that must be allowed “to nestle everywhere, to settle everywhere, establish connections everywhere.”\footnote{See for example, Andrew Ross, \textit{Creditocracy and the Case for Debt Refusal} New York: OR Books, 2013.} And, since, as Arrighi makes clear, the financialization phase, the “sign of autumn” in particular involves the transfer of mobile capital from production and commerce into state debt, it is public debt that is the epicenter of today’s efforts at profitability, with two added twists in today’s version – the use of debt to dismantle the public sector (privatization) to provide a material basis for future expansion and profitability, and the extension (globally) and intensification (into private debt on a vast scale, essentially transforming the latter into a public issue of policy and class composition\footnote{See for example, Andrew Ross, \textit{Creditocracy and the Case for Debt Refusal} New York: OR Books, 2013.}) of the penetration of debt into a form of class rule.
Any state that does not want to be in debt to global finance, any state that rejects conditions (or to use the IMF/World Bank term, “conditionalities”) imposed by creditors, that seeks to default, renegotiate, or protect its citizenry, towns and firms from the most extreme impositions, or that resists privatization of most of its public sector, that rejects or even seeks compromise of central bank autonomy from governing authorities (elected or not) quickly feels the wrath of the United States government, its military allies, ratings agencies, investor transfers of mobile capital and interest rates “gaps”. That much public debt was incurred recently either in bailing out failing banks during the financial crisis of 2008-9, or from the wars fought by the United States only underlines the power relations at work. Any attempt at an alternative source of credit or even of investment not tied to the ratings of global finance are seen as hostile to this regime and to its state ally the United States government.50

Along with this clearly aggressive form of finance, which far from being a source of world peace as in time of British hegemony is instead a key class interest in war, come the other foundations of US hegemony in recent years: the dollar as sole reserve currency, the vast network of US military bases around the world and the resource the control of which is the basis for the placement of much of that military network, namely oil.51 Control of oil, a commodity that goes into the production of nearly every other commodity52, is a major policy priority worldwide for the United States and has been for a long time.53 To gain monopoly or effective monopolistic control of oil worldwide would enable the United States to dictate terms of economic development and world power relations for the foreseeable future. It would also, of course, preclude any massive turn to alternative, renewable energy sources that could not be controlled easily by the US militarily and by the corporations involved in oil and that are closely allied to the United States. Since oil has until recently been purchasable and saleable only in US dollars worldwide,

50 See the current attempts by US courts to prevent Argentina from paying other creditors than the US-based ones that the same country defaulted on back in 2001. See also the attempts to overthrow Hugo Chavez in Venezuela, a government that withdrew from the IMF, and the hostility toward the government of Evo Morales in Bolivia.

51 Kevin Phillips, American Theocracy: The Peril and Politics of Radical Religion, Oil and Borrowed Money in the 21st Century  New York: Viking, 2006 traces some of the links between finance, the dollar, oil, war and religious politics.


and is priced in dollars, the control of oil and the monopoly privilege position of the US as the sole source of dollars\textsuperscript{54} links finance, the US state, especially its most powerful entities such as the Treasury Department and the Federal Reserve, and the US military to oil.\textsuperscript{55} This is the class nexus that is tied to a form of financialized globalization, military aggressiveness, debt as a form of both domestic social control and class power and global dominance, and the means of payment in the world economy for oil and most debt. That the US is the world’s largest debtor does not in itself weaken this strategy inasmuch as the US can produce dollars at will, though doing so on a large enough scale would mean ruin for its main creditors such as China, Japan, Taiwan and Wall Street itself eventually.

The class basis of Global Governance cannot therefore be understood to have provided for an alternative to US hegemony in the form of multipolar world politics, global plurality, let alone global democracy\textsuperscript{56}. Rather, Global Governance as a political form has been, as I argued elsewhere\textsuperscript{57}, involved the attempt to merge political and economic elites through the interrelations of political power and finance globally around a common class power and project, with a common global class perspective. The US state, and especially its military power, in this version were to lose their territorial character to the degree possible, as well as any ethnic-cultural characteristics remaining, but at the same time to become “globalized” along with NATO as the main political-military protection for that class, but with other states falling in line as


\textsuperscript{55} See the discussion of the connection between finance, the political right and oil in Kevin Phillips, American Theocracy: The Peril and Politics of Radical Religion, Oil and Borrowed Money in the 21st Century New York: Viking 2006.

\textsuperscript{56} This is the error in Elke Krahmann, “American Hegemony or Global Governance? Competing Visions of International Security” International Studies Review, Vol. 7, No.4 (Dec. 2005), pp.531-545. As advocates of multilateral policy-making such as Bill Clinton, Madeline Albright (who called the US “the indispensable nation”), John Kerry etc. always made clear, the issue was not US hegemony – military and political dominance and international leadership (hegemony) on the one hand and giving way to a non-US-led world on the other, in which the US would at most be primis inter pares but rather between the US working closely with allies and other nations and through the multilateral global governance organizations like the UN, G20, WTO, IMF and NATO, or going it alone as was largely policy during the GW Bush administration. This is where the theory of “Empire” of Toni Negri and Michael Hardt overstated the case for a fully globalized, de-localized form of sovereignty as well, as events have made clear since the publication of Toni Negri, Michael Hardt, Empire Cambridge: Harvard 1999. See the critique on just this point of that work by Arrighi and Silver,

well. Essentially the autonomous nature of the state from direct class rule by
capital was to be ended, and that process, it must be said, has advanced to a
great degree, with agencies of the state that are most removed from popular
pressure like central banks growing in power (indeed, what used to “economic
policy” is now largely governed by these along with global organizations
like the IMF, the European Union “troika”, and WTO). But the ceding of
power by the US per se to any other state power or to a community of nations
without a hegemonic power was never on the agenda, even if some elements
of capital might find that scenario acceptable or appealing.

Conditions 1) and 3) in Schumpeter’s analysis outlined above are thus
realized: there is a real, powerful class interest in hegemony and in an aggres-
sive and even militarized form of maintaining it, and there is a specifically
capitalist interest in this project, all libertarian ideological cover that free trade
means the end of national conflicts notwithstanding. But lacking 2) that is a
class ally, the hegemonic project risks collapsing into mere domination with-
out hegemony (leadership) every bit as much as if it lacks national states and
foreign sectors of capital willing to follow the hegemonic power’s leadership.
The national states are beginning to have second thoughts, as the rest of this
paper will make clear. And while some can be counted on to continue to sup-
port the US at all costs, many of these will do so less because of the model of
capitalism that US hegemony brings along with it than for strictly geopoliti-
cal, that is territorialist motives. One thinks of Japan, some other Southeast
Asian nations like Vietnam and the Philippines here, and of the countries in
Eastern Europe for example. Even alliance with India (about which more be-
low) is driven as much by concerns with Asia’s geopolitical map now as with
enthusiasm for globalization as in the 1990s.

John McDermott has identified the technical-professional class of
highly educated workers as a key ally of capitalists (qua top management and
the investor class) against the working class majority in the era of the corpo-
ration. He also insightfully argued that this class is a mass constituency class
for globalization.

McDermott writes of this class:

A mass or populous social formation, it comprises a substantial proportion
of a modern work force, typically 20-30% in a developed economy, perhaps
5-15% in a less developed one, though concentrated in the main cities.

It is a truly international class. Active in both the advanced and the less
developed parts of the world, its members 1) share convergent occupations
and places within the modern productive apparatus, government as well as
private, 2) thanks to convergent, often identical secondary, university and post-graduate or special technical education. Members of the class also 3) share similar social/material life consumption patterns, 4) kindred cultural and political preferences, 5) commonly send their savings to the developed countries, 6) often work for the same institutions, 7) enjoy over-lapping frequency and kinds of international travel and tourism, and, often, 8) have other direct personal or institutional connections, as through educational background or family links.58

This class is essential to modern production. In its form as middle management it certainly cannot be considered as an ally to the working class, but as professionals: laboratory specialists, scientists, medical personnel, software writers, engineers, technicians, programmers, graphic designers, architects, and so forth there are reasons to think that it may have some of the characteristics attributed by Thorstein Veblen to the engineers, technicians, designers of his own time. While McDermott posits that the long training and skilling of such a labor force means that a bi-modal law of value may now be in operation and may justly structurally higher pay for highly educated professionals (yeah I wish !) this in itself does not necessarily mean that an alliance with capital in its presently hegemonic form is necessarily a permanent reality. Indeed there are signs that this alliance has broken down in recent years in the wake of the economic collapse of 2008 and the subsequent recession, one-sided recovery in which gains are going to a small minority59. While a global class is likely to want a global economy, the gap between promises and realities suggests that there might be more than one globalization possible under current material possibilities, and if the current version is not benefitting the most global class, one necessary to a contemporary advanced economy, then other possibilities open. Is a non-capitalist globalization possible? Is it possible for the technical-professional middle class to carry out their creative, intellectually challenging and intrinsically interesting forms of work


59 Robert Reich, “The Choice of the Century” New York Times, Nov. 12, 2014 reports that fully 100% (!) of the gains of the recovery have gone to the top 10% of income earners in the US and 95% to the top 1%. That would leave the second 9% after the top 1% receiving only 5% of the gains, meaning a disproportionately low gain compared to their numerical presence, let alone the crucial position they play, as McDermott argues, in the economy. And if such a class in the wealthy US could be instead 20-30% of the population, the material basis of alliance would appear to rather thin. See also Paul Krugman, “Graduates versus Oligarchs” NY Times Nov.1, 2011, which demonstrates that over the past 30 years college graduates have not disproportionately benefitted income-wise from growth, with virtually ALL of the benefits of increased national income in the US going to the top 0.001 percent.
without dependence on strictly capitalist institutions (M-C-M’) for whom no project, regardless of how fulfilling, rational, beneficial, materially possible or justifiable is to be performed unless it generates profits for them? Is a different Gramscian historic bloc imaginable?

The Eurasian Pivot

In a very real sense, Arrighi’s last work, *Adam Smith in Beijing* is a sequel and a conclusion to *The Long Twentieth Century*, and a concluding chapter to what I see as a trilogy including *Chaos and Governance in the World System* co-edited with Beverly Silver. For *Adam Smith in Beijing* posited the possibility of China leading a different development model based on a restoration of national sovereignty in the choice of economic and social model best adapted to each country as its government and peoples see fit. But this was linked with a world market including all countries and bringing about that increasing parity that Adam Smith saw the world market eventually leading to if freed of Western hegemony. The West imposed its greater military and technological power on non-Western states. *Chaos and Governance* ended with a joint essay by Silver and Arrighi seeing a fork in the road ahead: either a benign acceptance by the currently hegemonic US that its day in the sun was setting and that it could remain a major power among others in a new world order based on greater cooperation, or use of its unprecedented military superiority to impose its will on the capitalist system itself, reducing other profit centers to tributary states and becoming the center of a world empire. In this case, and the irony is not lost on Arrighi, it would be the capitalist country par excellence, the United States that would constitute the greatest danger to the continued existence of capitalism. Its power might suffice to finally end the more than 500 year-long series of cycles of historical accumulation and the transfer of hegemony from one power to another that has been the precondition to its own reproduction on an ever greater scale. Thus at first glance we might seem to have a choice – if we are allowed to choose – between a Chinese-led benign world market order of equals or a world empire with the United States at the head.

But things are a bit more complicated than that scenario would indicate. Indeed as Arrighi makes clear, the most that we can say with some surety is that exactly what direction China will take is impossible to foresee, and that the odds of a world market economy in which China leads as in a synthesis of Western and Asian models of economic development (the “Industrial Revolution” and the “Industrious Revolution”) have increased over the past few years. Likewise the chances of great power conflict and systemic chaos have
increased. Still, a few things are clear: China’s leaders have no intention of remaining dependent on US and Western domination of world money supply nor of US monopoly power over oil and natural resources; China and Russia both have not ceded their geopolitical national security either to Global Governance institutions, nor to the US and NATO, which on the contrary they quite rightly see as the greatest threats to that security, nor to an ethereal globalization in which spheres of influence, geopolitics and war are things of the past; and both are at best impatient and at worst have become suspicious of the US’ continuing military adventures.

China’s setting up of Silk Road, of the Asian Investment Bank, its sponsorship of the Shanghai Cooperation Organization, its joint opening of a new gold window with Russia, and its series of bilateral agreements, with Russia and the other member nations of the Shanghai Cooperation Organization (SCO), with Qatar, Canada and even Britain allowing direct trade in each other’s currencies (instead of in dollars), and its building of a transoceanic canal in Nicaragua60 all make clear that any dependency on mobile finance tied politically to the United States is out of the question for China. Russia wishes to avoid reliance on these same sources however possible, and for that reason has moved closer economically and diplomatically with Beijing.61 This fact alone would put these two major powers in the target sites of the US. China’s setting up of alternative funding sources to those sponsored by US hegemony such as the IMF and World Bank – providing investment in Africa, infrastructure in Eurasia and buying Russian oil and through invitations to join the SCO to Iran (as well as India and Pakistan62), and bilateral accords with Qatar to purchase oil from these countries and some in Africa increasingly without the use of dollars - all these activities mean conflict with the US unless the latter is willing to cede its privileged control of world money gracefully. Which, it now seems, is unlikely.

Meanwhile, Russia’s justifiable anger at the expansion of NATO near-ly to its borders and the proposed invitations to Georgia and the Ukraine to join NATO, and the EU as a halfway house to NATO. means that geopolitics are back on the map. The expansion of NATO however, we need to recall, took place principally under Bill Clinton’s administration, that is during the high


61 James Petras, “Russia’s Vulnerability to EU – US Sanctions and Military Encroachments” Global Research November 9, 2014 argues that it is precisely the state-connected capitalist class that is a weak link for Putin’s attempt to remain independent in this crisis.

62 Which joined in 2015.
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point of “peaceful” globalization and the seeming irresistible move toward Global Governance. If for this reason only, any attempt to forestall the risk of world war, of competing would-be hegemonic blocs, by appeal to the previous phase of multilateral policy-making, international organizations and expansion of world trade is doomed to fail: as surely as the First World War, the Great Depression, Fascism, Stalinism, the New Deal and World War Two followed by the Cold War all had their roots in the attempt to create a self-regulating market as a model for society in the late 19th and early 20th Centuries as Polanyi demonstrates, so the “New Cold War” is an aspect of the larger reality Polanyi noted of a “double movement” toward and away from subordination of more of society’s life and institutions under control of the self-regulating market and of mobile capital, today in the form of the use of debt to impose privatization society-wide.

NATO expansion has been about three related issues: maintaining indefinitely US hegemony and preventing the rise of any challengers to that order, including major regional powers; dominating sources and routes of oil and natural gas; and imposing neoliberal rules and the use of debt to privatize and integrate into the globalized order of corporations, global finance and US hegemony any country or sector that has not already been so fully integrated. If US policy and Wall St. have been to some degree self-deluding with regard to just how much China was willing to place its society and economy under these power relations, suspicion of Russia was deeply seated I think for several reasons. While the history of the USSR’s apparent challenge to US domination is one, I think there is a longue durée history of Russia at work here as well. Russia was never fully integrated into the World Capitalist System as a peripheral country, even if some sectors of its economy approximated this relationship. Indeed, “Russia Stays out of the Third World” is the title of Stavrianos’ chapter on Russia during the rise of capitalism as a world system. The power of the Russian state and the maintenance of non-privatized property relations in land among other factors kept Russia independent of full integration as a mere source of raw materials or labor power for centuries. The Revolution of 1917 and subsequent Soviet regime reinforced this relative distance from the domination of capitalist relations. Certainly even the Soviet Union needed

63 This is made clear by L.R. Stavrianos in the his magisterial Global Rift: The Third World Comes of Age New York: William Morris 1981, pp.68-74; obviously here we enter classic terrain of Marxist debates: VI Lenin, The Development of Capitalism in Russia VI Lenin Collected Works Volume 3 Moscow: Progress Publishers, 1977 of course famously argued the opposite, in the context of Russian Marxism’s debate with the Narodniks. This means that the debate over Russian integration into the capitalist world system is inextricably intertwined with the debate over the Russian mir common lands. This is an issue of worldwide importance today but is beyond the scope of this paper.
some access to mobile capital, and its limited access to this source of power and resources meant falling behind the West in the late 1970s and 1980s during the move into high-tech. And theShock Therapy program of the early 1990s in which a mere seven oligarchs gained enormous control over much of the Russian economy, and during which the industrial base of a superpower was dismantled left it a source of energy commodities and weapons on the world market. This was the closest in the 500 year history of capitalism that Russia has ever come to full integration and dependence on capitalist forces.

Further, the United States continued to recognize Russia even after the Cold War had ended as its virtual lone potential military challenger, mainly due to Russia’s maintenance of a large stockpile of nuclear weapons, and of a still large, if somewhat rusty conventional military within reach of the borders of NATO members, a fact ironically made more relevant precisely by expanding NATO ever closer to Russia’s borders. That Russia has moved against the oligarchs under Putin, has continued capitalism but with the most powerful businesses close to the Russian state and its leaders, and has a vast supply of oil and gas outside US control means that it remains a potential threat. This combination of military power and positioning itself as a major source of oil and gas to both Europe and Asia, and therefore a force that could break any US stranglehold on other world economies, means that the US has continued, with only the briefest of pauses, its attempts at nuclear first strike capability through the development and deployment of a missile shield. The second Bush administration’s withdrawal from the START treaty, the deployment in Poland and the Czech Republic of parts of the system, and the provocation of a sponsored coup in the Ukraine in the past year, followed by a series of aggressive moves, including sanctions, a propaganda effort worldwide through official statements and US-related media portraying Russia and its President as an aggressor, the hostility toward Syria’s government, have all made clear to Russia that it is expected now to back away from any pretensions to national security and geopolitical interests, to sovereignty over its own natural resources and whom it may sell these to, and to any participation


65 Here my analysis challenges the admittedly sometimes brilliant formulations and hard research of Lenin himself in The Development of Capitalism in Russia. But while Lenin accurately described a tendency, I think for the sake of his polemic which had immediate political consequences (the debate with the Narodniki over working class versus peasant revolution) he overstated the case, particularly by underestimating the degree to which land had been privatized in pre-Revolution Russia.
in any alternative model of development other than neoliberal globalization under the dominance of finance tied to the United States and its allies.

Instead, Russia had over the previous decade moved ever closer to Germany, as an old dream of Lenin’s, of German technology linked to Russian resources began to take form. But Western ties are now in danger over diplomatic issues, demonstrating what James Petras calls a strategic weakness of Putin’s strategy for restoring Russian sovereignty and economy after the meltdown of the economy and society during the Yeltsin years. With China’s demand for oil high for its own economic growth, and thanks to geographical convenience, Russia has recently moved closer to China. Together, the two powers have begun – not without difficulties and contradictions admittedly – to construct an alternative to the dollar, to Western finance and even to globalization itself. That alternative, based on national sovereignty over development models, trade without dollar dominance (through acceptance of each other’s currencies or of gold, or trade in kind with oil for products), loose military alliance, and the close infrastructural integration of virtually all of Eurasia, is now out in the open, if not yet in full swing.

China is financing and has planned the close tying together through infrastructure such as high speed rail the whole of Eurasia, from its own Pacific Coast through ports it has constructed in Pakistan and through Central Asia to Turkey, Venice and Berlin and so to the Mediterranean and Europe and the Middle East. A German-Russian economic alliance, made more difficult by the NATO-US-EU coup in the Ukraine, but not off the table entirely (as German policy makers now appear considerably divided), would link the EU, or a substantial part of it to such a project. The Eurasian Economic Union came into being in May 2014 and ambitions for it, or some successor are vast. Such a union would be immune to US domination of the seas – it would have access to all the natural resources and labor and the transportation infrastructure over land through Chinese funded and built high speed rail of all of Asia and Europe, plus access to the Indian Ocean, the China Sea and the Persian Gulf. Added to China’s remarkable presence in Africa – over one million Chinese now live on that continent and Chinese investment and infrastructure have increasingly integrated large parts of Africa to Chinese led economic

67 Pepe Escobar, “Further On Down the Multi-Polar Road: China’s Silky Road to Glory” Counterpunch, Nov. 14-16 2014
68 Realist George Friedman in The Next Hundred Years New York: Anchor 2010 argues that a Russian-German alliance, not a Chinese hegemony is the real story of the 21st Century.
development, these processes could lead to precisely the phenomenon at the center of Arrighi’s research agenda: the rise of a successor hegemonic power, able to reorganize the bases for capital accumulation worldwide for the system as a whole, and on a larger geographic scale, combining economic and political dominance with leadership perceived to be in the interests of all or most of the world elites and an expansion of the distribution of the benefits of the system to a wider part of the world’s population. For Arrighi one way to express this possibility is the realization of Adam Smith’s hope that the market economy would distribute the technological, economic and political-military advances to every country, creating a roughly equal condition among the world’s nations such that they would find peaceful trade and development in their mutual interest. For the moment, it would appear that the worrying scenario that Silver and Arrighi identified in their concluding essay in *Chaos and Governance in the World System* is instead a more likely outcome. That scenario is the breakdown of the system into chaos due to the declining hegemonic power resisting change, in this case the use of US military might, unprecedented in its destructive capability or its global reach, to prevent such a new system from arising.

As the authors state, “US adjustment and accommodation to the rising economic power of the East Asian region is an essential condition for a non-catastrophic transition to a new world order.” They add that, as in the past, a new order, just as Marx argued with regard to each new ruling class, must rule based on a much wider social class basis than previous ruling classes (the Dutch hegemony represented national bourgeoisies, the British rule included settler colonial elites and later the free trade-oriented elites everywhere, and the US’ initial hegemony involved a semi-New Deal of de-colonization, and welfare state guarantees for workers in industrialized countries):

> An equally essential condition is the emergence of a new global leadership from the main centers of the East Asian economic expansion. This leadership must be willing and able to rise up to the task of providing system-level solutions to the system-level problems left behind by US hegemony. The most severe of these problems is the seemingly unbridgeable gulf between the life-chances of a small minority of the world population (between 10 and 20 percent) and the vast majority...

This is an imposing task that the dominant groups of East Asian states have hardly begun to undertake. In past hegemonic transitions, dominant

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69 See Howard W. French, *China’s Second Continent* New York: Knopf 2014
groups successfully took on the task of fashioning a new world order only after major wars, systemwide chaos and intense pressure from movements of protest and self-protection. This pressure from below has widened and deepened from transition to transition, leading to enlarged social blocs with each new hegemony. Thus, we can expect social contradictions to play a far more decisive role than ever before in shaping both the unfolding transition and whatever new order eventually emerges out of the impending systemic chaos. But whether the movements will largely follow and be shaped by the escalation of violence (as in past transitions) or precede and effectively work toward containing the systemic chaos is a question that is open. Its answer is ultimately in the hands of the movements.  

The movements of 2011, with their protest of the 99% against the 1% seem to have generalized some of the themes of the mass vanguards of the previous anti-globalization movement of the late 1990s. With their demands for direct democracy and an end to the use of debt to exploit labor and expropriate land, resources and public goods, these movements may have provided an agenda for future popular pressure on those who would present themselves as leaders of a post-US hegemony world order. But the current leadership of Russia and China (and of Iran, Syria, or other allied countries), or for that matter of the EU however divided it may now be between Atlanticist pro-US globalization and Eurasian integration, are hardly attentive to or interested in meeting such demands.

The classes that have an interest in such a Eurasian alternative include Chinese industry and finance, Russian oil and gas, and industrialists across Eurasia who have not benefitted from the dominance of global finance and from an over-valued Euro (which however devalues German exports compared with the Deutschemark). They constitute a bloc arguably wider in their social connections than global finance, but they are hardly democratic in nature. To be sure, the absurdity of a world economy in which the three largest economies: the United States, the European Union and the People’s Republic of China are all oriented toward global export despite their vast populations, skilled or increasingly skilled labor forces and considerable continental scale resources, rather than toward a primarily national or regional development project based on a modern version of an “industrious revolution” is inexplicable except as being in the interests of a more powerful class or alliance of classes than the alternative. So the potentially even wider appeal of a continent-scale development project is apparent. But the repressive state forms of both major powers aside – these speak for themselves and give pause for the moment to any rosy view of such an alternative given the brutal forms that

71 Arrighi and Silver, “Conclusion” in Chaos and Governance in the World System, p. 289.
social control takes in both countries (not that it is very gentle in the United States or Europe in recent years either) – the fact that fossil fuels for example, or that relations with Central Asia or African countries have at least a tinge of old style colonialism means that Chinese industry and Russian oil may not provide that much more of a representative historic bloc that has globalizing corporate America and international finance.

I will conclude this paper with some thoughts instead on John McDermott’s middle class of professionals, technicians, middle managers, and scientists, on the working class, and on potential allies and common projects. But first one last thought is in order on Arrighi’s own theory of succeeding hegemonic powers.

Arrighi points out that each new hegemony while moving forward toward organizing the world system on a larger scale, with a wider social base, also moves backward historically, returning to elements that characterized the hegemonic power that preceded the one that it replaces itself. Thus, the Dutch merged capitalist interests with territorial state integration in echo of Venice, the British organized finance internationally on a capitalist basis similar to Genoa, but also expanded the territorial state-global finance alliance, the United States based its hegemony on large corporations similar to the Dutch East Indies Company, and on supporting national independence and so forth. Arrighi suggests that East Asian capitalism recalls the smaller-to-medium scale of family based firms in a market economy that characterized the British economy nearly throughout its hegemonic period. I would suggest that, while this East Asian backward movement to recall British capitalism is real, there is an alternative periodization possible. For I think that in a sense there have two different versions of US hegemony and not just one. From 1945 to 1979, the US based its rule on industrial corporations using vertical integration to internalize markets, a New Deal domestically and military Keynesianism internationally and distance from, if not hostility to, the potential power of global finance. As Arrighi himself writes, when, after 1979, the US allied itself with finance, the implications were vast:

US neglect of the principles of sound money since Roosevelt and Truman had a social purpose – at first the domestic and then the international New Deal. Working hand in hand with private high finance meant abandoning everything the US government had stood for, for almost half a century, not just in monetary matters but in social matters as well.72

In a sense, it was not the successor hegemony but that of the US

itself that recalled British policies and forms. The appeals to free trade, the mantra of free markets and the libertarian-individualist philosophy that has been dominant now for decades, as well as the return of a global economy instead of one based within national containers of power are all returns to British forms by the US itself. This in a way left the path open to China and its allies in any alternative hegemonic project to return not to British forms from American ones, but to the previous American ones – the national state rather than global finance in control of money creation, the concern with employment (though much is left to be desired of any Chinese version of the New Deal so far it must be said), welfare policies like the “Harmonious Socialist Countryside” and the recently relatively pro-worker changes in labor law – and while family firms undoubtedly remain important -- the rise of global corporations based in China. Yet beyond this return to American hegemonic forms 1.0, the project of uniting a vast part of the world’s regions in a connected market economy with some infrastructure facilitating transport and communications also harkens back further – to the world economy before the rise of capitalism itself – the one originally connected politically by the Mongol Empire.73 This is interesting if only because it suggests that the Smithian view of Arrighi, that a world market economy of roughly equal states, without hegemony based on a predominant state power allied with a dominant capitalist class may be possible on similar geographic bases as the last non-capitalist world economy.

The class basis of post-capitalist society, or, the republic

So, we have a global class of finance that aggressively needs to settle everywhere, nestle everywhere, relying on debt to expropriate (privatize) and exploit every resource and activity, linked to a powerful hegemonic state with a global network of military bases seeking complete control of oil and its availability, and imposing its own currency at all costs as the only world money; a growing alliance of states, including radical left populist governments in Latin America, China itself, Russia, large parts of Africa and many others in various stages of frustration with or opposition to the hegemonic regime, but with large sums available especially on the part of China, and with considerable energy resources; vague but increasingly defined geopolitical alliances on one side of this equation or the other, with some key states (India for example, and perhaps Germany) playing now one side, now the other in a confusing pattern. We know that no state project, national or international has much

likelihood of success without support from a powerful class or coalition of classes in society in at least a key state or states. And no classes, no matter how important (such as industrialists in domestic Britain for example in the late 19th and 20th Century, or plantation owners in post-Civil War America) are likely to see their own goals met without support of state power and so without their needs coinciding with those of state or national interest. Is there a configuration of class interests with state interests able to break the monopoly of power of global finance, global corporations and the US military-corporate complex, while either democratizing or remaining independent of the more repressive aspects of the Eurasian infrastructural project led by China and Russia? In other words, is there an anti-cause to the Third World War that has lately appeared on the horizon?

This paper cannot definitively answer that question of course, but does seek to at least delineate the sources where such an answer might be found. This author has already argued that the struggle against debt and austerity has been led by a working class increasingly global in experience, and has been especially evident in specific sectors. These include transport and logistics, public institutions and services as a frontline of defense of existing and remaining welfare states and against the privatization of the public sector tout court, and export sectors of key countries of the Global South (textiles and shoes in Vietnam, jute and garments in Bangladesh, and electronics in China to name a few). I have also argued that immigrants, engaging in collective action in reaction to the use of debt and structural adjustment programs by Global Governance institutions (the IMF and World Bank), present the possibility of a globalization of the working class as a political actor and that this possibility has been realized in some times and places. But an additional element, namely what are today often called “the creative class” or “knowledge workers” – John McDermott’s technical middle class, seem to me to be key to any possibility of transcending both the current and dangerous conjuncture and of developing an alternative world system to the capitalist one that has been dominant for the past five centuries. Such an alternative would not be based on what Veblen called “absentee ownership”, that is on purely monetary and profit-oriented control and rights to decision-making regarding the use of wealth and the capacity to make and distribute useful goods and services. Rather it would rely on the ability to use the accumulated knowledge of

74 Colatrella, “In Our Hands” op.cit, and Colatrella, “Global Governance and Revolution” op.cit.
76 Thorstein Veblen, Absentee Ownership New York: Viking Press 1923
human society embodied as Veblen saw in scientists and in technicians and engineers, and as McDermott argues in an actual class of people – the middle strata or middle class of professionals and technicians. An alliance in which this class and its logic were important elements might well prove compatible similar to the vision of Arrighi and Adam Smith. Markets for products disciplining businesses that are not dominant over these, and in which the point of making money is to purchase useful things for oneself, one’s household or for a community or to use in the further production of useful things, and the Marxian view of production for use and not profit, and the Marxist-Feminist view of necessary work for social reproduction and not surplus labor for exploitation, and the emphasis on the protection and expansion of the commons – all these visions and others of a better life might prove compatible, mutually reinforcing, expressing different elements of a historic bloc, a popular alliance transcending capitalism and beyond hegemony.

For Veblen, absentee ownership, essentially the use of finance and credit to control business activity for profit rather than for production, is based on a feudal logic foreign to modern science.\textsuperscript{77} “As industry, as a process of workmanship and a production of the means of life, the work in hand has no meaning for the absentee owners sitting in the fiscal background of these vested interests.”\textsuperscript{8} In contrast, “The technological system is an organization of intelligence, a structure of intangibles and imponderables, in the nature of habits of thought” and as McDermott argues, this logic exists, as all logics do, in the form of existing classes in the real world, “It resides in the habits of thought of the community and comes to a head in the habits of thought of the technicians.”\textsuperscript{79} Today, questions such as renewable energy and the very fate of our species on the earth in the face of climate change involve questions of sustainable agriculture, of renewable energy, of the harnessing of the energy of the sun, of wind, water, hydrogen, and cold nuclear fusion; of the most recent discoveries in science and the possibilities of utilizing them for human purposes, such as the ability to transform light into matter\textsuperscript{8}, basic materials like enzymes into nourishing food\textsuperscript{8}, computer software into production

\textsuperscript{77} Veblen, Absentee Ownership p.51.
\textsuperscript{78} Ibid. p. 216.
\textsuperscript{79} Ibid. p.280.
\textsuperscript{80} “Scientists discover how to turn light into matter after 80-year quest” by Gail Wilson 19 May 2014 Imperial College London http://www3.imperial.ac.uk/newsandevents/pggrp/imperialcollege/newssummary/news_16-5-2014-15-32-44
through 3-D printing, and space exploration consistent with relativity82, while traveling on solar energy-producing roadways83 to name a few. Yet this is not just a question of discovery of existing natural forces, it is precisely what Marx referred to as the development of the productive forces, these forces being, first and foremost today, the collective capacities of modern knowledge put to use to transform the world. Veblen understood this very well:

In the twentieth century, the technicians have become one of the standard factors in production; as much so as the country’s natural resources of timber, coal, oil, and ores. Indeed, these things are natural resources instead of being features of the landscape, because the technicians know how to turn them to account. And the extent and variety of the country’s natural resources are constantly increasing, because and by so much as the technicians are continually learning to make use of a larger number and variety of these things. The question of natural resources is, after all, a question of technical insight. 84

The same point can be made today about anything from genetic codes to solar power, from whether and how quickly the vast Eurasian, African or American hemispheres might be traversable to our place in the universe and the connection of humans to life itself.85 In short, today wealth exists as much in the person and capabilities of the working population collectively as in raw materials, money and capital, or industrial plant and technological infrastructure or computer programs and code. Indeed, all of the latter depend on the ability of knowledgeable workers for their invention, existence, maintenance, extension, further development, utility, and indeed and crucially their profitability or their usefulness to those in power in war or peace.

The finance capital regime, recently dubbed “Creditocracy” by Andrew Ross86 and backed by US military power, by using and embedding in a network of debt every social activity of every sort is clearly a further development of the absentee ownership regime that Veblen criticized almost a hundred years ago. The alternative Eurasian infrastructural hegemonic project led by China, and including Russia clearly requires the most massive presence and centrality of knowledge workers of all kinds – scientists, engineers, tech-
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nicians, and so on, as well as skilled workers in the more traditional sense. So if one alienates this crucial class that John McDermott has seen as a mass constituency for globalization and the other requires its abilities on a huge scale, this class is in a position to make demands and also to assert itself as a potential leader of society in alliance with other classes who might benefit from its abilities, vision and program. Just as Adam Smith saw market society as a non-capitalist way to produce not profits and money but useful goods in a beneficial way, Karl Marx saw the cooperation and the production process as coincident with, but distinct from the valorization process of self-expansion of capital, and Veblen saw industry as separate from business as such and following different and increasingly opposed logics, McDermott may have found a distinction between globalization as such – the greater integration under modern conditions of the population of the world in an economy in which professional workers are crucial to producing wealth – and capitalism in which this process, to use Veblen’s phrase is “sabotaged” by its subordination to profitability.

If the global finance historic bloc of US hegemony therefore were to become anathema to the most highly skilled sector of “the 99%”, the Chinese-Russian alternative requires their skills and might be somewhat autonomous of a strictly or purely capitalist profit logic (though not statecraft and power conflict logic, which may be equally alienating to this class and its working class allies). But its reliance on fossil fuels, income derived therefrom, and the use of these as a major source of power is also likely to lead to disillusion on the part of a class capable of imaging, constructing, discovering and providing alternatives to the use of these and for whom protection of and repair of the world’s ecology is arguably emerging as a priority and litmus test politically. Russia’s own use of oil and gas for influence and China’s search for the same through bilateral relations in Africa and the Middle East may not seem morally superior in the end to the US attempt to monopolize these same resources and willingness to go to war over that control. Indeed, this aspect of the populist left governments in Latin America – despite the popularity of their redistributionist and welfare programs – has led to mass protests and conflicts not with the right or pro-US bourgeoisie but with the very base of these governments in Venezuela, Bolivia and Ecuador. The “export monopoly” of now quite large corporations in China and the gas and oil state capitalists and private allies of Russia are not likely to be dramatically more to the liking of a professional class that seeks to work to use science and knowledge to make the world more livable and sustainable for all than are the bankers and militarists of US-global finance hegemony. Even if some aspects of their project, such as the infrastructural linking of contiguous areas and
the use of natural resources for national and regional development and not only for profit without regard to where these are realized may be closer to the priorities of a class concerned with how things get done and doing them well than with money for its own sake.

In short, no hegemonic project can work without the active participation of scientists, engineers, medical doctors and trained personnel, technicians, software writers, international law experts, teachers, researchers, laboratory technicians, professors, programmers, physicists, chemists, biologists, and so on. It is not clear that the class which embodies in its persons, its abilities and know-how needs to subordinate the future, its own work and capacity to transform the world to either of the currently contending hegemonic projects. But history also demonstrates that without some access to political power, no class, however important is able to itself assert social hegemony (leadership of other classes). Is there any sign of political circumstances favorable to an alliance of classes with an interest in a non-capitalist globalization or in a transformation of national states and alliance thereof that would be consistent with such forces? The distortion of the European Union into a mere force for imposition of privatization and the power of finance through the use of public debt would seem to have forestalled one of the more hopeful possibilities, given the relative concentration of knowledge workers in Europe and continuing concern with quality on the part of much of the population and cultural tradition in Europe. The role of such professionals in the mathematical algorithms, computer software, use of social media and other techniques in both election victories of President Obama, despite the betrayal of the hopes of so many of Obama’s supporters and activists in these campaigns, suggests how powerful such a class can be when mobilized. And while overstated, the focus on the use of social media in the revolutions of the Arab Spring and even the highly sponsored (by the US) “color revolutions” in former Soviet republics, protests in Turkey, and elsewhere, likewise suggests how effective this class can be if moving autonomously. The recent and decisive rejection of the sexism and racism involved in the “gamergate” initiatives suggests that politics is increasingly coming to the fore within this class. The formulation of “99%” by Occupy all but explicitly tied the professional middle class to the working class, small or self-employed businesses (those who are subject to market forces rather than large corporate power that internalizes markets to use them to exploit smaller suppliers), artisans, students (future professional workers), small farmers, and other sectors of society.

Any alternative to capitalism will sooner or later have to find a way to directly confront mobile capital, that power that has enabled various, specific historical capitalist classes to outmaneuver and dominate all but the most
powerful states and to in any case impose their interests on these as allies in successive historical cycles of accumulation and hegemony. The rise of theories of public banking and credit, of money as a mere public utility and of “modern money theory” – which interestingly (shades of Arrighi’s forward and backward movement) takes certain insights of state theories of money from the German aborted effort at hegemony. It promises to theorize Keynes’ dream of “capital as a free good,” of basic incomes guaranteed to all as the new universal suffrage. What Andrew Ross calls “a mixed economy” of the public and the commons (the latter based on self-management) may be developing as an increasingly coherent expression of actual practice around the world by movements and authorities looking for a way out. All these are hopeful signs. A society in which the previously dominant forces such as capital were made public utilities to finance useful projects and usable production for human needs might be one in which there were distinctions of status based on individual contributions to a common good but not class inequalities. I mean class inequalities in the sense of either hereditary and inherited and large differences in wealth, status, privileges, and power or access to these or in the sense of differences in power by one group over another structurally. This would mean a society in which markets served a larger common good but were not used as instruments of social control by exploiting classes, and so in which democratic institutions could be the places where a collective dialogue of difference could be mediated to achieve results of benefit to most or all. Such a society and such an international order of societies of this sort might be called justifiably “a classless society” or could be called by the more traditional name for a polity of citizens whose differences did not result in structural inequalities and exploitation – a republic. As Immanuel Kant argued, world peace requires a world community of republics, that republican form and content of governing, meaning open dialogue and openness to criticism by authorities with the people take priority, creating a virtuous circle of continual perfecting of a never fully perfected polity.\textsuperscript{87} And Machiavelli makes clear that more than one republic is needed, because republics need a dynamic of criticism, of imitation, of diversification and competition, to maintain the virtue and virtuous circle of republican interaction between people and authority, and to maintain a creative international situation.\textsuperscript{88} And so a worldwide community

\textsuperscript{87} I am grateful to Massimiliano Tomba, whose forthcoming work I have translated in manuscript form into English from the original Italian: Max Tomba, \textit{Beyond Human Rights: Re-reading Kant on Justice}, for this understanding of Kant as a republican.

of republics based on a new historic bloc, new technologies and new forms of organization, interacting in a virtuous cycle with markets as instruments to enhance republican equality and liberty and human well-being and not as masters, and with money made a public utility subordinated to human need and creativity are the pieces of a puzzle whose progressive asymptotic perfection however necessarily incomplete may prevent World War 3.

But whether these pieces of the puzzle, the forces in the field of new mass working classes in the Global South, the common struggle against debt and expropriation, against war and the degradation of the environment, and the professional middle class embodying the highest levels of human knowledge can construct together an alternative to capitalism and a hegemonic bloc free of domination remains to be seen. The fate of any such project cannot be foreseen and while it must find some access to political power and construct a historic bloc, the answer to such questions, and so of any future post-capitalist republican order remain, as Giovanni Arrighi and Beverly Silver wrote, “ultimately in the hands of the movements.”

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**ABSTRACT**

This article investigates some of the reasons behind the events that led to a recent shift in international relations towards the global geopolitical and a renewed competition between the great powers. The aim is to point out important ideas of authors and put them to dialogue between each other. It calls attention to the possibility of an
alternative political and economic bloc being built around China against a decline of US power. These points are deepened when it is identified other key features of the current system that involves the discussion about classes. The current configuration of class alliances and states involves the complex dynamics of the working classes in the Global South, the use of debt as a means of domination by the economic and financial world, as well as the new professional middle class - that give values to knowledge, technology and democracy. It is these relationships and their interface with the existing political power that permeate the revival of the global geopolitics, influencing not only current events, but also any possibility of thinking an alternative for governance and international framework - or even the failure of this and a consequent and possible new conflict worldwide.

KEYWORDS
Third World War; Class; Geopolitics; Hegemony.

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