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**FINANCIALIZATION AND US HEGEMONY: A CRITICAL
APPROACH TO CONTEMPORARY DEBATES**

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ABSTRACT

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Hegemony has been the subject of heated debate among theorists from different perspectives in the international political economy literature since the 1970s. In this study, we aim to make a critical evaluation of contemporary hegemony debates, predicated on the analysis of Giovanni Arrighi, who explained the evolution of the international capitalist system with hegemonic transitions based on *systemic cycles of accumulation*, following the World System Theory developed by Immanuel Wallerstein in the 1970s. In his analysis of systemic cycles of accumulation, launched out in his study *The Long Twentieth Century: Money, Power and the Origins of Our Age*, published in 1994, Arrighi claims that the cycles of accumulation to which successive hegemonic leadership in the world economy are subject, initiate with real (material) expansion and at a particular stage are superseded by financial expansion. Accordingly, the financial expansion stage foreshadows hegemonic transitions in the international capitalist system and marks the autumn of the current hegemonic power. This study investigates whether the financialization process began in the 1970s, signs the end of the US hegemony that emerged after 1945, as advocated by Arrighi. Therefore, the first chapter of the study clarifies how and from which aspects the concept of hegemony is characterized by theorists from different International Relations and International Political Economy schools. In the second chapter, money and finance phenomena have been discussed since the birth of the modern capitalist system to reveal the nature of financialization. In the third chapter, the US hegemony is interrogated in particular. It is emphasized that, contrary to Arrighi's argument, financialization can be considered a process that consolidates the US hegemony. Finally, in the fourth chapter of the study, an answer is sought as to whether China can be the next hegemonic power by resting on a critical reading of the same theoretical framework. This question is discussed regarding the current academic debate involving various authors, notably Arrighi, who argue that the world's economic-political center of gravity has shifted to the East.

Key Words: Hegemony, Financialization, US Hegemony, Hegemonic Cycles, Neoliberalism.

ÖZET

SARI AKSAKAL, Betül. *Finansallaşma ve Amerikan Hegemonyası: Çağdaş Tartışmalara Eleştirel Bir Yaklaşım*, Doktora Tezi, Ankara, 2023.

1970'lerden beri uluslararası politik ekonomi literatüründe hegemonya meselesi farklı perspektiflerden yazarlar arasında önemli bir tartışma konusunu oluşturmuştur. Bu çalışmada Immanuel Wallerstein tarafından 1970'lerde geliştirilen Dünya Sistemi Teorisinden hareketle uluslararası kapitalist sistemin evrimini sistemik birikim çevrimlerine dayalı hegemonik geçişlerle açıklayan Giovanni Arrighi'nin analizini eksen alarak çağdaş hegemonya tartışmalarının eleştirel bir değerlendirmesini yapmayı hedefliyoruz. Arrighi, 1994 yılında yayınlanan *Uzun Yirminci Yüzyıl: Para, Güç ve Çağımızın Kökenleri* başlıklı çalışmasında geliştirdiği *sistemik birikim çevrimleri* analizinde, dünya ekonomisindeki ardışık hegemonik liderliklerin tabii olduğu birikim çevriminin reel (maddi) genişleme ile başlayıp belli bir aşamada yerini finansal genişlemeye bıraktığını söylemektedir. Buna göre, finansal genişleme aşaması uluslararası kapitalist sistemde hegemonik geçişlerin habercisidir ve mevcut hegemonik gücün sonbaharına işaret etmektedir. Bu çalışmada Arrighi'nin savunduğu gibi 1970'lerde başlayan finansallaşma sürecinin 1945 sonrasında oluşan ABD hegemonyasının sonuna işaret edip etmediği araştırılmaktadır. Bu nedenle, çalışmanın birinci bölümünde hegemonya kavramının farklı Uluslararası İlişkiler ve Uluslararası Politik Ekonomi okullarına mensup teorisyenler tarafından nasıl ve hangi açılardan tanımlandığı açıklığa kavuşturulmaktadır. Çalışmanın ikinci bölümünde finansallaşmanın doğasını ortaya koymak üzere modern kapitalist sistemin doğuşundan itibaren para ve finans olguları ele alınmıştır. Üçüncü bölümde, ABD hegemonyası finansallaşma özelinde ele alınmakta, Arrighi'nin öne sürdüğünün aksine finansallaşmanın ABD hegemonyasını güçlendiren bir süreç olarak okunabileceği vurgulanmaktadır. Son olarak çalışmanın dördüncü bölümünde, aynı teorik çerçevenin eleştirel bir okumasına dayanarak, Çin'in gelecekte bir sonraki hegemonik güç olup olamayacağı sorusuna cevap aranmaktadır. Bu soru, dünyanın ekonomik-politik ağırlık merkezinin Doğu'ya kaydığını öne süren ve başta Arrighi olmak üzere çeşitli yazarların dahil olduğu güncel akademik tartışmaya referansla ele alınmıştır.

Anahtar Kelimeler: Hegemonya, Finansallaşma, ABD Hegemonyası, Hegemonik Çevrimler, Neoliberalizm.

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INTRODUCTION

Since its rise in the 1970s, international political economy has been one of the principal subfields of the discipline of International Relations. Theorists and scholars of international political economy elaborately investigated the international capitalist system in the context of the notions such as dominant power, leadership, and openness. The discussion focused on hegemony, which implies a situation in which a single state exercises leadership in generating and continuing the essential rules of the international system. Hegemony arose as an analytical notion to characterize different historical times from the combined post-1945 historical framework of two main advancements. These are the disintegration of an international political order established upon European colonial empires and the foundation and evolution of a liberal international economy under the U.S. leadership after the war (Saull, 2010).

After the end of the Second World War, the international system went through different periods of transformation, competition, and crisis. The demise of the Bretton Woods system in the early 1970s paved the way for neoliberal policies and financialization. The 1980s was an inspiring time in political science for research and debates about the international political economy. In the 1980s, scholars started to interrogate the stability and continuity of the US hegemonic capacity. Stagnation in the US and world economy and the rise of the new powers centers raised many to be curious about the future of the US leadership. After the 2000s, the same curiosity has continued. In that period, there were doubts about whether the US continued to constitute the core of a world system. The events of 9/11 and the financial crisis of 2008 raised suspicions about the future of US leadership.

On the other hand, the COVID-19 pandemic that broke out in 2020 has also brought suspicions about the continuity of the US hegemony to the agenda. The turbulent process is at the forefront in terms of international political economy. Discussion of this turbulent process is scientifically significant. The thesis topic is analyzing US hegemony as a part of financialization. Accordingly, regarding this subject, the thesis seeks to answer whether financialization will bring the end of the US hegemony as claimed by various approaches. The claims of Giovanni Arrighi -an Italian economist, sociologist, and world-system theorist-will be investigated in particular. Arrighi starts from the idea that financialization is a stage spawning in the great cycles of capitalist development, which commenced in late medieval and early modern Europe, as a recurrent cycle. Arrighi points out that the financialization of a country's economy, which occupies a hegemonic position in the international system, represents the beginning of the end concerning that country's

hegemony. In fact, according to Arrighi, this situation was influential in the hegemonic collapse of countries such as Genoese, Netherlands, and Britannia, which were hegemonic in the international system before the US. Would this thesis of Arrighi also apply to US hegemony?

The US economy has become increasingly financialized primarily through the neoliberal policies implemented since the 1970s. Did the shift from real production to financial expansion, in Arrighi's words, bring about the collapse of US hegemony, as in the hegemonic powers of the past? Or, on the contrary, has it made it stronger financially, politically, socially, culturally, institutionally, and technologically? There are several similar issues to be discussed here.

In this context, in the first chapter of the thesis, the definitions and evolution of the concept of hegemony by different approaches will be examined to outline the subject's theoretical, conceptual, and historical framework. Then, the main theses put forward by Arrighi will be analyzed.

In the second chapter, the evolution of money and finance in the modern world system will be included in Arrighi's framework. Arrighi is a theorist who tries to make sense of the modern world system through the concept of hegemony. However, the modern world system is shaped by capitalist capital accumulation in the historical process. In this context, it is obligatory to consider how money and finance have evolved since the emergence of the capitalist system and the roles they play in the system's functioning.

The third chapter will analyze the developments and dynamics that effectively transition from British hegemony to U.S. hegemony. The transition in hegemony will be clarified using the essential elements of the U.S. hegemony. The financialization of the US economy, which has become increasingly evident after the 1970s, will be examined. An answer will be sought to determine whether the process will bring the end of US hegemony, as Arrighi suggests. It will be demonstrated that financialization has fortified the monetary and financial hegemony of the US. It will also be mentioned that the fortification of the monetary and financial hegemony bolsters the political, institutional, and ideological aspects and its economic aspects. In the fourth chapter, the rise of China, portrayed as the prospective hegemonic power of the world, especially by Arrighi in *Adam Smith in Beijing*, among many others, will be analyzed in the illumination of various economic indicators and political and sociocultural developments. The findings from this analysis will be used to assess whether China would replace the US hegemony in the international system in the future by examining China's economic, political, military, and cultural power and comparing them with those of the US. In summary, this study aims to assess whether the developments in the international system, especially financialization bring the end of US

hegemony as Arrighi suggests, and whether another power, notably China, replaces the US as the hegemon.

This study is primarily attached to the Neo-Gramscian approach, which applies a critical theory approach to the study of international relations and international political economy, and explores the interface of ideas, institutions, and material capabilities while shaping the outlines of the formation of hegemony. The Neo-Gramscian theory has departed from how a particular set of social forces, the state, and the dominant intellectual configuration define and maintain world orders. Contrary to world-system theory, Neo-Gramscian analysis did not rely on the ontological centrality of the state in its approaches to international or global political economy and the concept of hegemony. In contrast, Neo-Gramscian theory takes transnational historical materialism as the basis, which "identifies state formation and interstate politics as moments of the transnational dynamics of capital accumulation and class formation," as stated by Henk Overbeek (2013).

In this study, we aim to critically evaluate contemporary hegemony debates predicated on the mentioned arguments and prospects of Arrighi. Arrighi has been criticized by several theorists belonging to various schools of international political economy literature. Some of these theorists have criticized Arrighi for ignoring the financial power the US has substantially achieved through dollar hegemony. Another part of the criticism has come from Arrighi's neglect of transnational capitalism and the fact that he has taken into account the concept of the nation-state strictly in his analysis of hegemony. Arrighi also faced some criticism due to his association of hegemonic changes to a large extent with the changes in the accumulation cycles of countries. Theorists who criticize Arrighi on this subject believe that the concept of hegemony includes an economic dimension, and the concept's political, social, cultural, institutional, and ideological dimensions should be kept in mind.

The contribution of this study to the current international political economy literature is the evaluation of all these criticisms against Arrighi and the presentation of a comprehensive investigation on the subject by providing a detailed overview of Arrighi's intellectual trajectory. Thus, it is thought that a different and new dimension can be interpolated into the contemporary hegemony debates.

CHAPTER I : HEGEMONY IN HISTORY AND INTERNATIONAL POLITICAL ECONOMY

1.1. THE EVOLUTION OF HEGEMONY AS A CRITICAL THEORETICAL TOOL: FROM DOMESTIC POLITICS TO INTERNATIONAL RELATIONS

Hegemony is the political, economic, cultural, or military predominance, sovereignty, or control of one state over others. For example, in Ancient Greece, hegemony implied a city-state's political and military dominance over other city-states, and the dominant state was recognized as the *hegemon* (Fontana, 2000; Boothman, 2008). Next, hegemony indicated the social or cultural *predominance exerted by one group within a society or milieu* in the 19th century. Afterward, it refers to "a group or regime which exerts undue influence within a society." In addition, it was also used to describe the geopolitical and cultural predominance or superiority of one country over others, from which *hegemonism* was derived, something like in the conception that the Great Powers implied to constitute European hegemony over Asia and Africa.

Although the traditional definition of hegemony is political sovereignty or domination, Marxism broadens the definition of sovereignty or domination to include relations among the social classes, especially the dominant class definitions (Salamini, 1974). After that, hegemony gained another essential meaning in the works of Antonio Gramsci, one of the most influential writers who dealt with the concept of hegemony in the Marxist-political framework, who was among the outstanding members of the Italian Communist Party. Gramsci, in his *Prison Notebooks*, was primarily interested in the problem of understanding capitalist societies, the problem of fascism, and the chances of constructing an alternative pattern of state and society. Gramsci went beyond the general explanations regarding the concept of hegemony and carried it to a completely different dimension, and thus, became the architect of today's understanding of hegemony (Bates, 1975; Femia, 1975; Cox, 1983; Woolcock, 1985; Katz, 2006). Although there are uncertainties about how Gramsci uses this concept, his works still constitute one of the most remarkable turning points in Marxist cultural theory (Williams, 1977: 108).

Gramsci offered that hegemony was the dialectical union of coercion and consent. He asserts that the supremacy of a social group may manifest itself in two ways: domination which is attained through the coercive tools of the state, and intellectual and moral leadership, which is reified and applicate by the agency of the institutions of civil society, the ensemble of educational, religious

and associational institutions (Femia, 1975: 30). By reformulating of Machiavelli¹'s conception of power as a combination of consent and coercion he stated that coercion implies the use of force, or a credible threat of force; while consent implies moral leadership of states and hegemony cannot succeed if it is not moral and established as the domination of only coercion (Gramsci, 1971: 57; Cox, 1993: 52). In other words, he compares Machiavelli's famous metaphor of a centaur – half man, half beast – with the concept of power as a combination of coercion and consent (Cox, 1983). While trying to understand how the bourgeoisie was in power, he revealed that hegemony came to life, in which all subordinate classes, including the working class, gained consent. However, as in some comments that later reduced Gramsci to a civil society thinker, hegemony was not only based on consent, but the state was also surrounded and protected by civil society. While the dominant ideas fulfilled the function of consent within civil society, the political society (the state) assumed the domination and difficult task (Buttigieg, 1995: 1). The ability to perform these two functions simultaneously made a class hegemonic. Succinctly, the hegemonic class can be founded in practice through the combination of both coercion and consent. However, the targets of them are different, as put forward by Gramsci:

“The supremacy of a social group manifests itself in two ways: domination and intellectual and moral leadership. A social group dominates antagonistic groups, which it tends to liquidate or to subjugate perhaps by armed force; it leads kindred or allied groups” (Gramsci, 1971: 57).

Gramsci diverges from Marxist thought in some points regarding hegemony, although Marxism fed him². Marxism has approached many phenomena from an economic deterministic point of view; however, Gramsci rejects this point of view, with another saying he refuses to focus on the solid nucleus of economic activity (Bates, 1975: 360; Gramsci, 1971: 161). Gramsci invariably

¹ Gramsci states that Machiavelli is the precursor of the practice of hegemony and Gramsci gives examples of hegemonic practices based on Machiavelli's *Discourses on Livy*. According to the study, hegemonic power formed by the unions or confederations of several republics and the Etruscans and Achaeans, the hegemony created by the Romans by giving concessions to the places they defined and conquered as Roman peace, and hegemony as the forms of subjugation of the peoples that Athens and Sparta conquered because of their fears about each other. The way of subjugation is not sufficient to establish hegemony, as a group or state must act in alliance and solidarity as well as being powerful to establish hegemony. Machiavelli attributed the existence of the sovereign state or group and its ability to establish hegemony over others with the ability and capacity to transform hostilities into allies. Gramsci defines this situation as transformism and argues that this would be temporary hegemony. Here the ruling group forces the rulers of hostile groups to harmonize within the historical bloc by taming them. Transformism is done continuously and in two forms within the historical bloc. In the first, hegemony is established with the consensus of civil society by spreading ideology to the society by the organic intellectuals serving the ruling bloc, and in the second, other classes of society are neutralized under the leadership of the political society. Here, hegemony cannot be established with the broad consensus of society, and sovereignty is maintained by intelligent coercion. In essence, Gramsci stated that a dictatorial hegemony can temporarily continue, and the element of consent is always more important in the establishment of hegemony (Akkaş, 2020: 23).

² While developing the concept of hegemony, Gramsci was highly influenced by the ideas of Vladimir Ilyic Lenin (Mann, 2009: 339). It can be argued that hegemony in Lenin's theory is predominantly being shaped on an economic and class bases, while Gramsci is accepting principally class base. According to Gramsci, hegemony has not only economic but also has cultural, moral, political, intellectual and ideological functions. While the concept of hegemony in Lenin was taken as the leadership of the working class over the other subordinated classes, the concept of cultural leadership was added in Gramsci by developing the concept (Bates, 1975: 360).

and thoroughly advocates that neither political nor ideological and cultural practices are reducible to economic forces or interests (Gramsci, 1971: 158-168). A necessary condition for the achievement of hegemony by a class or class faction is the subduing of its limited economic interests (what Gramsci called the *economic-corporative*) by a universal social vision or ideology and the creation of perceptible privileges to subordinate groups in the process of ensuring their attendance in the social ideology of the dominant class or faction (Rupert, 1990: 436).

On the central principle of Marxist theory, hegemonic control depends on the relationship between structure (economic base-relations of production) and superstructure (ideology of the ruling class). Structure and superstructure are parts of a particular dialectic. In this dialectic, economic factors (forces of production) and cultural factors (field of ideas) reinforce each other. They combine over time to form an organic relationship known as the historical bloc. In another saying, hegemony was applicated within a broader social and political coalescence of forces, or historical bloc, which refers to a historical harmony between material forces, institutions, and ideologies or extensively to an alliance of different class forces. Thence a historical bloc was the organic link between political and civil society (Gramsci, 1971: 366). The relationship's sole purpose is to maintain and defend the hegemon's control over the controlled masses. Unlike traditional Marxists, Gramsci offers that hegemony is the superstructure, not the (sub)structure, which determines the content and scale of its superiority in society³ (Cox, 1983; Williams, 1991; Germain and Kenny, 1998; Cutler, 2005; Spence, 2009; Sotiris, 2018). He essentially takes a position that rejects Marxist thought, which articulates the superstructure determined solely by the structure and that the economy is everything to dominate the course of history (Gramsci, 1971: 328).

As understood from Gramsci's views so far, hegemony is not based on the imposition of an elite group but on the acceptance and belief of the subordinate groups' values and leadership of these elite groups. In this context, hegemony is moral and intellectual leadership that includes the element of domination (Grelle, 1995; Fontana, 2010). At this point, it is essential to call attention to a prominent notion presented by Gramsci: *the war of position*. War of position represents the struggle for propagation and sprawl of hegemonic ideology. What is decisive in the war of

³ As Gramsci states "Structures and superstructures constitute historical unity. The complex, contradictory and dissonant orchestra of the superstructure is a reflection of the orchestra of social production relations" (Gramsci, 1971: 366). The successive and reciprocal relations established by the ideological and political spheres of action from Gramsci's context with the economic sphere do not accept reductionism. So, Gramsci escapes from an understanding that reduces every phenomenon to either economics or ideology. In Gramsci's historical materialism, ideologies and material capabilities always interact; therefore, they cannot be reduced to each other. On the other hand, material capabilities express both social relations and physical means of production. Both the superstructure of ideology and political organization shape the base and ideology is also shaped by them. Within this framework, Gramsci suggests that hegemony erects as a consequence of the dialectical bond between structure and superstructure.

position is whether the proletariat is ideologically armed. In other words, it is the proletariat's acquisition of a new way of life and cogitation, procreation of new ideas and concepts, and obtaining social consent for their espousal. The war of position is the most critical method to debilitate the liberal consensus. Thence, a proletarian state would surface and gain strength through the active solidarity of future citizens. One of the most critical incidents that were effective in the genesis of Gramsci's thought system is the *October Revolution*⁴. Gramsci came up with the idea that it would not be feasible for the proletariat to conquer state control only using coercion, as in Russia's experience (Bates, 1975: 359; Adamson, 1980: 225). Within this context, Gramsci attached great importance to the war of position, which can also be specified as a cultural, ideological, intellectual, and conceptual war. He stated the unfeasibility of accomplishment of proletarian power without winning the war of position. For Gramsci, acquiring political hegemony is a kind of war for consent. Gramsci's war of position notion refers to an open-ended ideological struggle in the fight for hegemony.

War of maneuver is the stage following *the war of position*, representing the seizure of power, and the stage after the acquisition of consent (Gramsci, 1971: 232-233). From Gramsci's outlook, the war of maneuver cannot materialize without an atmosphere of consensual hegemony (Gramsci, 1971: 239). In other words, the war of maneuver cannot occur without acquiring the war of position. Succinctly, after the war of position in which consent is conquest, the next move is the war of maneuver in which the dominant one is subrogated. Gramsci states that the power of the ruling classes in the advanced capitalist countries of the West is not primarily achieved by the state's control over the coercive apparatuses (Şenalp and Şenalp, 2009: 203). He underlines that the power of the ruling classes is hinged on a large number of social and institutional relations within civil society, which signifies a war of position. This class rule is based on consent and is

⁴ Gramsci (1971: 238) claimed that the October Revolution could only be a source of idea not a model for the desired proletarian revolution in the West. He braced this claim by bringing into the open the sociopolitical differences between Russia and the West. Gramsci (1971: 238) contemplates that it is not adequate for the proletariat to come to power merely by having the means of production. Gramsci, appraises the state as the sum of political society and civil society, and he conceives the difference between Russia and the West stems from this. According to Gramsci, civil society in Western societies is much more advanced than in Eastern societies and has founded by means of a tighter organic link with political society. Since civil society has not yet thrived in Russia, it has carried out an armed revolution from Gramsci's standpoint: "In the East the state was everything and civil society was primitive and amorphous. But the situation in the West is different; the state has a robust ideological apparatus to fall back on. Civil society has become a very complex structure, resistant to the catastrophic irruptions of the immediate economic element. The dominant world view is highly institutionalized and widely internalized" (Cited in Femia, 1975: 34-34). In this regard, Gramsci thinks that the October Revolution should not be assimilated as a model (Femia, 1987: 53). Gramsci argues that the proletarian revolution can be prospective by founding a hegemony in Western societies where the institutions and practices of civil society were relatively exceptionally advanced (Gramsci, 1971: 175-243). Gramsci points out that hegemony can take shape with the conquest of both political and civil society. Gramsci ascribes appreciable stature to the elements of the superstructure such as organic intellectuals, media, public or private schools of education, mass media in this connection. There was no period of war of position in the field of civil society before the revolution in Russia and the state was possessed as a result of a military maneuver war and brute force. With respect to Gramsci, the revolution was not permanent accordingly (Bates, 1975: 364). For, according to Gramsci's ideas, a real civil society can be set up only after the state has been seized by means of the war of position.

only ultimately promoted by the state's direct and overt instruments of coercion. After the achievement of consent, the process in which the state puts its coercion elements into action is the war of maneuver (Gramsci, 1971: 233).

When those notions are applied to international relations and the international system, it can be seen that the US hegemony has been established following these norms. After the Second World War, there were states led by the US in the international system. This was realized through their consent. At this point, the passive revolution should also be covered, which is one of the most controversial notions of Gramsci. Gramsci advocated that passive revolution was a practice launched when the hegemony of the bourgeoisie decayed (Gramsci, 1971: 55-80). He also characterized it as a strategy that allows for the political and economic reorganization of bourgeois domination. According to Gramsci, the passive revolution was experienced differently in the historical process.

An example is that liberalism was the governing thought in almost every field in the 19th century. On the other hand, the outbreak of fascism and the rise of Fordist production in the 20th century is another prominent example of passive revolution⁵. As claimed by him:

“There is a passive revolution involved in the fact that—through the legislative intervention of the State and the corporative organization—relatively far-reaching modifications are being introduced into the country’s economic structure to accentuate the ‘plan of production’ element; in other words, that socialization and cooperation in the sphere of production are increased, without however touching (or at least not going beyond the regulation and control of) individual and group appropriation” (Gramsci, 1971: 119–120).

Gramsci revolutionized the concept of hegemony, and during his short life span, he efficiently altered hegemony from a rather unidimensional character of international relations to “an organizing principle, or world-view, agencies of ideological control and socialization diffuse that

⁵ In times of organic crisis, the model providing maintenance of hegemony becomes dysfunctional. Therefore, such periods require the creation of the necessary conditions for making alteration on the existing hegemonic model. For Gramsci, passive revolution takes action for the purpose of this change. Particular studies have been conducted about notion of passive revolution and its application to specific sociopolitical and socioeconomic processes in the 21st century, too (See Morton, 2007, 2010; Callinicos, 2010; Wanner, 2015; Hesketh, 2017; Roccu, 2017). The notion of passive revolution has gained another dimension in the analysis of neoliberal accumulation strategies implemented in the world under the leadership of the US since the mid-1970s, in the recent Marxist international political economy literature. Gramsci emphasized that the unequal development conditions of capitalism may create the conditions for passive revolution to take place. He remarked that these unequal development conditions would pave the way for a passive revolution carrying out by the ruling classes battling for hegemony in the underdeveloped peripheral countries of the world. In this context, the notion of passive revolution has been used in the international political economy literature for the last few decades to clutch the perpetuity of the unequal development conditions of capitalism in the neoliberal era and, withal in order to identify the dynamics of state formation in these conditions (See Shields, 2006; Roberts, 2015; Webber, 2016, Mallick, 2017). Morton (2007) is able to put forward an efficient use of passive revolution, which becomes the main notion for grasping global capitalism in unequal development, where there is both national and international in all actualities. Morton (2007: 597) claims that passive revolution is absolutely a revolution by an elite that pave the way for formation of a state power compatible with presenting capitalist relations. Passive revolution is the set-up of the consent to the system of rule by means of the countless levels and examples of private or civil society.

into every area of daily life.” (Carnoy, 1984: 73). In this context, Gramsci's writings on hegemony have led many theorists and schools of thought in different disciplines withal. Therefore, various classifications of the theoretical explanations of the concept of hegemony have emerged, such as Realism, Liberalism, Critical Theory, and World System Approach. When hegemony conceptualizations are examined, it can be seen that there are derivative approaches such as Neo-Realist, Neo-Liberal, and Neo-Gramscian theories, which are the contemporary versions of these theories under the leading schools of thought such as Realism, Liberalism, and Critical Theory. The views of important representatives of these approaches will be discussed below.

1.2. HEGEMONY AS DOMINATION: A REVIEW OF REALIST, NEO-REALIST, AND LIBERAL THEORIES

The realist theory was the first comprehensive, and systematic international relations approach immediately after the Second World War. It treats hegemony as the superior power of a state or group of states. From the standpoint of realism, the term power is a central concept⁶. For realists like John Mearsheimer, a hegemon is “too powerful that it exercises control over all other states in the international capitalist system” (Mearsheimer, 2001: 40). The fundamental wellspring of this superiority, Mearsheimer contends, is the reality that “no other state has the military supplies to give a start a critical conflict against it.” Out of the question, economic power is also substantial, but chiefly since it gives authorization to the hegemon to stiffen its military supremacy. In addition, the international system always involves the struggle for power among states trying to achieve their interests at the highest level (Gill, 1986b; Schroeder, 1994; Joseph, 2000 and 2008; Mearsheimer, 2001, 2007). Since the second half of the 20th century, realism has been one of the

⁶ Here, we believe that it would be useful to open a small footnote on the historical foundations of the discipline of international relations. In his book having a title *The Discipline of Western Supremacy Modes of Foreign Relations and Political Economy*, Kees van der Pijl (2014) ascribed the origins of the International Relations discipline to the imperious proneness of what he characterizes as the Lockean heartland (Van der Pijl, 1998, 2014). The separation between hegemonic and non-hegemonic state complexes constitutes a focal point of the book. From the perspective of Van der Pijl (1989b) those state forms recognized as the *Lockean* and the *Hobbesian* states in the international order. Hegemon state is based on consent rather than on domination and repression. The state's economic ground is a free market where social relations are subject to the rule of law; the state plays a streamlining rather than a guiding role in socioeconomic order. The first hegemonic state complex consisting in England, with the Glorious Revolution of 1688. From the rough, its character was transnational: the domain of its fundamental qualifications was not limited to the territory of England region, but was expanded by the transnational extension of the English historic bloc through emigration and colonization; thus occurred a progressively enhancing hegemonic core of the state system (Overbeek, 2004: 126-127). On account of this, Van der Pijl (1989a: 19) wrote: “we should preferably speak of a Lockean heartland rather than of individual Lockean states. The transnationalization of society is essential here; a transnationalization propelled by the internationalization of capital”. In non-hegemonic states on the contrary the state is relied on mobilization by one single state class. This state class is created by a association of factors of the ruling class and of the ruling class which is restricted in its ability to able to demonstrate its interests in the transnational space ruled by the Anglo-Saxon ruling class (Van der Pijl 1998: 78; Overbeek, 2004: 127). Hobbesian states are in this way compelled by force to a marked by continuous catch-up carry on by means of revolution from above (Overbeek, 2004: 127).

main paradigms of the US, together with the motive to spread and legitimize its needs, interests, and views worldwide (Yarmolenka, 2014: 11).

Realist theory has its origins in 17th-century mercantilism⁷. Mercantilism proposes the encouragement of exports by states in the economy and the restriction of imports through the tariff wall (Hillison, 2019: 242). Nation-states are considered the most crucial actors of the international system in both mercantilism and realism since they are considered the supreme unit of sovereign political authority. For realism, the nation-state conflicts with other states while competing for limited resources in the international system. Since one's gain is the other's loss, the result of the conflict is zero-sum (Gilpin, 2001: 78). It is state power that determines the winner of the conflict. It is qualified in line with the economic and military capabilities. On the other hand, neomercantilism is an influential theory that should be constructed within the scope of realist theory. It is the new interpretation and modern version of mercantilism. Neo-mercantilism designates an economy-oriented sight of the foreign policy of realism, which comprehends the global political economy concerning a zero-sum competition for controlling markets, technology, and resources. Maximization of economic power thence forms the underpinning of neo-mercantilist ideology⁸ (Hettne, 1993: 11).

One of the most abiding and effectual theoretical ideas in International Political Economy has been that hegemonic leadership is both crucial and advantageous for attaining global economic stability, in respect of realist theory, as mentioned. The realist theory has given particular importance to the issue of international order by prioritizing the primary interests of the US in the post-Second World War period. While creating basic approaches and concepts related to hegemony, protection, and development of the existing order have been taken as a basis.

⁷ Mercantilism is most frequently linked with the economic policies followed up by the leading states during the seventeenth and eighteenth centuries (Coleman, 1980; Hecksher, 2013). Economic subjects were to be administered by a state in a behaviour that would carry forward its expediencies in the competitive external atmosphere. The basic aim was to make as great as possible the state's wealth belonging to that of other states and as a result of that raise its power and security (Buzan, 1984: 608). The rising in power and security would then in turn magnify the state's opportunities in the cause of improving wealth. The chasing of wealth was thence regarded as a zero-sum game. The mercantilist point of view maintains to assure comprehension into international political economic topics. Even though mercantilists today being inclined to acknowledge that there can be reciprocal avails from trade, they nonetheless place more special importance on the allocation of these gains between nation-states than perform supporters of liberal trade analysis (Wigell, 2015: 141).

⁸ Neo-Mercantilist theory based on the main assumptions of the realist theory again and, thence, it is imperative to offer the main notions of realism for the purpose of interpreting the Neo-Mercantilism in a particular way (Buzan, 1984: 599). Hans Morgenthau's concept of realism in *Politics Among Nations* (1948) is one of the most substantial sources for insighting Neo-Mercantilism. Morgenthau claims that states are fulfilling the function of human behaviour, such as self-interest, which paves the way for states to maximize state power. Morgenthau regards the distribution of power between the world's states and sorts them into three categories: status quo, revisionist or prestige-seeking states (Morgenthau, 1972: 21-25). Status quo states desire to sustain the current global power divisions while revisionist states ask for to change it. By the way, the prestige-seeking states intend to exhibit their power and acquire more impact and prestige.

Although the international system was relatively simple in the 1950s and 1960s, it was bipolar and hierarchically organized in the Cold War era. Realism, led by Morgenthau (1993), the dominant paradigm of the period, marked the hegemony and international system debates. The power of realism in hegemony and international system discussions during this period stemmed from the suitable ambiance after the Second World War and especially the position of the US (Wohlforth, 1994). The US aimed to establish order under its leadership in the post-war atmosphere. The conceptual tools of realism were based on establishing such an order in the context of power and interest. Perhaps, for this reason, Hoffman (1977), one of the leading thinkers in the discipline of international relations, described realism as an essential tool for the rationalization of the US Cold War policy⁹. However, the international system has moved from the bipolar simple structure to a more complex structure since the early 1970s.

Meanwhile, the Western Bloc, represented by the US, and the Eastern Bloc, represented by Soviet Russia, have undergone tremors. Subsequently, tensions have increased, and different approaches to economic and political issues have been brought to the agenda. In addition, realism was ineffective in elucidating the advancements taking place in the international money and oil markets in the 1970s. Consequently, realism was inadequate in clarifying the international system and the concept of hegemony in that period. That brought a new and different perspective to the concept of hegemony. Essentially, neo-realism, the modern version of realism, emphasizes the consent dimension of hegemony to maintain the hegemonic power of the last hegemon in the international system, unlike classical realism (Waltz, 2004: 2-6). Subsequently, neo-realism argued that the world order could be carried out by creating joint interests.

Neorealism is a new version of realism. The discernment has parlayed neorealism opened up by the agency of Kenneth Waltz. Waltz has intensified his analysis predominantly on the bipolar world system after the Second World War and the Cold War. Waltz thinks that the bipolar system was the fruit of the Cold War, asserting that this structure would proceed even after the breakdown of the Soviet Union (Waltz, 1988, 1990, 1993, 2004). The balance of power system is viable in

⁹ The impact of positivism on American foreign policies is frankly observed in this period. Dorothy Ross (1991) in her famous book titled *The Origins of American Social Science* also reports that the positivist epistemology and methodology became increasingly dominant in the US's political development struggles, particularly during the Cold War. By means of this epistemology and methodology American foreign policy was shaped over hostility against communism in this period. The implemented policies have been condemned to purely ideological interests, devoid of scientific criteria. This circumstance paved the way for the politicization of social disciplines such as political science and international relations. The determination of the methodologies of social disciplines based solely on American ideals and interests, along with ignorance of the historicity, has begeted unrestness on many social scientists. For this reason the adoption of scientism in the social sciences has triggered. Scientism requires theoretical developments to be verified by observation and experimentation. Scientism, along with the simplify of controlling the dynamic new world, brought about the formation of professionalism and new areas of expertise (Ross, 1991: 427-439). In the context of the discipline of international relations, the development of new theoretical approaches by many different theorists in the following years verifies this.

an anarchic international system from Waltz's standpoint. According to Waltz, a hegemonic one is an imperialist one with the features of dominance and leadership of an all-powerful state (Gill, 1991: 278).

There are other different perspectives comprised in the Neo-Realist theory of hegemony. One example is Charles P. Kindleberger's (1975) *Hegemonic Stability Theory*, and the other is the *After Hegemony* thesis developed by Robert O. Keohane (1984). The Hegemonic Stability Theory links the stability of the international system to the existence and maintenance of the hegemonic power because the international system is based on the concepts of an anarchic international order and power balances (Kindleberger, 1975: 305; Keohane, 1984: 31). As stated by Kindleberger: "for the world economy to be stabilized, there has to be a stabilizer, one stabilizer" (1975: 305). Kindleberger (1975) proclaimed in a convincing manner that the nonexistence of a hegemon with the intention and aptitude to promote a liberal international system was primarily the root cause of the eruption and period of the Great Depression. In this aspect, the hegemonic stability theory assumes that when there is a robust dominant power, there will be stability; however, when a strong power begins to slip, and a new challenger rises, war is more likely. In other words, in case of the decline of a hegemon, the international system becomes unstable. Thus, the neo-realist apprehension of hegemony pays particular attention to the state's leading roles within the framework of international relations and describes the hegemon as the main element of order in an anarchical inter-state system (Milner, 1998: 113).

On the other hand, contrary to the *Hegemonic Stability Theory*, *After Hegemony* thesis claims stability is not connected to the continuation of hegemony. Even if hegemonic power is weakened, it is sufficient for the system's actors to benefit rationally from the cooperation to continue the international order. However, although it is the subject of different theses, in the end, the definition of hegemony based on material power and excluding the ideology element remains much narrower than the concept of Gramscian definition and consideration of hegemony (Snidal, 1985; Grunberg, 1990).

Robert Gilpin (1981, 1987, 1988, and 2001) also gave a different perspective on the concept of hegemony and left its mark on this period. Unlike other realists, he focused on international economic processes rather than military and economic issues and pointed to multinational corporations whose influence rapidly increased and intensified in the US. He has demonstrated how the activities of the US multinational corporations have gained importance and their roles in the international system and the US hegemony. Furthermore, he claimed that being the leading hegemonic power in the international system cannot be limited only by a state's military and

economic power. The role played by international private organizations and multinational corporations' international connections to increase cooperation and ensure consent is also critical. In this period, the subject of the internationalization of capital is also at the forefront. Although Gilpin stated that there was a need for a hegemonic state in the international system for the internationalization of capital as well as multinational corporations and non-state private organizations (Gilpin, 1976: 184-191), he generally established a connection between the existence of the internationalization of capital through the US multinational corporations. Furthermore, he brought forward that the stability of the international system of the 1970s is one of the significant corollaries of the US hegemony. In sum, the neo-realist theory of hegemony is based on the idea that indissoluble international economic order is possible only with a hegemon state that provides international public services, such as security, peace, and freedom, as emphasized. Markets can only be managed and operated best in an environment where these services are provided.

As the international system and the international order created by the post-war changed in the 1970s, the US was shaken, and available order began to be questioned. It was frequently emphasized that the conceptual tools developed by realism and its derivative neo-realism were insufficient to explain the international system and hegemonic changes. These criticisms were related to realism's point of view, especially the state-centric and ahistorical perspective. However, the change in the international order in the 1970s did not only affect realist and more radical thinkers; researchers who adopted the liberal-institutionalist approach also came to the fore in studying the changing world. What they thought they pointed out was that the world had become more complex interdependence relations had enhanced (Gill, 1990: 293). Therefore, new contributions must be made to fully understand the international system and the concept of hegemony in such an order.

From the perspective of liberal institutionalism, the hegemon state has both motivation and necessary skills in establishing and supporting open regimes whose existence depends on the presence of the hegemon state. With another saying, establishing and maintaining an open world economy requires a strong and authoritative leader. Moreover, hegemonic power must control raw materials, capital resources, and the market on a global scale. In addition, it must have a competitive advantage in producing high-value-added goods. Finally, it must be more substantial than all states in the international system to manage international economic relations.

Furthermore, liberal institutionalism argues that the hegemonic power must be willing to govern the international system. Liberal institutionalism does not consider military power as a dominant

element of hegemony; it claims that hegemonic power should have military capacity at a certain level. Keohane (2001) argues that the hegemon cannot use its military power directly to achieve its economic goals. He highlights the concept of *complex interdependence* rather than military power. Keohane and Nye define interdependence as reciprocal impacts among actors arising from international transactions, movements of money, goods, people, and messages across international boundaries (Keohane and Nye, 1989: 8–9).

However, roughly after the 1980s, some other theories emerged handling the concept of hegemony and international system discussions. They have included the analysis of the leadership and organization of the political, intellectual, and moral discourses of different class-related forces, a particular class or fractional group, with a Neo-Gramscian and Neo-Marxist perspective.

1.3. NEO-GRAMSCIAN THEORY OF HEGEMONY IN INTERNATIONAL RELATIONS (IR)

Neo-Gramscian theory exemplifies a momentous break with mainstream International Relations, primarily developed by Robert Cox, by applying many comprehensions from Gramsci. Robert Cox frankly laid the bottom lines for the ‘Italian School’ by carrying out Gramsci’s ideas internationally. He has indicated that it is feasible to figure out hegemony and the formation of historical blocs on a world scale (Gill and Law, 1989: 477) by providing a comprehensive overview of the critical theory of hegemony, the international system, and historical change. Cox (1983: 124) pointed out that his studies “does not stand to be a critical study of Gramsci’s political theory but only a derivation from it of some opinions beneficial for a revision of current international relations theory.” Besides Cox, the theorists such as Stephen Gill, Kees Van der Pijl, and others often came together indisputably under the umbrella of an affiliated ‘Neo-Gramscian’ position or ‘the Italian School.’ Antonio Gramsci’s thoughts strongly influenced their studies. Gramsci’s thoughts and works are genuinely applied to ‘the international,’ both from within International Relations by them. Instead of a problem-solving concentration with the continuation of social power relationships, Neo-Gramscian theory settles down to questioning the interrogating order of the world. It does not acknowledge institutions and social and power relations for the privileged. However, it labels them into inquiry by scrutinizing their genesis and whether they might be in the process of changing (Cox, 1981). Cox's article *Social forces, States and World orders: Beyond International Relations Theory* published in 1981, is of great importance in advancing critical theory. Cox (1981: 128) asserts that in the article, “critical theory allows for a normative choice in favor of a social and political order different from the prevailing order.” In

this context, this article criticized the epistemology and ontology of the mainstream theorists in an unorthodox Marxist methodology and Neo-realist orthodoxy (Kratochwil and Ruggie, 1986).

Cox constructs on a historical tradition from Braudel, and Gramsci wherein theorists try to grasp the past and the present to bring forth social change targeted at a new anti-hegemonic world order, preferentially arising from the basis of civil society (Brincat, 2016). Supposing that theory cannot satisfy a neutral, value-free, and non-normative clarification of the world, the article of Cox (1981) installs a separation of IR theory between critical and problem-solving. Cox's theoretical separation between critical and problem-solving owes its conceptual frame and groundwork to a distinction presented by Max Horkheimer as part of Frankfurt School theorizing during the late 1930s. Horkheimer's (1972, 1995)'s theoretical framework primarily targeted Neorealism developed by Kenneth Waltz and the positivist approach adopted by him. Cox has found the opportunity to compare traditional (problem-solving) and critical theories in international political economy by following the theoretical framework developed by Horkheimer. Cox's way of articulating Critical Theory has a resemblance to Horkheimer's. Both Cox and Horkheimer share fundamental concerns, containing: the problematization of positivism¹⁰, the promotion of a historical materialist comprehension of social transformation, and the tracing of normative goals widely bounded up with emancipatory politics, which they both point out as freedom from slavery (Brincat, 2016: 2). Horkheimer (1972: 222, 246) also states that "critical theory's goal is man's emancipation from slavery" and "there is no theory of society that does not contain political motivations."

Cox continued to investigate the international system and hegemony as part of the theoretical scaffolding he inherited from Horkheimer (1972, 1995) after his sensational article published in 1981. He developed the neo-Gramscian concept of hegemony. Cox's theoretical framework about international relations and hegemony diverges from traditional hegemony theories in that it can illuminate the origination of world order, relations of production, and reproduction in an all-embracing way. Cox (1983: 162-175) accentuates that states and non-state organizations constitute social forces in the hegemonic system, cover the ideas and institutions of the hegemon by means of the passive revolution, and the hegemony that evolves within this structure sprawls the entire system. Cox criticized states' abstract presupposition as sovereign actors and wielders of generic power resources. Instead, he claims states have significant historical structures.

¹⁰Critical theories reject some of the assumptions of positivism. It rejects objective external reality, subject/object difference, and the absence of value judgments in social sciences. According to critical theory, knowledge reflects the researcher's concerns and interests. It is always produced with prejudice. Opposing the rationalist epistemological analysis, Cox stated that the theory always belongs to someone and it is produced by means of a specific purpose.

According to Cox (1981: 141), states are historically built and continually rebuilt in the ligament between global and domestic social relations.

From Cox (1981)'s perspective, there is a tripartite structure of ideas, material capabilities, and institutions on which hegemony rests. Of these, ideas play a vital role in ensuring consent. So, imitating the forms of a state's economic, social, and political primary institutions and organizations is not enough for secondary states to form hegemony, and their critical values must become a model of affinity. The material capabilities of the hegemon state should support ideas. The material capabilities on which hegemonic world order is based can be listed as the technological and organizational capabilities with both productive and destructive potentials, the accumulation of those potentials in the form of natural resources that technology can transform and stockpiles of equipment such as industrial facilities and military equipment (Cox, 1996: 98). Although the distinctive feature of hegemonic world order is a consensus, all political, military, economic and cultural elements which lean on the opportunities of coercion created by present material capabilities are essential in a hegemonic relationship. The coercive potential of a hegemon power lies within its material capabilities, when necessary; it enables it to impose its will to weaken powers in the international system (Cox, 1996: 99). Institutions, another element of hegemonic world order and hegemonic power, come to life with a particular combination of ideas and material capabilities, and then affect the development of both ideas and material capabilities. The main functions of the institutions are to legitimize and defend the political and economic projects of the hegemon and open the way for the perpetuation of the system by stabilizing it.

Two primary mechanisms related to hegemony in Cox's (1983 and 1987) studies are internationalization and transnationalization¹¹. The internationalization process refers to the process by which the ruling class tries to establish and maintain an international order based on norms, regimes, and institutions serving in the name of universal interest. The transnationalization process, on the other hand, refers to a process in which the new hegemonic community opens outward and tries to spread its hegemony over other states. In this way, the hegemonic power's economic and social institutions, culture, and technology are transformed into the facts emulated by other states in the international system (Cox, 1987: 285). This emulation is the basis for ensuring the hegemon state's consent in the international system. The transnationalization mechanism has played a central role in the functioning of the US hegemony (Cox, 1993: 259-260). Cox (1987: 253-267) also emphasizes the state's internationalization. This concept

¹¹ The transnational characterized as the domain of multi-level relations between structures and actors which widen across, and as a result of that connects as well as goes beyond, different territorial levels (Montalbano, 2021: 12).

addresses the state's feature as a pivotal actor in the process of alliance formation, which supports capitalist internationalization (Cox, 1996: 276). Cox observes a rising international structure of political authority to be the counterpart to the internationalization of production, linked with a globally formulated civil society (Germain and Kenny, 1998: 16). Further internationalization of state puts forward that the collaboration and alliance-forming decisive for being the world hegemony which does not only go beyond barely economic class coalitions through the internationalization of military power but also the internationalization of particular social, institutional, political and cultural values and ideals—these again being disseminated through the complicated process of endeavor within the domain of the state (Cox, 1987: 253).

Cox has outlined three historical structures of world order which have appeared in the last two centuries. He points out, "Each successive structure of world order was characterized by the emergence of new forms of state, new historical blocs, and new configurations of production relations" (Cox, 1987: 109). By analyzing the international systems and hegemon states of the 19th and 20th centuries, Cox (1987: 107-109) argues that British hegemony occurred between 1845-1875, while the US hegemony occurred between 1945 and 1965. He emphasizes that in the 19th century, between 1845 and 1875, the world economy was at the center of Britannia. The world economy formed and created mechanisms and institutionalizations such as free trade, comparative advantage, and gold standard under the leadership of Britain. Then, after a non-hegemonic period, the US created a new hegemonic world order in the 20th century between 1945 and 1965. That order was realized through more developed mechanisms and organizations due to the more complicated world economy. With an approach similar to Wallerstein (1974, 1979, and 1983) and Wallerstein et al. (1984), Cox emphasizes that periods of hegemony are limited, and they are followed by non-hegemonic periods as seen after the hegemonic periods of 1875-1945 until the beginning of another hegemonic period. From 1875 to 1945, a structure was formed in which British and US hegemony was questioned, the order in the international system was shaken, and uncertainties, tensions, and contradictions increased. With this approach, Cox (1987: 17-34, 396- 398) argues that hegemonic world orders are temporary and counter-hegemonies against the dominant country and mode of production are formed over time.

The works of Stephen Gill also significantly contributed to those presumptions of the Neo-Gramscian approach. Stephen Gill acts from the idea that hegemony in the international system cannot be tackled only within the framework of the domination of any state in a similar context. He underlines that the elucidation of hegemony merely by the domination of any state renders the concept measurable with empirical techniques. On the other hand, the state should be dissected about concepts such as internationalization, transnational institutions, civil society, and

production level from Gill's vision. Like Cox (1983), Gill (1993a, 1993b) transcribes Gramsci's concept of the historical bloc to the international system by the *transnational historical bloc*, enumerating hegemony as the projections of the transnational historical bloc in political, economic, and social spheres. In this context, he propounds that the transnational historical bloc is a repercussion of the historical rapport between different classes, ideologies, institutions, and material capabilities. Gill states that hegemony represents the reflections of the transnational historical bloc in the political, social, institutional, and economic fields. Again, from Gill's point of view, the transnational historical bloc constitutes the link between classes for the hegemony of transnational capital (Gill 1993a, 1993b). Transnational institutions and organizations essentially provide this connection.

It would be beneficial and requisite to cover the precious contributions of the Amsterdam School, which pertains to the Neo-Gramscian tradition. They applied many of Cox's notions to the international political economy but drew more directly from Gramsci and Marx by choosing to take up a more historically materialist analysis of the determinatives of transnational class formation with an arising transnational civil society and the degree to which this class is practicing hegemony to an increasing extent in the global system to the detriment of states (Pass, 2018: 597, 613). Amsterdam School has been a precursor in creating a theoretical framework for the transnational capitalist class aspect of hegemonic power hinged on an original and practical new and different interpretation of Gramscian notions (Holman, 1996, Jessop and Overbeek, 2018; Overbeek, 1998, 2000, 2004; Van Apeldoorn, 2004; Van der Pijl, 1979, 1989, 1993a, 1998). Specifically, hegemony, organic intellectuals, and passive revolution classifications have been utilized to elucidate the structure/agency interlinkages in transnational capitalist class formation procedures. Thence, the Dutch Neo-Gramscians contemplated stopping themselves from the professed economism of world-system theory alongside the State-centric world orders' analysis of the 'Italian School.' Both Van der Pijl (1984) and Overbeek (1990) launch the concept of a 'comprehensive concept of control.' It demonstrates the integrity of a critical mass of interests composing the ground for a new framework and the set of economic and class forces assuring the structural origin in which interests are subtly joined on national and international levels. A concept of control, for that reason, symbolizes an attempt for hegemony. It is an individual or collaborative enterprise for the direction of public incidents and social control, which goes beyond barely characterized fractional interests.

Further, it unites reciprocally convenient strategies in labor relations and social, economic, and foreign policy on the ground of a class reconciliation requiring special economic and ideological returns for the dominated classes and class fractions covered (Overbeek, 1990). Those concepts

almost have the same meaning as Gramsci's concept of a historical bloc which functions as the assembly point for a fraction of the ruling class and can fascinate a mass following. A concept is potentially hegemonic if it fuses good enough design plans for the supervising of relations between fractions of capital (Burnham, 1991: 87). On the other hand, it would be instructive to touch on the concept of "hegemonic project" preponderantly developed by Jessop (1997). Jessop negotiates this notion by noting how hegemony rustles up relations between different structures and practices to assure the union of a social formation. Nevertheless, he says that no statement is made of how this exceptional, unsuspected integration of a heterogeneous, inconsistent, conflictual social formation is acquired; it just realizes (Joseph, 2003: 131). According to him, hegemony is an upshot of genuine hegemonic projects, state strategies, forms of regulation, and so on.

The outlook for the Amsterdam School is the contention that relations between the hegemonic state-society complexes are fixed firmly in the broader context of changing transnational social relations. Consequently, the international aspects of hegemony were contemplated by considering the hegemony in the global system as a form of class rule and not principally as a relationship between states as in realist and neo-realist theories (Overbeek, 2004: 127).

1.4. WORLD SYSTEM THEORY AND HEGEMONY ANALYSIS

In the 1980s, dependency theories emerged to reflect the less developed countries' demands for new and more equitable world order. Subsequently, Immanuel Wallerstein's World Systems Perspective, which introduced the relationship between the functioning of the world economy and the system of states, offered a new agenda against the traditional theories trying to explain power balances. The World-systems perspective refers to a historical macro-sociological perspective with world-systems as its prior units of analysis. It accepts that world systems give significant elucidations of social facts. Wallerstein (1984, 2004a, 2005, 2011a, b, and c) outlines the world-systems perspective in three delineative properties. Firstly, he claims that the proper element of geopolitical analysis is a world system rather than divided nation-states or regional domains. Secondly, he affirms that each world-system has a finite, albeit long, process, with different stages fixed firmly and deeply within it. Thirdly, he gives his attention to one world system, the modern capitalist world economy (Wallerstein, 1990: 287-288). The propellent power of the capitalist world economy is the continuous accumulation of capital, and it is hierarchically striated by a longitudinal division of labor in which there is a center-periphery relation, such that there is some form of uneven exchange that is spatial, therewithal, there are semiperipheral domains that

intervene between the center and peripheral countries¹². The capitalist world economy reflects an interstate system of competing nation-states. Within this system, a hegemonic state comes into view, but this situation is temporary; it leaves its place to another state after a certain time; since capitalism as a world-system hallmarked by a pattern of cyclical rhythms that embody the intrinsic paradoxes of the system (Wallerstein, 1990: 287-292). The rise and decline of hegemonic powers in the interstate system determine the evolution of the capitalist system:

“Capitalist world economy needs the states, the interstate system, and the periodic appearance of hegemonic powers. The priority for capitalists is never maintenance, much less the glorification, of any structures. The priority always remains the endless capital accumulation” (Wallerstein, 2004: 59).

Wallerstein's (1983, 1984)'s theory proposing the world system as a fundamental unit analysis came to the fore in an atmosphere where realism and liberalism were being criticized for their state-centric approaches to hegemony. Wallerstein (1984, 2004a, 2005, 2011a and b) points out that the modern world system was formed between 1500 and 1600; he mentions 500 years of capitalist modernity. This date range is a significant turning point in comprehending the historical formation and evolution of the modern world system. The modern world system has specific structures and processes determined in the historical flow. The fundamental and structural characteristic of the modern world system is that it is not symbolizing an anarchic and horizontal organization, as in the understanding of the international system defended by realist theory. Instead, the modern world system has a vertical organization. In other words, Wallerstein turned thumbs down on the anarchic international system assumption of realist theory. He argued against the horizontal analogy of states in the international system. States are not analogous, and the modern world system hinges on an unequal authority structure, bringing forth a hierarchical and vertical structure from Wallerstein's standpoint. This standpoint of Wallerstein has brought a new and different perspective to the notion of hegemony in the modern world system. While conceptualizing the modern world system, Wallerstein assigns the hierarchical structuration of economic exchange relations as the most prominent structure of this system.

According to Wallerstein (2004), the modern world system, which took its source from and extended from Europe during the sixteenth century, surrounded the entire world in the nineteenth century. Further, he indicates that there has been a striking capitalist transformation in the world system since the 16th century. Wallerstein has clarified this transformation through the world

¹² Center countries refer to powerful sovereign states that are able to impose their policies about the cross-border movements of goods, people and capital, while peripheral countries refer to states which have feeble sovereignty and generally incline towards the cultivation of a single crop such as cash crops or extractive industries of single export commodities. On the other hand, semiperipheries fuse the two processes (Wallerstein, 2004b: 45-46).

economy and empire concepts. World Empire is a structure in which political actors are determinative and economic actors are interdependent on political mechanisms. Hegemony for Wallerstein characteristically takes place subsequent to a “Thirty Years War” that “implicates all the major economic loci of the world-system and have historically pitted an alliance grouped around the putative constructor of a world-empire against an alliance grouped around a putative hegemonic power” (Wallerstein, 2004: 58). The development of capitalism since the 16th century has allowed the formation of the world economy by providing structural transformation in the relationship of economic and political actors in the world system. With this transformation, for the first time in history, economic exchange relations have spread worldwide, and it has become structurally impossible to reverse those relations for political actors. This is such a remarkable transformation that after this stage, all actors and relations in the world system are determined by the structure of the world economy, which is the central unit of analysis, states, classes, and individuals, and shaped by hegemonic changes and transformations (Chase-Dunn and Grimes, 1995). As Wallerstein indicates:

“Capitalism and the world economy are observed sides of the same coin. One does not cause the other. We are simply defining the same indivisible phenomenon by different characteristics” (Wallerstein, 1974: 391).

Wallerstein (1984: 38-39) characterizes hegemony as synonymous with domination or supremacy. The competition between the so-called great powers is so unbalanced that one power can broadly impose its rules and wishes. Economic supremacy ensured the material basis for a series of hegemonic states- the Netherlands in the seventeenth century, Britain in the nineteenth century, and the US in the twentieth century- to exercise its rules and wishes in all domains. Moreover, hegemony is a relationship between the center and periphery countries; the world economy's structure shapes that. The capitalist system sparks off the structural inequalities generated through the constellation of center and periphery countries. Concisely, it is possible to assert that Wallerstein (1974, 1975, 1979, 1983, 1984, 1992, 2004a, 2005, 2011a, and b) has tried to explain the collective reality of the world economy by including the central and peripheral states. He emphasizes that collective reality in the world system has its unique tendencies, such as center-periphery relations, division of labor, unequal change, and dynamics, including economic expansion and contraction, which determine economic, political, and social developments of states. All these dynamics cyclically determine the rise and fall of hegemonic forces in the historical process. Wallerstein (1974: 7-8) aimed to illuminate changes in the hegemonic states due to the evolution and interaction of the world-system¹³.

¹³ From Wallerstein (2004)'s line of sight, capitalism started to experience its unavoidable collapse subsequent to the 1970s crisis, along with the undisputed downgrade of hegemonic status of the US. According to him terminal downfall

In addition to Wallerstein, authors such as Arrighi (1994, 1996, 1997, 1998, 2000, 2005, 2007, 2009a, b, c, and d), Amin (1976, 1977, 1979, 1990, 1991 and 2003a and b) and Frank (1967 and 2000), who are the important representatives of the World-System theory, used the concept of hegemony to understand interstate relations. These authors developed a world-systems analysis approach to clarify the human world from the 14th and 15th centuries. In the early 1970s, Wallerstein described this chronological section as the modern world system.

Dependency Theories and World System Theory revealed the necessity of adopting a holistic approach to perfectly fathom the notion of hegemony. The debates put forth by the theories have got a form that encapsulates the dynamics of the international system and also the world economy. According to them, the concept of world hegemony expresses the power of the state to fulfill its leadership and governance functions in the system of hegemonic states. Moreover, the hegemon is a state ruling over the world economy to such an extent that the rest of the world depends on its growth (Wallerstein, 1984).

World System Perspective underlies the misconceptions of theories that deal with the concept of hegemony from Realist and Liberal contexts by demonstrating their inability to conceptualize the international system as a world system. This is related to the fact that theorists, who define the concept of hegemony from the view of the Realist and Liberal framework, only examine the relations of the developed community of Western states in this context and in a narrow framework to confirm their propositions.

1.5. GIOVANNI ARRIGHI AND THE RISE AND THE FALL OF HEGEMONIC POWERS

Giovanni Arrighi (1994, 2000, 2005, 2007, and 2009a) uses the concept of hegemony to understand interstate relations and the functioning of the modern capitalist world system. From his standpoint, the modern world system has been based on the hegemony of different powers in different periods. Arrighi was a leading contributor to the approach to world capitalism being recognized as the world-systems analysis (Robinson, 2011: 267).

Arrighi would be best remembered for his trilogy of works analyzing the history and structural dynamics of world capitalism, *The Long Twentieth Century; Money, Power and the Origins of Our Times* (1994) (which is contemplated as one of the most crucial contemporary study attributed to the *Longue Duree* of the international capitalist system); *Chaos and Governance in*

of capitalism is anticipated for the years between 2030-2050, and it brings the chance for the occurrence of a new socioeconomic organization with more equitable basis.

the Modern World System (co-authored with his partner Beverly Silver and several other collaborators, 1999), and *Adam Smith in Beijing: Lineages of the Twenty-First Century* (2007) (Robinson, 2011: 268). In these studies (respectively), Arrighi advances the critical notions of his theoretical heritage, systemic cycles of accumulation, hegemonic changes, and their main determinants (through the reconstruction of the hegemonic stages of the international capitalist system since the thirteenth century by identifying the hegemonic states in the course of history, comprising cities in Northern Italy; primarily Genoa, the Netherlands, Britain, and eventually the US); and the rise of a Chinese-led East Asia as the guiding center of the international system.

Although Arrighi was nearly recognized with the world-systems paradigm¹⁴, he refused the concept of a single world-systems theory as advanced by Wallerstein. Instead, he claimed that the Fernand Braudel Centre's particular approach to world capitalism should be contemplated more in a way that does not close and compact as a world-systems perspective or analysis (Robinson, 2011: 271). Furthermore, Arrighi does not fully agree with the center-periphery distinction developed by Wallerstein through a Eurocentric line of sight which highly concentrates on the experiences of Northern center countries¹⁵. According to Arrighi (2005b: 33), sometimes peripheral countries may also demonstrate the characteristics of center countries. Alternatively, peripheral countries may turn into center countries over time.

Arrighi (1994: 28) defines world hegemony as leadership and governance over a system of sovereign states. Building on Gramsci's writings, Arrighi conceptualizes world hegemony as different from domination. Instead, the power associated with dominance is expanded by the exercise of intellectual and moral leadership. In another saying, hegemony is less a question of straightforward domination but somewhat of a position that promotes other states to acknowledge the supremacy of one state in their interest (Arrighi, 2007: 149). In the words of Arrighi (1994: 28, 2010: 29), "While dominance will be conceived of as resting primarily on coercion, hegemony will be understood as the additional power that accrues to a dominant group by virtue of its capacity to place all the issues around which conflict rages on a universal plane." It is appropriate to draw a parallel between Gramsci at the national level and Arrighi at the international level (Pereira and Sardo, 2022: 13). Arrighi indicates that hegemony emerges to the extent that a

¹⁴ It would be beneficial to note that Callinicos (2009) claims that Arrighi can not be ensconced in any classification (such as the World-system theorist), in the light of the complexity and temporality of his opinions.

¹⁵ Arrighi impressed by Andre Gunder Frank (1998)'s critique of Wallerstein's Eurocentric World-system and tried to overcome this perspective, and he was much dealt with the several economic developmental trajectories that came into view in non-European areas and gave great importance on the territorial particularities that were unaffected by the dynamics of the European world economy. Although Arrighi explained interest with Frank's critical opinions on Eurocentric World-system, he did not go along with Frank's other thoughts that the East and West had culturally, socially, politically, economically been integrated into a world-system and the surface of this system goes to the past five hundred years (Chase-Dunn, 2010: 43; Ru, 2020: 259).

hegemon can rule the state system. Arrighi puts the hegemon's power in the center of the capitalist world system (Chase-Dunn, Arrighi, et al., 1994: 364-365)

According to Arrighi (1990: 367), a dominant state fulfills the function of hegemony if it can lead the system of states in the desired direction and if it is believed to protect the general interest. In another saying, geopolitical, economic, military, scientific-technological, cultural, moral, and intellectual leadership is applied through the hybrid forms of coercion and consent. Other nations sense it as a way of getting the general interest. It is a kind of leadership that turns a dominant state into a hegemonic state. Within this respect, world hegemony is a historical architecture that rests on controversies among significant powers. In the words of Arrighi, "the modern system itself has been formed by, and has expanded based on recurrent fundamental restructuring led and governed by successive hegemonic states" (Arrighi, 1994: 30).

Arrighi tries to explain the phenomenon of hegemony and hegemonic changes within the framework of the capitalist world system. That is to say, in the introduction of *The Long Twentieth Century*, he frankly notifies that in order to understand the restructuring of the modern world-system capitalist world economy must be sunk in (Arrighi, 1994: 1). Because, from Arrighi's perspective, pre-capitalist societies do not provide an adequate framework for understanding the meaning of world hegemony as they include a closed system of economic cycles. In this context, it can be said that the concept of world hegemony took place in the world system following the birth of capitalism, which is generally accepted to have emerged in the 16th century. Therefore, Arrighi's (1994: 33-36) description of historical capitalism is foremost to comprehend the constant opposition between the capitalist and territorialist logics of power. As he states:

"The contradiction between an endless accumulation of capital and a comparatively stable organization of political space is the definition of capitalism and territorialism as opposite modes of rule or logics of power. This dialectic between capitalism and territorialism antedates the establishment of the modern inter-state system" (Arrighi, 1993: 154).

Unlike other modern world system theorists, Arrighi examined the capitalist world economy in different dimensions and evaluated the capitalist world economy in the context of material and financial expansion processes by drawing on Fernand Braudel's (1983: 246)'s figurative expression called the autumn of capital's long cycles of extending and shrinking accumulation, in which capitalists make a response to declining profit by redistributing capital from production to finance, and the power of hegemonic complexes is confronted with rising competitors¹⁶

¹⁶ Arrighi largely influenced by the ideas of the Braudel while appointing his theoretical path, nevertheless he objects to Braudel that he has no theoretical framework that "he is so eclectic that he has countless partial theories, the synopsis of which is no theory" (Arrighi, 2009b: 71). According to Arrighi (2009b: 71) the pivotal difference between Braudel and him is the sight that "the system of national states, as it emerged in the sixteenth and seventeenth centuries, was preceded by a system of city-states, and that one has to look for the origins of capitalism there, in the city-states".

(Arrighi, 1994: 6). These cycles correspond to what Arrighi (1994: 5-6) has defined as the Systemic Cycles of Accumulation (SCAs) as a theoretical-conceptual device, by which Arrighi illustrates a suggestive touch to capitalism's *longue duree* and understands the patterns of recurrence and evolution of the capitalism. Systemic cycles of accumulation are qualified by the hegemonic state's ascendancy, victory, maturity, and collapse. Each cycle is characterized by an initial "material expansion" stage, during which the hegemonic state acquires its gains predominantly from production and trade in commodities (real production). It ensued with a stage of "financial expansion," during which it obtained from financing the productive and commercial activity (financial production) of other powers and interstate competition for mobile capital lays the foundation of the necessary conditions for the financial expansion (Arrighi, 2009b: 72). Financial expansions represent and signal the paradoxes of the hegemonic regime of accumulation period of systemic change and hegemonic transition (Arrighi, 2010: 232-233; Arrighi and Silver, 1999). These systemic cycles of accumulation can be considered a conceptualization in which Arrighi (1994: 5-6, 86) explains the background of the capitalist accumulation system. The development of the capitalist world system has occurred through four systemic accumulation cycles that correspond to the rise and decline of regimes of accumulation of capital and power on an international scale, each dominated by a capitalist hegemonic state: chronologically, the Genoese period from the 15th century to the early 17th century, the Dutch cycle from the late 16th to most of the 18th century, The British cycle from the late 18th to the early 20th century, the US cycle beginning in the late 19th century and extending to the present day (Arrighi, 1994: 6). Arrighi (1994: 8) associates these cycles with the continuous expansion of international trade and its superiority by the leading state agency of capital accumulation.

Systemic cycles of accumulation are the reflections of Arrighi's dialectical analysis of the capital accumulation tactics of hegemonic states at the center of the capitalist sphere (Table 1). These accumulation cycles occur sequentially, shorten over time, and create the concept of the long centuries in analyzing global-scale capital accumulation processes. "Long centuries" are the long historical sight that specifies enduring cycles, tendencies, and structure patterns that describe the hegemonic superiority of the aforementioned leading states (Arrighi, 2000: 23; Braudel, 1983: 77-80). According to Arrighi, each cycle consists of the same phases and first goes through material expansion; after a certain time, declining profits owing to rising competition and the inability to improve new markets shift the cycle of accumulation, and then comes the financial expansion phase¹⁷. With another saying, each of these cycles of state-led capital accumulation

¹⁷ Arrighi (1994: 6) benefits from Marx's general formula of of capital (M-C-M') as a recurrent pattern of historical capitalism as world system to conceptualize the systemic cycles of accumulation and their sequences, as the process that lines up the relations between the hegemonic powers of the world system- (where M, money; C, the transformation

traces an identical path. When capital can no longer be profitably employed in the advancement of new markets that enhance the productive capacity of the present markets, then a switch emerges, and excess profits are plunged into the trade in money. Namely, a switch is actualized from trade to finance:

“The switch is the expression of a crisis in the sense that it marks a turning point, a crucial time of the decision, when the leading agency of systemic processes of capital accumulation reveals, through the switch, a negative judgment on the possibility of continuing to profit from the reinvestment of surplus capital in the material expansion of the world economy, as well as a positive judgment on the possibility of prolonging in time and space its leadership/dominance through a greater specialization in high finance” (Arrighi, 1994: 215).

Arrighi (1994: 5-6, 214-238) has defended the view that the financial expansion phase indicates the decline of a hegemonic power and is also the harbinger of the rise of a new one¹⁸. In another saying, financialization plays a vital role in the replacement of one hegemon by another. The rise of each hegemon is based on the expansion of production and trade, in other words, material expansion. However, at some point in every cycle, a signal crisis occurs due to the over-accumulation of capital¹⁹. Over-accumulation of capital, after a while, opens a road for the tendency of the rate of profit to fall as an inevitable rule of capitalism. Capital seeks areas where it can beget profit; accordingly, financial capital appears as a solution. This situation brings about a production shift from the real to the financial sphere. The transition from the financial to the

of money into commodities and $M' = M + \Delta M$, the return to capital that follows from the liquidation of commodities), while composing his systemic cycles of accumulation Marx's which can be evaluated as a repetitive model of historical capitalism as world system and additionally the rationality of individual capitalist investments and the development of capitalism as a historical system of the world. By asserting that the main feature of this model is the succession of stages of material expansion (MC phases of capital accumulation) with stages of financial reemergence and expansion (CM' phases) which conjointly create a whole systemic cycle of accumulation. By means of a financial expansion an enhancing mass of financial capital releases itself free from its commodity form (Arrighi, 1994: 6). Financial expansion is a system-wide inclination, based on the dominant capitalist economy of the stage, towards the financialization of processes of capital accumulation (Arrighi, 2001: 259-260). Here it should be also emphasized that, Arrighi (1994: 14) argues that Marx failed through to realize the succession of hegemonic capitalist states (Genoa, Netherlands, Britain and the US; respectively) of the world-system consisting of parts of expanding territorial space, resources and world power. Although inherently adhered to the notion of nation state, capital lastly overgrows its kernel and goes somewhere across the world. Actually, the geographical mobility of capital has demonstrated one of its most adaptive factors. Arrighi has exposed the criticism because of his explanation the social and cultural history (forms of culture and modes of resistance) of the world by based on that reduced formula (For more information, see Deckard and Shapiro, 2019).

¹⁸ Interstate conflicts over world hegemony have implied the transitions among systemic cycles of accumulation consisted of stages of rise, reinforcement and collapse of hegemonic states in the world system (Arrighi, 1994). In the first stage, productive and material expansion is coalesced with growing political and economic leadership that concluded with broader control of innovations and geopolitical developments. In the stage of collapse and crisis, the hegemon forfeits its competitive leadership because of the financialization of its economic surplus and emergence of other competitors.

¹⁹ According to Arrighi, the crisis of hegemony describes a situation in which the hegemonic state lacks the means or the will to continue to drive away the system of states in a way that not only increases its singular power but also creates a perception that the collective power of the dominant groups of the system is increasing. Arrighi defines two general cases that clearly sign the transition between phases within cycles and the transition between cycles themselves. More particularly, signal crises are cases which sign the current regime of accumulation change its direction from investing in trade and production to investing financial instruments. Signal crises are crises of hegemony that refer to problems that have been somehow resolved over very long periods of time. Terminal crises are the great case when regimes of accumulation decline and are inadequate of recreating themselves and the end of every global hegemony is marked by a terminal crisis (Arrighi, 1994: 215-221). Crises that are not resolved and thus signal the end of hegemonies are terminal crises.

material expansion phase would expedite the generation of a new hegemonic social bloc²⁰. Therefore, a new hegemonic power would emerge by rebuilding the international system from the line of vision of Arrighi.

Table 1. Characteristics of the Systemic Cycles of the Accumulations.

Systemic Cycle	Characteristics
Genoa	<ul style="list-style-type: none"> • End of the XIIIth century and the mid-XVIth century • Main cities: Genoa, Milan, Florence, and Venice • Cultural industry as an investment channel • Loans to European governments, especially Spanish • Decline of trade routes and hyper-accumulation crisis • Alliance with Iberian governments in search of protection
United Provinces (Dutch)	<ul style="list-style-type: none"> • Beginning in the mid-XVII century • Maritime expansion, piracy, and plunder, large military capacity • Precocious rentier class • Oligarchic interests shocking the government • Amsterdam: central trading post and currency market • In the end, expansion was limited by English and French Mercantilism
Great Britain	<ul style="list-style-type: none"> • Occurred between the XVIII and XIX centuries • Large scale mercantilism • Intra and extra-European Imperialism • Free trade and search for international competitiveness • Absence of wars for territorial expansion, focus on overseas expansion • Encouragement to decolonization and London as a financial center
United States	<ul style="list-style-type: none"> • Independence, territorialism, and entrepreneurship • Formation of the large and dynamic internal market • WWI and WWII contribute to the productive and financial ascension • Bretton Woods institutions support the imperial climb • Transnational companies as central units of the world capitalist expansion

Source: Arrighi (1994) and Mendes (2018: 440).

Arrighi's argument here is that financialization is a sign of the hegemonic collapse of any country with a hegemonic position in the international system. The financialized hegemony will collapse after a certain time and replace another successful power in real production. The increment of the financial capital represents the declining hegemon's autumn and another rising hegemon's spring²¹ (Arrighi, 2009b: 72). For Arrighi, hegemony refers to a temporary and cyclical process. In the historical process, different hegemonic forces have prevailed in the modern world system.

²⁰ Arrighi constructs his theoretical framework for periodizing capitalism which is the case that paralleling the outbreak of a modern capitalist system through interconnecting of markets has been a world system of processes of state generation. Putted upon the market dynamic of the world system, Arrighi (1994: 14) lays down competition between nation states. Herewith, in his opinion inter-state competition has been a crucial ingredient of each and every stage of financial expansion and a substantial element in the generation of those blocs that have pave the way for the capitalist economy by means of its sequential stages of material expansion (Arrighi, 1994: 9).

²¹ Harvey (1981, 2003) renames this circumstance through the concept of "switching crisis". In his words: "If the surpluses of labour and capital power have existence within a certain territory and cannot be soaked up inside then both of them must be dispatched somewhere else to meet new place for their lucrative achievement if they are not detracted. But the issue of overaccumulation is relived substantially in the short-term" (Harvey, 2003: 116-117).

Recurrences of financial expansions at the last stages of systemic cycles of accumulation are one of the introductory remarks of a particular unity within the history of capitalism.

The Netherlands exemplifies the rise of state capitalism, evolving the European system to capital flow on a global scale, using trade, colonies, and war as virtual devices provided by modern financial systems and resources. The Netherlands was the country where the capitalist system first emerged in the 16th century. Therefore, it is regarded as the first hegemonic state because the modern world system characterized by the capitalist system started with the Peace of Westphalia in 1648²². Before this date, the Netherlands came to the fore as the world's trade center. The foundations of the modern world system were laid by the northern Italian city-states such as Venice²³ and Genoa, which previously appeared as trade and production centers in the 13th century and ensured the spread of the market phenomenon²⁴. Arrighi's analysis stated that Genoa was a hegemonic power in the world between the 15th and 17th centuries²⁵ (Arrighi, 1994,

²² Many theorists and scholars have argued that the modern world system emerged after the Peace of Westphalia (Taylor, 1994; Arrighi, 1998; Buzan and Little, 1999; Denmark, 1999; Falk, 2002; Farr, 2005). In the historical past of international relations, the Peace of Westphalia is thought to have drawn the borders of domination of states. There are ideas about that states acquired their identities towards the 18th century with the nationalist movements which had emerged after the revolutions process as of the 16th century. Thus, nation-states are thought to have sprouted as a political organization which has the power to manage a certain group of people in a certain territorial area as political units. But there are also theorists and scholars who defend the reverse (Teschke, 2003; Shibasaki, 2013; Osiander, 2001). Benno Teschke (2003) has subscribed to an important discussion on this subject with his book titled *The Myth of 1648: Class, Geopolitics, and the Making of Modern International Relations*. Teschke, one of the theorists by adapting the principal arguments of political Marxism to the discipline of International Relations, criticized the Westphalia Peace being evaluated as a turning point in modern interstate relations (Teschke, 2003: 9-11). Teschke states that the theory of international relations is divorced from its historical roots and by basing on a 1648 Westphalia Myth. From Teschke's line of sight, the system that arising after the Peace of Westphalia cannot be regarded as a system of sovereign states in the modern sense. On the contrary, this system can be characterized as a stage in the generation of an absolutist state (Yalvaç, 2013: 16). Accordingly, it was disputed that what emerged after Westphalia Peace was not sovereign national states in the content perceived today, but a state-centric mercantilism. Further, it has been discussed that this understanding was transformed in the 19th century in line with the international liberal motto and the dynamics of the imperialism period. He is also of the opinion that the Peace of Westphalia can be referred to as the inception of the international system. But what needs to be perceived here is a *pre-modern international system*. Absolutist regimes of France and continental Europe hinging on pre-capitalist production relations and pre-modern international relations practices such as interdynastic marriages, wars of succession, mercantilist trade wars, etc. verified this claim (Teschke, 1998: 325-358). Aggressive foreign policies in the absolutist period and the using of war as a geopolitical accumulation tool in the reproduction process of the ruling elites constitute another proof (Miller, 2004: 213). Teschke (2005: 3-26), considers the first phenomenon which can be appraised as a qualitative change in the development process of the modern international system is the English Revolution having carried out in 1688. The rise of agricultural capitalism having crystallized after the revolution in England, which prepared the basis for a new form of capitalist domination. This has expedited the outbreak of the modern international system by creating a unique state-society complex.

²³ According to Arrighi Venice is a great case of a capitalist state and was a pattern for forthcoming states with other good cases composing of Florence, Genoa and Milan. However, these Italian city-states did not try out to convert the medieval system (Arrighi, 1990: 375-376).

²⁴ According to Arrighi capitalist system rooted in the city-states of Northern Italy and there had been a notable growth of production and trade in the late thirteenth centuries, however this was not capitalist from his line of sight, since there were a great deal centers of this trade with none being hegemonic. Within the city-states, there was no separation between business and government, their functions were entirely nest together. Genoa won the city-state wars which took place between Florence, Venice, Milan and Genoa, and it entered into an agreement with Spain, Spain handled the wars, Genoa kept in order the trade. This adjustment avail Genoa to rise the first great power of capitalism (Arrighi, 1994, Chapter II).

²⁵ Genoa represents the centralism of wealth and power in oligarchies, which switched from the fifteenth to the sixteenth centuries, from capital accumulation by means of intercity trade to capital accumulation by means of high finances.

Chapter II). However, whether Genoa was a country that met the criteria of the concept of international hegemony is open to discussion²⁶. As Arrighi (2009b: 73) puts forward in his interview with Harvey, which is left open after his death:

“Who would have become hegemonic? We can only conjecture. However, there was the United States, which was building, in many ways, on the tradition of Holland and Britain. Genoa was a bit different: I never said it was hegemonic; it was closer to the transnational financial organization in diasporas, including the contemporary Chinese diaspora. However, it was not hegemonic in the Gramscian sense that Holland, Britain, and the United States were. Geography matters a lot, but even though these are three spatially very different hegemonies, each is built on organizational characteristics learned from the previous one. There is considerable borrowing by Britain from the Netherlands and by the United States from Britain; these are an interlinked set of states—there is a kind of snowball effect. So, there is contingency; but there are also systemic links”.

On the other hand, before the Peace of Westphalia, it was not easy to assert the existence of the modern international world system characterized by the international capitalist system. In Arrighi’s words: “The Peace of Westphalia was based on the principle that there was no authority operating above the interstate system” (Arrighi, 1993: 173). Arrighi (1994: 44) also specifies that the Peace of Westphalia signs the rise of the modern international system and capitalism as a world system²⁷. Since our thesis has to focus more on the concept of international hegemony due to the subject it covers, we will discuss Arrighi’s analysis in detail, starting from the Dutch hegemony, which is the first hegemony of the world-system according to him:

“We make mention of a Dutch hegemony within the European system of sovereign states; principally, the Dutch undertook an essential role in the long-term struggles that wound up with the official foundation of that system by the Treaties of Westphalia of 1648. The Treaties took the place of the idea of a suprastatal imperial/papal authority with the concept that the European states shaped a unique political system relied on international law and balance of power” (Arrighi and Silver, 1999: 39; cited in Pereira and Sardos, 2022: 17).

The creation of money, as profit, for accumulation and reinvestment, alternated from profiting from creating and marketing commodities, to profiting from financial operations, to making money from money (Arrighi, 1994: 87-109). According to Arrighi (1994: 87-109) until the late 14th century, the Italian city state of Genoa had been a main competitor of Venice in the profitable trade of the Eastern Mediterranean. However, after a sequence of wars that eventually finished with the Peace of Turin in 1381, Venice accomplished in displacing Genoa from these markets. Genoa had already endured with a rising loss of trade revenues during the former part of the century. The total amount of trade entering the port of Genoa fell from half and half (Four million Genoese pounds in 1293 to 2 million pounds in 1334) (Arrighi, 1994: 90-92). Investment in the trade anymore demonstrated to be gainful, Genoese capital was employed in lieu of finance the expanding public debts of the Italian city-states (Arrighi, 1994: 109). By the 15th century, Genoese merchant bankers had explored an even more advantageous exit for their surplus capital in the recently created nation state of Spain, which was turning on broad new trade domain as it struggled to broaden its territories (Arrighi, 1994: 118-121). The financial expansion of the Genoese ended for different hundred years and made possible them to exercise control over European high finance. Nevertheless even throughout its rise a new cycle of capital accumulation had already started with the Dutch nation, a regime that would eventually subrogate the Genoese as the major financial power of Europe.

²⁶ Arrighi’s theoretical framework generates a production notion of capital, sometimes a reflection of Machiavelli, who also investigated the situation in the Italian city-states (Milan, Venice, Florence) besides Genoa, but did not deduce about the absence of central authority (nation-state). Periods of financial capitalism are highly unsteady, and in the opinion of Arrighi (1994: 14), it comes to the state to provide that a rising national economy is balanced in such a way that the nation at issue can reach world hegemony.

²⁷ The objective of the Peace of Westphalia was to preserve the interstate peace and to reduce trade barriers, by this way allowing an enlargement of world trade even during stages of severe interstate territorialist competition (Arrighi, 1993: 162).

According to Arrighi, the Netherlands has provided a decisive intellectual and moral leadership by seizing the lead and reaffirming its status as the world's most vigorous state. It has the strength to dictate a system that would eventually exterminate the remains of the medieval system of rule (Arrighi, 1993: 161). As asserted by him:

“It was under these circumstances (the intensification of the struggle of the European powers between France and the Habsburg Imperial House) that the Netherlands became hegemonic by leading a large and powerful coalition of dynastic states towards the liquidation of the medieval system of rule and the establishment of the modern inter-state system. This reorganization of political space in the interest of capital accumulation marks the birth not just of the modern inter-state system, but also of capitalism as a world system” (Arrighi, 1994: 43-44).

While describing the hegemonic rise and decline of the Netherlands, Arrighi (2016: 196-220) has addressed the dominance that the Netherlands gained in maritime trade thanks to its warehouses. He argued that this dominance eventually made the Dutch merchants give cheap loans to all European countries, and these cheap loans encouraged speculation. Therefore, the Dutch success in trade paradoxically led to surpluses that would put it in trouble over time. These surpluses were distributed as trade credits as well as they were given to countries as loans. As a result, the Netherlands has gradually begun to break away from active commercial life, in other words, from real production. As a result, the domestic market's negligence of economic growth and real production cropped up.

Furthermore, events such as the “Thirty Years War” and cities such as Amsterdam and Rotterdam, which served as warehouses, lost these characteristics to London, and Paris also impacted this. After the thirty years war which revealed a profoundly chaotic atmosphere, and after the entry into force of the Westphalian system, the Netherlands gradually lost its control over the balance of power in Europe and gradually lost its hegemonic position in the international system (Arrighi, 1994:44; Braudel, 1984: 203). Arrighi (1994: 44) asserts that Dutch hegemony carved out the Westphalian system but could not govern it. Since in pursuit of the Peace of Westphalia, the global competition between Britain and France started, and with the significant triumphs at the “Seven Years' War”, and the “Napoleonic Wars,” Britain arose as the hegemonic power. According to Arrighi, having shifted from real production to financial activities, the Netherlands experienced a series of crises and came to the fall of its hegemony. During these years, the Netherlands lost its hegemony to Britain, where the Industrial Revolution occurred. This allowed her to rise as the new center of the world, especially in industry and trade.

Arrighi closely related the hegemonic transitions in the modern world system and the countries' changing patterns of capitalist accumulation. However, investigation of the hegemonic transitions on account of changing the form of capital accumulation, as if it were a mechanical and automatic

process passing through every hegemon country, may not offer accurate outcomes. While Arrighi argues about the factors that made the Netherlands hegemon, he generally focuses on the Netherlands being the world's trade center. Arrighi describes Netherlands's ascendancy as a European power not so many thanks to innovations in production as owing to its potential to monopolize the carrying trade in the Atlantic and the Baltic, building itself as a leading warehouse (Arrighi, 1994: 133-134). Within this respect, Netherlands' emergence was attributed less to productive domestic innovations than to profits attained from trading. The organizational advantages Arrighi indicates, such as military reforms, confirm not so much the Netherlands' ascendancy as a capitalist power concerning its potential to transform trading profits into military innovations, maintaining and recreating its domination over the cycles of seaborne international trade. As expressed by him:

“The wealth and power of Netherlands were based on commercial and financial networks which the Dutch capitalist oligarchy had carved out of the seaborne and colonial empires through which the territorialist rulers of Portugal and Spain, in alliance with the Genoese capitalist oligarchy, had superseded the wealth and power of Venice. Due to its eighty-year-long war of independence against Imperial Spain, the Dutch became the champion and organizer of the proto-nationalist aspirations of dynastic rulers. At the same time, they continuously sought ways to prevent conflict from escalating beyond the point where the commercial and financial foundations of their wealth and power would be seriously undermined” (Arrighi, 1994: 45).

This indicates that he focused more on economic factors while examining the Dutch hegemony. While describing the Dutch hegemony, he left the subject of the Dutch merchant class, who gained political power thanks to its wealth. Furthermore, it created an administrative structure that would exclude the main classes of feudalism from the system. Therefore, such political phenomena have elevated the Netherlands to a hegemonic position in the international system. In the period of Dutch hegemony, institutions such as the church and the papacy were worn out, which were the power blocs²⁸ of the period. The success of these institutions in social and political life became

²⁸ The power bloc is a concept was introduced to the international political economy literature by the Marxist political scientist Nikos Poulantzas. Poulantzas (1975: 32, 45-51) named the coalescence of classes whose political interests are approved by the State (i.e. the ruling classes) the power bloc, which is forged of various fractions of the capitalist class besides other economically strong classes or class fractions like the landed aristocracy, parts of the petite bourgeoisie etc. Because the particular interests of the different units of the power bloc are different. At this point the state's role is to uniform and order the several classes and fractions to promote their long-term political interests against the danger of the exploited and aggrieved classes. This unification is only being reachable if one class or fraction turns into the decision making form within the state, consistently designating its own interests as more crucial but at the same time promoting the political interests of the entire bloc. Poulantzas puts into words that there would on every occasion be conflicting and contending interests and strategies between different parts of the ruling classes. It is the state's role, to ensure that such internal conflicts within the power bloc are not given permission to endanger the cohesion and dominance of the entire bloc. Poulantzas attributes to the state an active role in the procreation of the relations of production and maintenance of the class-hierarchical status quo, thus minor differences within the power bloc cannot be allowed to obstruct the state's duty in enabling to continue the subordination of the subaltern classes (Poulantzas, 1979: 57-64). This is exclusively eventual if one class turns out to be dominant within the bloc and takes the strategic task upon itself. Poulantzian power bloc concept is different than Gramsci's historical bloc notion, since it clearly purports particularly to the dominant powers in society.

obscure. This situation facilitated the impetus and process of the Netherlands to be the hegemon in the political, social, and cultural fields.

On the other hand, contrary to Arrighi's (2016: 241-263) focus, the only factor which made Britain a hegemon was not that it was the real production and industrial center of the world in those years. Arrighi (1994: 250-253) remarks that the accomplishment of the British cycle of accumulation was to get the whole world into a unique world trading market and system, or more definitely, into a unique social division of labor hinged on industrial production²⁹. As remarked by him:

“Once London had displaced Amsterdam as the financial center of the globalizing European system of states, as it did by the 1780s, Britain became the main beneficiary of interstate competition for mobile capital. It became heir to the 16th-century Genoese and the 17th-century Dutch capitalist tradition. Unlike the 17th-century Dutch world-trading system, which was always purely mercantile, the 19th-century British world trading system was an integrated system of mechanized production and transport” (Arrighi, 2007: 244).

On the other hand, the transition of hegemony from the Netherlands to Britain can be interpreted as a simple interstate struggle between Britain and France, according to Arrighi: “Dutch hegemonic order did not itself result in the establishment of the nineteenth-century British order. Instead, British world hegemony was only established as a result of a final round in the power struggle between Britain and France” (Arrighi and Silver, 1999: 56; cited in Pereira and Sardo, 2022: 18).

Britain has successfully taken over the administration of the interstate system in a much wider area and more powerfully than the Dutch hegemony. With the Peace of Vienna in 1815 and the struggle against the imperial claims of Napoleonic France, it continued to rule the interstate system, which was about to collapse. Britain shaped the interstate system, not in line with the personal interests and ambitions of monarchs, but in line with collective ambitions and interests, spread this logic of free market capitalism to the world, and managed to keep the system as it characterized in this way from the beginning of the 19th century to the middle of the 20th century. As may be understood, Britain's political and institutional successes and achievements in real production raised it to the hegemon position. In addition, another factor enabling Britain's rise was the emergence of a new social class structure, which shaped as the bourgeoisie-proletariat after the Industrial Revolution, and the dominance of the new modes of production that came thanks to the Industrial Revolution, first in Britain and then all over the world. The basis of the division of labor was found in the British period. Then, the roles were appointed to the different

²⁹ The discovery of the rest of the world and the commencement of world trade in products like coffee, tea, sugar, and cocoa took place throughout the time of the Genoese and Dutch cycles. But a unique, unified system of international inequality was the constitution of the British cosmopolitan-imperial regime, which made wider of the division of labour to the areas that produced these products. As Arrighi states, under the Genoese regime, the world was discovered, under the British it was conquered (Arrighi, 1994: 219).

spaces in the world division of labor. The colonized spaces turned out to be suppliers of mass quantities of raw materials to feed the industrial machine and the new working class in Britain and the other core countries of that period and also employed by markets for its products. Although Arrighi mentions those developments, he does not consider them as factors directly affecting Britain's rise. From his perspective, Britain's emergence as the world's real production center via industry and trade as a consequence of the Industrial Revolution raised Britain to a direct hegemon position. According to Arrighi, following the Industrial Revolution (See Arrighi, 1994; Chapters 1, 2, and 3), European expansionism embarked on a different mode. The automation of production, usage of new energy resources, and changing the way of organization of the labor power into factories paved the way for different styles of the division of labor in every respect, with Britain at the core. Britain became a hegemonic contestant when it integrated its industrial powers with overseas commercial and territorial expansion, coming to a head in the industrial revolution (Arrighi, 1994: 208-209). After a certain time, the Industrial Revolution transformed Britain into a status of world hegemonic power with extraordinary features³⁰. In his words: "Precisely by being both industrial and imperial in ways that neither Venice nor the Dutch had ever been that Britain could exercise the functions of world commercial and financial entrepot on a much grander scale than its predecessors ever dreamed of doing" (Arrighi, 1994: 176).

Through coercion and consent, the stage of British hegemony displayed via a system of international institutions relying on liberal principles and an international monetary system hinged on the gold standard and free trade. However, hegemony is formed in the company of the historical bloc that the dominant social groups created by the production method determined by an economic structure and the consent of the other groups. Gramscian understanding of hegemony, which stands out today with its contributions to the notion, has dealt with some other factors determining hegemony in the international system besides real production. More accurate results can be obtained if the British hegemony is considered in this context because it is not expected that every country which comes to the fore in the field of real production would rise to the hegemonic position.

³⁰ Here it is worth mentioning that Britain started to seize the Indian subcontinent following its triumph in the battle of Plassey in 1757. The East India Company burdened taxes on the people of the seized territories and used the revenue to pay for British imports from India. The Indian exports to Britain accordingly were successfully Indian racketeering to Britain. From the point of view of some economic historians, at the beginning of the nineteenth century, Indian racketeering to Britain came up to about one-third of Britain's gross domestic capital generation, which presenting a fundamental benefaction to the British Industrial Revolution (Bajwa, 2019: 118-120; Frank, 1978: 131-164; Sen, 1977: 2; Qadir et. al. 2017: 368-369). Arrighi also states that the railroads, steamships, and the inaugural of the Suez Canal made India a substantial domain of cheap food and raw materials for Europe. In the late nineteenth and early twentieth centuries, the large surplus in the Indian balance of payments turned out to be the pivot of the enhanced production of Britain's world-scale processes of capital accumulation and of the City's superiority of world finance (Arrighi, 1994: 263).

Arrighi (2016: 399-443) also attributed the transition from British hegemony to US hegemony due to Britain's tendency towards high finance and the emergence of the US as the world's largest production power to a large extent, which will be discussed in detail in the following chapters of the thesis. According to him, starting from the 1870s, "the capacity of Britain to hold the center of the capitalist world economy was being undermined by the rise of a new national economy of greater wealth, size and resources than its own, which was the US" (Arrighi, 1994: 59). But, besides the emergence of the US as the industry leader and greater economy of the world, several other factors are elevating it to the hegemon position. The fact that the US has a large area, population, and productive resources is also effective in its rising to the hegemonic position. Arrighi (1994: 70) argues that all these elements that can be handled within the framework of territorial logic have begun to be replaced by capitalist logic³¹. In other words, he argues that for hegemonic power, the aim of providing control over capital is at the forefront, and factors such as population, land, and area function as tools in this context. However, this is open to discussion. He did not sufficiently draw attention to the different hegemonic states' local particularities. In addition to being the most developed industrial center in the world, being the most prominent agricultural producer is also influential in US's hegemonic rise. The US has taken advantage of its continental size, internal colonialism³², and natural protection from other centers of capitalist accumulation (Desai, 2007). It also took advantage of its opponents in the system without the dramatic devastation caused by the two world wars and moved step by step towards the hegemonic position. Although Arrighi touched upon these factors, he did not give enough prominence to the hegemonic rise of the US. Instead, Arrighi emphasized the US's industrial power and its leading position in the war industry after the Second World War. In other words, he emphasized the elements of military and economic power. Focusing on economic and military power elements has led Arrighi to a realistic understanding of hegemony. Hegemonic ascent or

³¹ Arrighi (1994: 33) states that inter-state rivalry can get different modes, and the mode they take has significant results for the direction in which the modern world system operate or does not operate. By widely distinguishing between capitalist and territorial systems, claiming that only with the rise of the Dutch reorganization of political space in the expediency of accumulation of capital the modern international system being formed (Arrighi, 1994: 44-45). From the line of sight of him, a set of consecutive world hegemonies developed gradually in performing the modern world system "in order to resolve the recurrent contradictions between an endless accumulation of capital and a comparatively stable organization of political space" (Arrighi, 1994: 33). An underlying element of these consecutive hegemonies was a competition between capitalism and territorialism as contesting forms of rule or logics of power. The hegemonic cycles of both the US and Netherlands is directly relied on an un-categorical rejection territorialism with an accompanying confirmation and compulsion of national self-determination and the free trade (Arrighi, 1994: 70). The world economy being known today was constructed through a fusion of territorial expansion and capitalist expansion was consisted of differens stages in the opinion of Arrighi (1994). European expansionism roughly from the fifteenth to eighteenth century was a struggle for territory and resources all through the colonial period, coming to a head in an important promotion of European wealth and territorial power relating to other regions of the world.

³² Arrighi (2003) has claimed, the US hegemony today is narrow scope since it does not possess India as the Britain in the downgrading years of its hegemony, to underpin it sustain its hegemony and stabilize its accounts with the remaining part of the world. But this is open to discussion.

descent tends to be spelled out as a mechanical or even economic issue by merely calling attention to the obliteration of military or economic resources. As Robinson indicates:

“Arrighi shared with world-system scholars and International Relations scholars in the realist tradition this state structuralism that subordinates classes and social forces to states as the central historical actors and posits the territorial logic of fixed nation-states and their rivalry through the inter-state system as an immanent organizing principle of world capitalism. These tenets underpinned the theoretical construct he would develop from his arrival at the Fernand Braudel Centre until his final work, *Adam Smith in Beijing*” (Robinson, 2011: 272).

Arrighi’s opinions about the hegemony and evolution of the international capitalist system have been criticized because of its consecutive homogeneity, where each cycle can be summarized entirely by a single hegemon, such as the Netherlands, Britain, and the United States. Wallerstein is evident that so neat a reduction is mistaken:

“Hegemony is rare; to date, only Netherlands, Britain, and the United States have been hegemonic powers in the capitalist world economy. Moreover, each held the position for a relatively brief period. The problem with hegemony is that passing superiorities are successive but overlap in time. Similarly, the loss of advantage is also largely successive. It follows that there is probably only a short moment in time of hegemony” (Wallerstein, 2011c: 38-39).

On the other hand, hegemony is a complex concept bearing several factors; therefore, it should be considered holistically, as mentioned before. One of the most critical factors in the rise of the US to the hegemonic position is that the global order under its dominance was established with the support of an international institutional structure after the Second World War. This support enabled the US to consolidate its hegemony by increasing its cultural and political power and economic and military powers. Arrighi generally did not give sufficient weight to elements such as cultural and political powers in his analysis of hegemony. For example, Arrighi interpreted the financialization of the US economy at this time as a signal of hegemonic collapse, as he attributed to other powers in the past. However, it is possible to think that this is a mechanical approach created by studiously periodizing the accumulation regime and is far from clarifying many developments in this regard. All these will be discussed in detail in the following chapters.

CONCLUSION-I

In this section, we have investigated the historical origin and etymology of the concept of hegemony. In addition, we have tried to analyze how theorists from different schools of thought in the international political economy literature handled the concept.

In the historical process, many views and theories have been put forward regarding the concept of hegemony. Hegemony is a central notion exposed to much argumentation since Gramsci’s *Prison Notebooks* emerged. Gramsci’s line of sights is still debated today and in which hegemony

is used in the sense of consent, leadership, and influence rather than as an alternative or opposed to domination. Hegemony is a concept related to the effect of a social group on others, which makes certain compromises with other social groups for leadership in society as a whole. Gramsci characterized the concept of hegemony as something that functions not only on the economic structure and the political organization of society but also about the attitude of mind, ideological, social, moral, and cultural orientations, and even about how to know. Thus Gramsci's contribution to the concept is undeniable.

The realist theory of hegemony has made a state-centric definition of hegemony by associating the notion through the military and economic power elements. States are the primary actors, and the distribution of power specifies the position of a state corresponding with others. Nevertheless, there are more notions to consider, which realists regarded as almost unnecessary, such as institutions, regimes, and ideas. Although realism drew attention to the hegemony in particular aspects, it did not adequately conceptualize the state. This understanding looks at the state only from the perspective of the global balance of power. Not being interested in the hegemonic state's political, cultural, institutional, and ideological aspects qualifies it as the most potent state economically and militarily in the international system. Realist theory also takes no notice of the class relations in the capitalist state by passing off the power and the state as a reference to culture, ideology, representation of identities, and social movements. It seems realist theory falls short of grasping the current international system since, as always accentuated, the notion of hegemony is not straight enough to hinge merely on the force, economic and military power. However, to treat hegemony as a phenomenon that has managed to exist only in the context of military and economic power would not give correct results, especially in today's world. Drawing a distinction between hegemony from dominance supports us in better understanding theoretical views and historical affairs about the notion.

Neo-realist theory of hegemony symbolizes one of the mainstream routes to hegemony in international relations by cultivating a static theory of politics, a transcendental and ahistorical state-centric approach. It is predicated on the idea that the world system requires a hegemonic power that guarantees political order and stability to the international economy. On the other hand, the neo-realist theory of hegemony presumes three basic realities as fundamental and unchanging in world politics: the nature of man, the nature of states, and the nature of the state system (Brincat, 2016: 3). However, these realities are not fixed in the way it presumes in the historical process. Liberal institutionalism is another orientation for the identification of hegemony. It has interrogated the state-centric approach of realism. It associates hegemony in the context of the factors such as raw materials, ability to control capital and market, production of high value-added

goods, and competitive advantage through the principles of the liberal market economy. Although liberal institutionalism has brought a different view of hegemony, it still has some gaps and omissions regarding the concept. Liberal theory has disregarded the social relations of production, which are the motives of profit and class division in the modern world system. On the other hand, it tends to emphasize the roles of international cooperation and institutions. Consequently, it does not come up with an enthralling clarification of evolving power dynamics in the system (Liu and Tsai, 2021: 239).

On the other hand, the Neo-Gramscian theory of hegemony has questioned the existing hegemonic world order. It did not take the institutions, social relations, and power relations that are effective in this order as given. On the other hand, Neo-Gramscian theory deals with the past and makes inferences for the future by evaluating the changes in the international system in the constantly flowing historical process (Bieler and Morton, 2004: 85-86). When we imagine the international system we live in today, we can consider that international institutions and organizations, multinational and transnational corporations, transnational states, transnational classes, and transnational capital are taking place in power relations. Hegemony is a historically mobile force; as the material and ideological components of world power relations change over time, it reorganizes itself. When we consider the US hegemony today, it is not difficult to observe that it's one of the most crucial foundations that relies on elements such as international institutions and organizations, multinational and transnational corporations, transnational class, transnational capital, and transnational state. All of them promote the hegemonic power of the US to reorganize itself and provision its adoption worldwide, especially in the last few decades. They made the material and ideological base of the US hegemony stronger by assisting the adoption of the consent of the intellectual sources of the US hegemony. Therefore, although the concept of hegemony has been debated in different ways by different international political economy schools and scholars in the historical process, it can be claimed that the approach which best elucidates the concept is the Neo-Gramscian theory.

World-system theory objectifies theories of hegemony by underlining distributional struggles within a given space of the international system. Corresponding to these hegemony notions are abstract and fundamentally making ahistorical inferences about the state. World-system theory does not regard politics as a modifiable process of social self-production. Moreover, for this reason, it does not direct investigation towards historical, contextual, and hence accidental alterations in the state/society relations, and state powers are based upon these relations. World system theory (especially Wallerstein's characterization of hegemony) evaluates hegemony as a preponderance of material resources- an essentially quantitative superiority- of any state in the

world system. However, it is not only the material and economic successes that specify the rise of any country to a hegemonic position or loss of it. The hegemony of any country is determined in an inclusive perspective in the context of political, social, cultural, institutional, ideological, military, and technological aspects as well as material, economic and productional aspects. Nevertheless, a remarkable contribution of this perspective is exploring the international system in a long-dated and wide-range manner by belonging to both time and space frameworks through an integrated style, cyclical dialectics, and a hierarchical reproductive model.

Unlike world-system theorists, particularly Wallerstein, Arrighi put more stress on the consensual aspect of hegemonic relations, claiming that hegemony had to contain dimensions that at least benefit other states to some extent. However, it is possible to have central hesitation concerning Arrighi's world-system model and his handling of the term hegemony and hegemonic changes. Arrighi attempts to explain the hegemonic changes in the international system mainly by looking at the quantitative increase in the circulation of commodities and the shift of production from the real to the financial sphere. Arrighi interprets these cyclical hegemonic changes as a simple repetition of each other via the machinic reading. However, the qualitative changes in the field of production, which is the determining factor of the capitalist system, are too significant to be ignored.

On the other hand, Arrighi did not dwell on the conflict of autocracy and democracy in hegemonic struggles and did not touch much on the institutional, cultural, ideological, social, political, and qualitative differences among the hegemonic visions of the Netherlands, Britain, and the US. It can be said that these problems stem from the linear, determinist, and economist language in Arrighi's work *The Long Twentieth Century*. Nevertheless, it is possible to assert that the evolution of capitalism and hegemonic transformations can be comprehended by taking into account history as a dynamic logistic, not a mechanical schematic (Deckard and Shapiro, 2019: 12). As stated by Braudel (1983: 78) "There is a tendency for these capitalist cyclicity rolling in from the deep to become shorter in length a speeding up in the pace of history."

On the other hand, unlike the Gramscian and Neo-Gramscian approach, which bring the most holistic view to the concept of hegemony and talks about the dialectical unity of consent and coercion in hegemony, Arrighi defined consent-based hegemony as additional power to coercive domination. This has led him to focus on elements such as economic and military powers in hegemony in a similar context with the realist theory of hegemony and to neglect the concept's social, political, ideological, institutional, cultural, and ideological aspects. The concept of hegemony is more than a hierarchy of powers between states; it is based on economic and military

elements. It is a kind of complex pyramid operating at various levels of social organization. Similarly, hegemony, or hegemonic transitions, must also be addressed by more complex, multi-layered analyses. The motor power of the hegemonic transition is not only the economic and military equipment of the states but also how class alliances are formed in this process and how ideology, institutions, and culture are used in establishing and legitimizing a hegemonic order should be investigated. Gramscian and the Neo-Gramscian analysis being articulated provide a robust framework.

Following the elucidation of how the concept of hegemony is characterized by different schools and scholars of the international political economy, the next section will investigate the interaction between hegemonic powers and the phenomena of money and finance. To reveal this, it will be tried to shed light on the evolutionary process of money and finance phenomena since the emergence of the modern capitalist system, particularly in the context of the conceptual framework drawn by Arrighi in *The Long Twentieth Century*. Besides Arrighi, the ideas of scholars and authors who study concepts such as money, finance, financial capital, and financialization were also included.

CHAPTER II: MONEY, FINANCE, AND THE HEGEMONIC POWERS

2.1. EVOLUTION OF MONEY AND FINANCE IN THE MODERN WORLD ECONOMY

Studying the evolution of money and finance in the modern world system in the historical process primarily depends on understanding the concept of the modern world system. Today's modern world system is based on a capitalist world economy. The modern world has created a general picture of universal history, which relies on the premise that capitalism was the first social system that unified the world. That is why the capitalist world economy and its inner workings (its functional elements) have often been used to interpret how the modern world system functions. Wallerstein emphatically emphasized that the modern world system has been shaped in the context of capitalist production and the distinctive features of this system:

“The factor that constitutes the most central activity and distinguishing feature of the capitalist system is the uninterrupted capital accumulation. No previous historical system seems to have had a motto of social limitlessness comparable to capitalism. This uninterrupted growth and accumulation of capital mark the system. No other historical system can be said to have sustained such a social way of life except for a few brief moments. The only thing that cannot be questioned about the system is its hyperbolic growth curves, which have been an ongoing reality since the sixteenth century. They are hyperbolic curves in production, population, and capital accumulation. A radically new system of accumulation has emerged. Many earlier historical systems carried elements that could be called pre-

capitalist. In previous systems, there was also the production of goods. There were producers and traders in pursuit of profit, the capital investment, the paid labor. However, none of the pre-capitalist systems had crossed the threshold to produce a system whose engine was the uninterrupted capital accumulation” (Wallerstein, 1989: 9-35).

It is in question that the phenomenon of money³³ gains importance in parallel with the development of capitalism as a social and economic system. In capitalism, money is not just a symbol, capitalism rises entirely on the monetary economy, and it is impossible to talk about an economic activity without money in the system.

Finance is a variant of the capitalist accumulation process, and it is also a process that changes the face of capitalism. Capitalism is a system of production that hinges on the generation of profit, in which the capital owner hires wage labor to produce more value than they pay for it. Therefore, the capitalist system cannot maintain its existence without realizing and expanding commodities and capital movement. From here, it would not be difficult to assert that capitalism would create and strengthen the tendency to develop toward the centralization and concentration of capital movement (Arrighi, 1978 and 1997).

Finance is regarded as a form of capital growth. In addition, it is claimed that the aim of capitalism is self-expansion and growth through the continuous acquisition of profit. Capitalism achieves this goal by monetizing human labor and social values, requiring capital to create new capital. For this reason, historical capitalism subordinates all exchange, investment, production, and distribution processes to achieve widespread commodification and monetization. That makes the phenomenon of finance increasingly necessary (Wallerstein, 1991 and 2011a).

After briefly mentioning the definitions of money and finance and their roles in the functioning of the capitalist system, it will be helpful to pass on to Arrighi's views on those subjects. Arrighi interprets the modern world economy around a capitalist world system, as mentioned. What makes the world system capitalist, from Arrighi's point of view, is the role that uninterrupted capital accumulation plays in the distribution of world power. For this reason, Arrighi (1994: 6)

³³ Money is anything that is generally accepted by everyone in paying for goods and services purchased or repayment of debts. When the historical development of money is examined, it is possible to see that the first coins emerged as commodity money. The use of a particular commodity as money has facilitated the exchange. Later, the metal money system and the representative money system came into effect. Fiat money system is another money system. In this system, money was issued only on the basis of government decision. The discovery of money and its use in trade instead of commodities were first carried out by the Lydians. In the process until today, the monetary system has been in many different applications. The existence of different applications for the monetary system and the restrictive effects of these applications on international trade created an obstacle to trade, so some applications were made for the standardization of the monetary system. The first of these is the silver money system, and in the later period, especially subsequent to the discovery of America, the gold standard is due to the increase in the amount of gold in Europe (For more information see Luo, 1998; Davies, 2010; Orrell and Chlupaty, 2016).

has described the history of capitalism under the leadership of three great hegemon states (Netherlands, Britain, and the United States) through the fiction of systemic accumulation cycles. Arrighi tries to make sense of the birth and functioning of the modern world economy through the concept of hegemony. The international capitalist system characterizes the modern world economy. While evaluating the economic and political relations in which the hegemonic power is determinant in the modern world economy, he attributes special importance to the concept of money and finance. From Arrighi's perspective, the relationship between world hegemony and control of means of payment determines the rise and fall of any hegemonic power (Arrighi, 1994: 6-7).

The power phenomenon that Arrighi mentions here does not only mean domination. Instead, the emphasis is on control over money and finance, an essential weapon of the hegemon capitalist power (Arrighi, 2000: 55).

Arrighi has treated the phenomenon of accumulation of capital as money rather than goods and services as part of a customary process, which has been relevant since about the 15th century. That period corresponds to the emergence of capitalism as a capital accumulation system. Modern capitalism had fully manifested in the early modern period between the 16th and 18th centuries. Afterward, the foundations of commercial capitalism were laid. Heralding the transition from feudalism to modern capitalism was the nearly two centuries-long success of the Dutch East India Company (VOC), founded in 1602 as the first publicly traded company³⁴ (Arrighi, 2016: 214).

The company focused on a monopoly over trading in the Netherlands. It was arranged into a model that organized Dutch productivity in style by leaving behind its competitors (the British and later the French). That was excellent evidence of mercantilism, as the company was charged with organizing, transporting, and trading goods on behalf of the Dutch state (Worth, 2015: 28). Arrighi (1994: 139) also remarks that the trade preeminence of the East Indian Company in the seventeenth century was on the wane by from the second half of the eighteenth century, like the power of the Dutch Empire. Consequently, the Dutch Republic promoted its economic status and afterward put to the rise of international capitalism. As the trading paths expanded and rising European powers were colonizing different regions of the world, capitalism, at least in its mercantilist form, was evolving into a sophisticated institutional system that served to strengthen Europe's position as the expert in international production.

³⁴ The establishment of the Dutch East India Company in 1602 is considered the beginning of the global rise of modern corporations. It is noted that many of the largest and most influential multinationals in today's world are not only publicly traded multinationals, but also historical derivatives of the Dutch East India Company (For more information, see Gelderblom et. al., 2013).

After a certain time, it was ensured that everyone, beyond the aristocracy and the wealthy upper classes, could finally participate in speculative freedom. The Dutch started to develop their economy by creating a capital market that would expand their company shares for a fixed price and a temporary return. The company was not created with purely commercial and speculation motives. One of the company's most groundbreaking achievements was its first ability to organize an intercontinental cycle of accumulation that played a vital role in the emergence of global capitalism and the modern state. This success made the East India Company the wealthiest company in the world and the Netherlands the manufacturing, trade, and financial center within a few decades. In 1621, the Netherlands pioneered the establishment of the Dutch West India Company (WIC). This company had different qualifications from the East India Company, which played a crucial role in opening up Dutch industry and trade. The West India Company laid the groundwork for the Netherlands to establish its naval and military power. As stated by Arrighi regarding these companies:

“The East India Company is one of the modern multinational corporations. It is an area that includes the whole of India and the Pacific Ocean. Another company is the West India Company. The West India Company belonged to the government rather than the business. It was vital in the struggle of the Netherlands, especially with Spain” (Arrighi, 2000: 99-100).

The Netherlands reached hegemonic power in the period covering roughly 1625 and 1675. It expanded from the United Provinces of Holland as the inheritor of the Genoese Merchant bankers that had accumulated capital since the latter half of the fourteenth century to reach Genoa's victory in the seventeenth century (Nguyen, 2010: 226). The Netherlands established monopolistic control over Iberian seaborne traffic and Baltic supplies besides the silver fetched to Europe from the Americas. Along with the military advantage over the Spanish enemy, the Netherlands became the central commercial and financial warehouse of the European-centered world economy (Arrighi and Silver, 1999: 39-41). Production efficiency was one of the most important factors that brought the Netherlands to the hegemonic position (Wallerstein, 2005: 50-57). Its productive efficiency, especially in fishing, resulted from an early dominance of the seas³⁵.

On the other hand, the Netherlands has turned some of its geographical disadvantages into advantages, such as the small size of agricultural areas³⁶. Because of this disadvantage, pumping water out of the country for soil production led to the invention of windmills and the development

³⁵ The Dutch dominated the herring bed of the North Sea, also known as the fishery. However, Iceland also controlled the marina beds and the Spitzbergen whaling industry. Whales were sought after as an industrial product, not as a food item. Whales were the source of whale oil used for soap and lamp fuel, and bone used in the clothing industry (Wallerstein, 2005: 51-52).

³⁶ Since soil is bad for agriculture, the increase in production was most easily achieved by shifting to industrial crops such as flax, hemp, hops, vegetables, and most importantly, madder, where the Dutch were the most advanced producer in the world in the 16th and 17th centuries and faced little competition (Wallerstein, 2005: 53).

of engineering science. On the other hand, the small agricultural areas forced the Dutch to engage in intensive agriculture by accelerating urbanization and industrialization. In this way, significant developments were experienced in two pioneering industries, such as textile and shipping, and the Netherlands began to control world trade³⁷. In the context of these developments in the field of industry and trade, the Netherlands was able to organize the marketing and selling of basic materials well, and in time it started to become the financial center of the world (Arrighi, 2016: 204-206).

The Amsterdam Stock Exchange, considered the world's first official stock exchange in the modern sense, was established in 1602. The fact that the Amsterdam stock exchange gradually increased its activities, especially after the mid-1600s, proves that the Netherlands has become a global financial, industrial, and commercial center. The Amsterdam stock exchange pioneered stock futures, stock options, debt capital swaps, and other speculative instruments. The Amsterdam stock market was the Wall Street of the seventeenth century.

The clear superiority of the Netherlands in agricultural and industrial productivity has enabled it to become an interim warehouse of world trade, which has brought it to dominate sectors such as transportation, communication, and insurance. Therefore, its commercial superiority has paved the way for it to control financial sectors such as banking and investment³⁸ (Arrighi, 1994: 133-139; Arrighi and Silver, 1999: 39-41). As understood, Dutch economic advantages in the modern world system centered on production, distribution, and finance.

Power in production and trade gave the Netherlands control of the international money market and allowed the export of Dutch capital. This allowed the Dutch to obtain a long-term surplus of

³⁷ The Netherlands has made its industrial progress primarily in the traditional leading sector, textiles. North Holland started to benefit from the immigrant flow that started to the north as a result of the Dutch revolution in the 1560s. Textile production was concentrated in Leiden, where new fabrics began to be produced for which Britain was famous. In a century-long period, industrial production took a leap forward and reached its peak in the 1660s. On the other hand, the second largest industry of the Netherlands was shipbuilding. Vehicles such as motorized tools, pulleys and cranes, which are highly mechanized and save labor, have been used in shipbuilding. The result was strong productivity in shipbuilding. This productivity was an important reason why the Dutch controlled world trade. Besides industries such as textiles and shipping, the Netherlands was also the main center of sugar refinery until about 1660's. In the same this period, the Netherlands also dominated the paper industry, book production, sawmills, brick and lime industry, pottery, tobacco and pipe making factories, breweries, oil and soap production, and the chemical industry whose main function was to produce dyestuffs. Based on its superiority in all these production areas, the Netherlands has created a global trade network and has become the warehouse of the world (Wallerstein, 2005: 52-57).

³⁸ Benefiting from international expansion of the world system demised by the collapse of the Spanish empire and with it of Genoese financial hegemony, the Netherlands advanced a tactic and found the organizations that were complied with their position in the place and at the time that were both ideal in capture the wind essentially blowing (Arrighi, 1994: 133). First, the Netherlands concentrated in Amsterdam warehouses the major supplies of pivotal commodities, permitting merchants to set free limited amounts of each commodity upon markets in methods controlled to boost profits. Second, Dutch businessmen turned Amsterdam into the financial as well as commercial center of the European world system when they developed the Amsterdam Bourse, the first and for several key decades the only permanent stock exchange (Lachmann, 2002: 158). Third, and most importantly to maintain the first two steps, the Dutch builded joint-stock companies with eminent trading and sovereignty rights over hugeoverseas commercial places (Arrighi, 1994: 139).

production. Arrighi (1994) asserts that the Netherlands, especially Amsterdam and previously Genoa, accumulated from trading, directing capitalists to explore new, more profit-making investments in the different regions of the world. For eighteenth-century Amsterdam, as for sixteenth-century Genoa, the response was a radical switch to financial capital by frequently providing large-scale loans to foreign governments (Perusek, 2006: 171).

However, these advancements slowed down the growth of the Dutch economy. As a result, the necessity has emerged for the economy to create profits in other areas. In this context, the Netherlands started to focus on the financial sector. De Wisselbank van Amsterdam was founded in 1609, and in a short time, it became Europe's deposit and foreign exchange center (Arrighi, 2016: 212). In this period, money started to come to the forefront to save wealth and payment. Within the century, deposits increased from one million to over 16 million florins, which turned Amsterdam into the only stopping point for Europe's international payments system (Wallerstein, 2005: 57). The gold and silver inflows-outflows also increased to extraordinary levels. It is a remarkable exception in the interstate system in the era of mercantilism. All these positive deposits and foreign exchange developments had made possible a credit function for Wisselbank that began in 1683.

Wisselbank is regarded as the first historical model of the Central Banks and the first institution that paved the way for the global recognition of the money bank concept (Quinn and Roberds, 2007). Wisselbank has fulfilled many functions of the central banking system through several local banks affiliated with it. It has risen to a central position in the financial world by providing an effective, efficient, and reliable system for national and international payments. Bank has introduced the first international reserve currency to the world, called the Dutch Guilder. The model of Wisselbank was later adapted to some European countries, including the Bank of Sweden (1668) and the Bank of England (1694) (Ugolini, 2018).

As understood from all these developments, the Netherlands played a leading institutional role in the modern world system, in which capitalist production began to take place in finance, industry, and trade. The world's earliest recorded stock market and speculative transactions occurred in the Netherlands in the 17th century, when modern financial markets were developed. In addition to producing goods and services, capitalism started to be characterized by money, bonds, stocks, investment, and debt. This situation can be associated with the growth of the capitalist system in this period, overcoming its limits and creating new profit areas through detours.

Until the mid-1700s, the Netherlands had the most advanced and sophisticated system, economically and financially. Britain started to capture superiority from the Netherlands through

the Treaty of Utrecht in 1713, which had signed following the War of the Spanish Succession and also following the Industrial Revolution; the latter gradually lost its control over supplies of material and labor (Arrighi and Silver, 1999: 52-53). From the second half of the 1700s, the productivity gains of capitalist production began in Britain with a continuous and unprecedented increase in the process of the Industrial Revolution. Since these dates, Britain switched from manual production methods to mechanical production in industry and also started to control the supply of labor and materials across the world, focused on chemical production and iron production, and achieved high production productivity from water power (Antras and Voth, 2003; Crafts, 2004). On the other hand, Britain was quickly involved in new production processes through steam power. For example, textile manufacturing, supported by steam power, electric looms, and spinning machines, boosted Britain's production efficiency by 40-50 times compared to the previous period³⁹.

Britain gradually began to replace the Dutch hegemony by becoming a global economic superpower thanks to its superior production technology, advanced global communication, and transportation networks such as steamships and railways. It is possible to observe the experiences of the Netherlands in 17th-century Britain. Towards the end of the 18th century, it was possible to see almost every feature of large-scale industry in Britain attributed to the Dutch in the previous century⁴⁰. The growth of British industry encouraged simultaneous growth in the financial and credit system, and so did Dutch hegemony. Services such as exchange incentives, security investments, checks, and overdrafts offered by banks were implemented. The first overdraft account was created in 1728 by The Royal Bank of Scotland (McDiarmid, 2021). The new dynamics of international finance here are called the era of *Haute Finance* (Gill, 1991: 295).

Regarding these breakthroughs being actualized by Britain in the sphere of finance, it would be beneficial to mention the -cooperation promptly organized through the good offices of the Rothschild and Baring families, who had come to the stage of history with the 18th century and had a say in world markets and politics since then (Chapman, 1982 and 1986). The Rothschilds were a family that had become enormously wealthy by establishing banks and business areas in the prominent commercial cities of Europe and being highly influential in world politics with the

³⁹ For more information visit <https://globaledge.msu.edu/blog/post/54483/the-textile-industry-during-the-industrial-revolution>. (Access Date: 22 August 2021).

⁴⁰ It is important to state that in the case of succession from Dutch to British hegemony “the devastate of India enabled Britain to buy back the national debt from the Dutch and to onset the Napoleonic Wars almost released from foreign debt. Arrighi notices that this imperial seizure “made easier the increase by six time in British public expenditure in 1792-1815”, which undertook a significant role in the styling the capital-goods stage of the industrial revolution. Moreover “it started off the process of conquest of a territorial empire in South Asia that turned out to be the fundamental prop of Britain’s global power” (Arrighi, 2005a: 12).

power of this wealth (Morton, 2014). The Barings were a British family of German origin who had gained fame for their trade and financial ventures after the second half of the 18th century (Chapman, 1995). These two families dominated world banking in the following century by establishing commercial banking firms in London in the late 18th century. The enormous wealth accumulated in a short time by those banking companies attracted the attention of the whole world in a short time. According to Polanyi, the financial system of Britain was coordinated to some extent by the amphibious, sometimes mysterious, and frequently controversial role of international or Haute finance (embodied in the House of Rothschild mostly) (Gill, 1991: 281).

As indicated by him:

“Finance ... acted as a powerful moderator in the councils and policies of smaller sovereign states. Loans, and the renewal of loans, hinged upon credit, and credit upon good behavior. Since, under constitutional government (unconstitutional ones were severely frowned upon), behavior is reflected in the budget, and the external value of the currency cannot be detached from the appreciation of the budget, debtor governments were well advised to observe their exchanges and to avoid policies which might reflect upon the soundness of the budgetary position. This useful maxim became a clear rule of conduct once a country had adopted the gold standard, which limited permissible fluctuations to a minimum. Gold standard and constitutionalism were the instruments that made the voice of the City of London heard in many smaller countries which had adopted these symbols of adherence to the new international order. The Pax Britannica held its sway sometimes by the ominous poise of the heavy ship's cannon. However, more frequently, it prevailed by the timely pull of a thread in the international monetary network” (Polanyi 1957: 14).

In the 19th century, a private banking area known as the clearinghouse was also established. The clearinghouse can be defined as where clearing transactions are being actualized between banks and other financial institutions and exchanges. Clearing houses are institutions that have opened the door for developing the payment system without using money.

All these developments imply that the functioning of banks was gradually altered. At the beginning of the 19th century, banking mainly occupied wealthy families in Britain. Nevertheless, within a few decades, new types of banking began to take place, owned by joint-stock shareholders, managed by professional managers, and received deposits from growing small middle-class savers (Sayers, 1936; Goodhart, 1972).

Those signs of progress can be interpreted as implications that the capitalist system continues to operate on profits from areas such as banking and finance as well as the real production area such as agriculture, industry, and commerce. The global financial system hinges on the gold standard, and its adoption by many countries, such as Canada, the US, and Germany, is also an influential factor in those developments (Eichengreen, 1987). This allowed the movement of financial transactions to an unprecedented degree, as well as goods and services. Gill (1991: 281) asserts that the nineteenth-century order was constructed by relations of domination and exploitation,

which were processed domestically and internationally. International gold standard based partly upon British imperialism. As he specifies:

“The operation of the international gold standard rested partly upon British imperialism, especially UK dominance in India, which made possible the transfer of Indian balance of payments surpluses to the imperial center to help fund activity in, and the central coordinating role of, the Bank of England and the City of London. This was achieved by Indian producers underwriting British gold reserves at negative real interest rates in an elaborate recycling scheme devised by some of the British brains in the India Office, including at one time Lord Keynes” (Gill, 1991: 281).

However, since the last quarter of the 19th century, a different model of the capitalist accumulation system, which the rise of financial capital can characterize, has become evident. That period goes beyond what is being characterized as the accrual of financial transactions in modern capitalism. There was massive internationalization of financial capital, rapid centralization, and concentration of capital. As a result, capitalism has tended toward the process identified and characterized by monopoly or financial capital.

2.2. THE RISE OF FINANCIAL CAPITAL

Since the last quarter of the 19th century, the capitalist system has begun to be characterized by a phenomenon recognized as financial capital or monopoly capital since the crisis of 1873-1896 marked a period of transition from competitive to monopoly capitalism (Bukharin, 1929; Hilferding, 1910; Hobson, 1902; Lenin, 1917, 1999). Financial capital is an accumulation model in which profit is obtained through financial channels rather than trade and commodity production. Although it has come to the fore, especially in the last few decades, financial capital is quite an old concept. Today we delineate the *financial capital*, *financialization of capitalism*, far from being a newborn child of the early and late twentieth century (Arrighi, 2001: 112), has been perpetual of capitalist history in Braudel (1984: 604)’s words:

“Hilferding . . . sees the world of capital as a range of possibilities, within which the financial variety- a very recent arrival as he sees it- has tended to win out over the others, penetrating them from within. It is a view with which I am willing to concur, with the provision that I see the plurality of capitalism as going back a long way. Finance capitalism was no newborn child of the 1900s; I would even argue that in the past-in, say, Genoa or Amsterdam, following a wave of growth in commercial capitalism and the accumulation of capital on a scale beyond the normal channels for investment, finance capitalism was already in a position to take over and dominate, for a while at least, all the activities of the business world” (Braudel, 1984: 604).

Following the structural crisis of capitalism, which started in the last quarter of the 19th century, a transformation process began that reorganized the framework of capitalist institutions and requires the evolution of capital accumulation. Thus, a new configuration of capitalism has begun to emerge, in which financial and monopoly capital has become an indispensable element of

capital accumulation and the engine of profit. In addition, some legal regulations have paved the way for the new era characterized by financial capital.

Rudolf Hilferding used the concept of financial capital in the early 1900s. Hilferding (1910, 1981, and 2019) was the first to introduce the term finance capital by examining the links among German trusts, banks, and monopolies before the First World War. The question of finance and the real sector comes first among the questions he asked. Does financialization mean that financial capital dominates industrial capital? Hilferding asks and answers this question positively, although he lives long before the start of the so-called financialization process. Hilferding studied the relationship between finance and the real sector in the early twentieth century to develop Marxist finance theory, mainly through his book *Finance Capital*. The book *Finance Capital*, published in 1910, is among the famous works being used in finance capital studies.

Hilferding (1910: 301) treated finance capital as a combination of industrial and bank capital. The coexistence of industrial capital and bank capital brings about the concrete appearance of capital, which is the most distinctive feature of modern capitalism. Hilferding made various class analyses by associating the concept of finance capital with the transformations it caused in economic, social, and political structures. At this point, Hilferding stated that banks continue their activities in favor of the capitalist class and function by collecting the incomes of other classes in society and presenting them to the capitalist class as money capital. As the capitalist production system matures, the accumulated capital in banks increases, but this capital would be concentrated in the hands of a small number of people. Accordingly, monopolized bank capital would transform into industrial capital under its influence day by day, and finance capital, which would emerge as the difference between bank capital and industrial capital, becomes increasingly uncertain (Hilferding, 1910, 1981 and 2019; Coakley, 1982; Jameson, 1997; Marois, 2012; Toporowski, 2018; Pierre Manigat, 2020).

Capitalism was turned out thanks to the rise of financial capital at the end of the 19th century⁴¹. Financial capital had formed as monopolistic corporations progressively rested on banks to attain investment finance. As a result, industrial and banking capitals were jumbled together, and banks were heightened at a dominant position. The emergence of financial capital paved the way for constructing trade barriers, exporting capital, militarism, and imperialism (Hilferding, 2019).

⁴¹ Meanwhile, it should be noted that, different from Rudolf Hilferding's ideas about that the enhanced significance of finance capital indicates a completely new phase of capitalist development, Arrighi (1994: xi) regards that the preeminence of financialization is a repetitive fact, a stage of greater cycles of capitalist development that started in the late medieval and early modern Europe.

Arrighi differs from Hilferding in emphasizing the trend toward the superiority of finance over commercial production. Hilferding put forward a clarification of the outbreak of finance capital in his book. Different from Arrighi's systemic cycles, he draws out a remarkable stage of evolution in capitalism by demonstrating the dominance of finance in the emergence of joint-stock companies and the changed credit relations between monopolistic enterprises and banks. Hilferding looks to clarify the enhancing superiority of finance in his period not only as a result of a decline of profitability in trade or as a propensity towards over-accumulation but also as the outcome of the unification of different sources of capital, which are bank capital and industrial capital.

Hilferding puts forward the palpable Marx's theory of capital and the creation of a financial structure that expands the capacity of capital to profit and accumulate. After that, when he put forward the fusion between industrial capital and banking capital, Hilferding broadened the understanding of capitalism dynamics and its economic agents – giving the political-economic theory a new perspective and new notions. It is possible to indicate that Hilferding has provided a more profound sense of the part of finance capital. As Hilferding states:

“Finance capital develops with the development of the joint-stock company and reaches its peak with the monopolization of the industry. After that, however, the bank disposes of bank capital and the owners of most of the shares in the bank dominate. It is clear that with the increasing concentration of property, the owners of the fictitious capital, which gives power over the banks, and the owners of the capital, which gives power over industry, become increasingly the same people. Furthermore, it is possible to observe that this is all the more so as the large banks gradually get the power to dispose of fictitious capital” (Hilferding, 1910, Ch. 14).

This new strategy to the concept of fictitious capital⁴² comforts at least two primary subjects: the first; finance capital is the consequence of the course of concentration and centralization of capital, as well as the outbreak of the joint-stock company; and the second; the outlook of these companies gives not only understanding the division of ownership and control which changes the styles of management of the business, but also provides, maybe more significantly, controlling of finance capital over the ejection and cycle of fictitious capital, that is, capital in the form of stocks,

⁴² Karl Marx defined the form of interest-bearing capital as fictitious capital, which is responsible for the fact that every particular and regular money income appears to be interest on a capital, whether or not it originates from a capital. Money income is first converted into interest, and from this interest one can determine from which capital it was born. The conversion of a regular monetary income into capital in this way is called capitalization of an income. Capital itself takes the name of fictitious capital. Calling this fictitious capital is because of the loss of link with the real process of appreciation of capital (Marx, 1978: 494). Fictitious capital is an identical of the real capital invested in production and it is, to use a more contemporary figurative expression, the hologram of productive capital. The propagation of fictitious capital tempts between other matters, the advancement of stock and capital markets as exclusive fields for its motion. For Marx, symbolizing public and private debts, as well as stocks, were fictitious capital that was a denotation to future surplus value.

bonds, and other types of securities as Hilferding (1910: 109) acknowledges the control of fictitious capital suits both banks and to giant corporations connected with the industry.

Concisely, Hilferding (1910: 120-121) has examined the transformation of competitive liberal capitalism into monopoly finance capitalism and has argued that this process brings a centralized and privilege-distributing state from being focused on finance capital that combines industrial, commercial, and banking interests. The author has evaluated this process as an inevitable part of the break with the free market understanding and the concentration of capital. According to Hilferding (1910: 90-98), while the demands of the capital and the bourgeoisie were those that had affected all citizens in the same way until the 1860s, the new state form, which emerged as a result of the change in the accumulation of capitalism, started to follow policies in favor of the classes with finance capital wealth. It can be accepted as an indication that social classes have begun to be determined in the context of finance capital. Hilferding adopts an approach focused on the economic, social, and political consequences of these structural changes in the capitalist economy.

John Hobson (1902)'s theory, in a sense, complements Hilferding's analysis. Hobson analyzes financial capital by pointing to the parasitic type of capitalism in which financial production and real production are disconnected, financial interests are vital, and speculative profit-seeking is becoming dominant. While Hobson focuses on the disconnection between real and financial production, Hilferding analyzes the integration trends of bank and industrial capital (Arrighi, 2000: 245-246).

Similar to Hobson and Hilferding, but different in specific points, Vladimir Ilyich Lenin's (1917 and 1999)'s views on financial capital are also important. In his book *Imperialism: The Highest Stage of Capitalism (1917)*, Lenin investigated international capital export, the tendency towards monopolization, and the generation of financial capital. He has argued that those generations paved the way for the formation of nationally centralized capital blocs and intense competition between these blocs. In his book, Lenin highlights the cruciality of recognizing financialization as a primary factor in the global process of capital accumulation. Similarly to Hilferding, he mainly investigated how new sets of impact between finance and industrial capitals were connected to the organization of commodity production in colonized regions of the world⁴³.

⁴³ Lenin diverges from Hilferding in some aspects. First, while he shows signs of to approve the recognition of finance with national capital in the case of the fundamental imperialist powers, he frequently returns to a supra-national conception of financial capital similarly to Hobson, when it comes to investigation of the universal circumstance of world capitalism. Secondly, he alludes to Hilferding's fallacy with respect to the theory of money, and Lenin does not make any enlightenment in respect of the character or indicators of this fallacy. According to Lenin (1999: 33) Hilferding's stress on finance went too far and he lost sight of the important claim in Marx about the contradictions

Lenin filled the content of financial capital with developments, such as monopolies formed by the concentration of production and the merger of banks with industry. In this context, Lenin's views on financial capital are evaluated together with the theory of imperialism, which he defines as the highest stage of capitalism. Lenin's theory of imperialism shaped the practice of socialist revolution⁴⁴ by examining unequal and expansionist international power relations and inter-imperialist struggles in the context of the structural features of capitalism (Şenalp and Şenalp, 2009: 192).

The most apparent feature of imperialism is that most countries and people of the world submit to some powerful states (Kaplan and Pease, 1993; Anghie, 2007; Callinicos, 2009). However, according to Lenin (1917 and 1999), this definition is not enough. Lenin claims that imperialism was the development of capitalist monopolies to the point where it would dominate production. He added that the monopoly, which overthrows free competition, consisted of the central economic core of imperialism. The classical concept of imperialism of Marxism, formulated mainly by Lenin, is more specific than broad definitions and more general than narrow definitions (Callinicos, 2009: 19). Imperialism is neither a transhistorical political form nor a state policy. It is a particular stage in the development of capitalism. Lenin assessed in his writings that Britain was an example of this situation. Nevertheless, the same situation is relevant to the US now. The fundamental relationship between the capacity of capitalism to expand production and develop productive forces and the inevitable creation of monopolies constitute the economic essence of imperialism. According to him, monopolization is realized in five steps:

“(1)the concentration of production and capital has developed to such a high stage that it has created monopolies, which play a decisive role in economic life; (2) the merging of bank capital with industrial capital, and the creation, based on this “financial capital,” of a financial oligarchy; (3) the export of capital as distinguished from the export of commodities acquires

within money that paved the way for the expansion of credit in the first place. Marx asserted that there is an underlying tension between money's status as both the universal representative of value and as a particular form of value, and therefore a credit crisis unavoidably feeds through to money. Hilferding, on the contrary, handles money simply as a part of the body of finance. Hilferding therefore skips the discussion about a credit contraction causing to a full-scale monetary crisis. This is a strong moment of uniqueness, when the two aspects of money-as the universal representative of value and as a particular commodity-sink into one, and money turns out a device of stowing. Money can not be represented in this form according to Lenin since there is no substitute for it, and circulation stops.

⁴⁴ Here, Lenin's main objective is to take a stance against Karl Kautsky's *theory of ultra-imperialism*. Lenin claimed strongly against Kautsky's point of view, and advocated that peace under capitalist system was unreachable, and further, that true peace would only be obtained with the entire demolition of capitalism. Moreover, the development of capitalism in its highest stage would be the verge, the eve of the proletarian socialist revolution. The Bolshevik Revolution in Russia in 1917 had approved the nascency of this process on a worldwide scale (Mustafa, 1979: 159). Different from Kautsky, Lenin aimed to draw attention to the contradictions that would arise from the redistribution of the world as a result of the competition between imperialist countries. He emphasized the phenomenon of *socialist revolution* as the only solution to this issue. The strength of Lenin's approach is its historical context. But this is considered to be just as problematic. Panitch and Gindin (2004b: 9) explain this with the concept of *over-politicizing theory* which stems from Lenin's polemic with Kautsky. They point out that this constitutes the problematic point of Lenin's analysis. By the way, Kautsky's theory of ultra-imperialism differs from the other approaches having mentioned. Kautsky states that imperialists may prefer cooperation over conflict. He attributes this preference to reasons such as the weakening of the imperialists' position against the working class inside, and the fact that the cost of the war is more than the gain of the bourgeoisie (Uzgel and Bedirhanoglu, 2016: 114).

exceptional importance; (4) the formation of international monopolist capitalist associations, which share the world among themselves, and (5) the territorial division of the whole world among the biggest capitalist powers is completed. Imperialism is capitalism at that stage of development at which the dominance of monopolies and financial capital is established; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed” (Lenin, 1999: 266).

In this context, understanding the imperialism that has been going on for the last few decades depends on understanding the capitalist mode of production, the production process, high levels of capital reproduction through financial channels, and a series of dynamics determined by crisis and explosive internal contradictions. As capitalism develops in the historical flow, internal contradictions will also develop that will direct the crisis. The logic of Lenin's theory of imperialism is based on the claims that imperialist states protect the interests of their own countries and try to strike the interests of other countries' capitals. However, although economic interests are at the core of political, diplomatic, and military activities, these areas also have dynamics⁴⁵.

Arrighi has criticized Lenin from certain aspects. According to Arrighi (1994: 162), Hilferding's conceptualization of finance capital as a new stage of capitalist development alludes to monopoly capitalism in the analysis of the late nineteenth century. The financial expansion represents the final stage of the third British systemic cycle of accumulation. However, Lenin fell through to separating these two distinct patterns of financial capitalism.

Nikolay Bukharin (1929)'s analysis shows some similarities and differences with Lenin's. However, Bukharin differs from Lenin because Bukharin deals with the relationship between imperialism and financial capital with a world economy approach. Bukharin (1972: 41-42) argues that the international export of capital led to an extraordinary development of the productive powers of world capitalism. This situation has brought about the rapid growth of the world economy. According to Bukharin, transferring capital from one national area to another ensures the intertwining of national capitals. Thus, the process of internationalization of capital takes place. The concept of internationalization of capital was put forth for the first time by Bukharin (Şenalp and Şenalp, 2009: 192) through the investigation of the formation process of the world economy, which has provided an essential contribution to the analysis of financial capital.

⁴⁵ These explanations actually recall the special kind of imperialism called capitalist imperialism. Capitalist imperialism has been described by Harvey (2019: 31) as the contrasting fusion of the politics of state and empire with the molecular movements of capital accumulation in time and space. Harvey emphasizes the concept of state and empire politics, and the political, diplomatic and military strategies that a state applies and uses while striving to manifest its interests in the world and achieves its goals. The concept of molecular movements of capital accumulation points from Harvey's context to topics such as everyday production practices, trade, trading, capital flow, money transfers, labor migration, technology transfer, foreign exchange speculation, and information flow. It also puts on the agenda issues such as how economic power flows to or from property assets through cultural impulses.

Bukharin (1972: 61-62) states that the most primitive form of the internationalization process of capital is the exchange of commodities while arguing that the most advanced organizational stage is the formation of international trusts. He asserts that in this process, bank capital is transformed into industrial capital by financing industrial enterprises. According to him, bank capital internationalizes rapidly to the extent that it creates finance capital⁴⁶.

For Bukharin, imperialism is a policy of financial capital. In addition, Bukharin asserts that financial capital refers to the world economy and an international area where economic relations develop and spread, arguing that finance capital's interests go beyond the national dimension. He puts forward that financial capital also causes a change in the role of the state and that state power comes under the dominance of the financial oligarchy, which regulates production by connecting it to a single center through banks. Therefore, every national economy began to be characterized by financial capital and capital accumulation by becoming a form of international trust (Bukharin, 1972: 138).

After all this general information, it can be pointed out that authors such as Lenin, Hilferding, Hobson, and Bukharin have demonstrated the superiority of financial capital over the capitalist system, which has started to emerge since the last quarter of the 19th century⁴⁷. These developments being put forward by the authors can be regarded as a blow to free market capitalism, one of the most important pillars of British hegemony. As stated by Arrighi, especially the US and then Germany, which became increasingly prominent in this period through their monopolist and protectionist policies, created new capitalist accumulation regimes by threatening the British hegemony:

“Contrary to popular belief, the example of compound capitalism that emerged in the United States during the Great Depression of 1873-96 constituted a much more effective and radical departure from the dominant British regime of market capitalism, and from the example that emerged in Germany at almost the same time. Both types of compound capitalism developed as a response to the extreme competition and confusion that followed the end of Britain-centered world market formation processes. However, while the German example only suspended the process, the American example took its place. As a result, American compound capitalism became a powerful institution for the collapse of British market capitalism accumulation structures and the centralization of the purchasing power and productive capacity of the world economy in the United States” (Arrighi, 2016: 425-437).

⁴⁶ However, while the internationalization of capital triggering the integration process to the global scale, it also sharpens the conflicts of interest between different national bourgeoisies according to Bukharin's ideas. Thus, it triggers the possibility of nationalization of capital as a counter trend. As a result, this trend prevails. The entire national economy turns into a tremendous enterprise which monopolize the national market under the preservation of the financial kings and the capitalist state.

⁴⁷ In the years (roughly between 1870 and 1914), which are also characterized as the period of classical imperialism, the orientation of industrial capitalism towards financial capitalism became increasingly evident. The colonization and the First World War process precipitated by this situation have been explored by all these scholars in the framework of imperialist relations in the international system, by making use of Marxist theory to a large extent.

Arrighi (2016: 15-53) argued that when the previous commercial and industrial expansion stage in the international system reached a plateau, the dominance of financial capital emerged as a recurring, long-term phenomenon. Arrighi evaluates the capitalist system's adoption of financial capital as the new way of accumulation as a response to the decline in profit rates, an inevitable law of capitalism, and discusses the issue purely from an economic point of view. Since he tried to grasp the modern capitalist system through hegemonic changes, he evaluated this process through the economies of hegemonic countries in the international system. Authors such as Hilferding, Lenin, Hobson, and Bukharin have focused on financial capital's political, social, and economic functions. The functions have been clarified not only through the economies of the countries, which are hegemonic in the international system, but also through the operation of the global economy, politics, and society. It is also crucial to note that Hilferding, Lenin, Bukharin, and Hobson associated financial capital with imperialism; different from them, Arrighi (1994) claimed that *the Gramscian concept of hegemony could be more practical than imperialism* in investigating the current dynamics of the international system.

For example, Hilferding in *Finance Capital* examines the last stage of capitalist development characterized by finance capital. Unlike Arrighi, he attributes the extraordinary increase in financial capital not to the inadequacy of the domestic market or profit rates but to the pursuit of higher profit rates by the upper classes that monopolize the means of production. On the other hand, Lenin emphasized that capitalism headed toward finance capital as a capital accumulation regime, which inevitably works into imperialism, and financial capital is a rotten and parasitic form of capitalism. He states that it was inevitable that this parasitic form would drag the world into crises and wars. The developments in the world at the beginning of the 20th century have proved these views. Capitalist development has created monopolies and cartels, entities dominated by financial capital. These formations, which have also dominated the capitalist states, have led to a war of division by using the states' military capabilities to overcome the problem of over-accumulation. Imperialism thus emerged as the weapon of financial capital in the monopoly stage of capitalism.

All this information, which was mentioned in detail in Hilferding's work and inspired Lenin, was almost a precursor of the First World War. The First World War, the subsequent October Revolution, the Great Depression, the Second World War that broke out, and the chaotic environment created by all these negativities revealed fascism as an ideology defending state capitalism. Another response was a complete rejection of capitalism in favor of communist or socialist ideologies. All these developments were also the determinators of the transition from British hegemony to American hegemony. This transition will be outlined and discussed in the

third chapter. Although Arrighi touched upon all these social and political developments faced in the world, he insisted on addressing the issue from an economic perspective⁴⁸.

Within a few decades after the Second World War, financialization, which can be characterized as the last stage of financial capital, would emerge. Financialization was designed as a new accumulation model in a conjuncture where US hegemony emerged with all its power and tried to maintain this power. All these developments will be covered in detail in the third chapter of the thesis. However, before that, financialization will be discussed in the context of its role in the functioning of capitalism in the following part.

2.3. FINANCIALIZATION: THE HIGHEST STAGE OF FINANCIAL CAPITAL

Financialization is a new stage of capitalism in which financial capital reaches its highest level in economies (Epstein, 2005; Krippner, 2005; Foster, 2007, 2008 and 2010; Palley, 2007, 2013; Dore, 2008; Orhangazi, 2008; Lapavistas, 2009, 2011 and 2013; Sawyer, 2013). Although the liberal movement of financial capital has achieved its highest worldwide levels in the last few decades, it cannot be regarded as a phenomenon unique to today. Dating from the gold standard period of the 1870s up to the First World War, intense financial activity on a global scale was relevant. Again, beginning from 1945 up to the early 1970s, there was similar mobility in the Bretton Woods system, which was based on a fixed exchange rate tied to the dollar, thanks to the diversity of financial instruments that functions in favor of capital. However, after the termination of the Bretton Woods system, fixed exchange rate regimes were switched to floating exchange rate regimes, and all restrictions that prevented countries' international financial movements over time began to be removed⁴⁹. The process from that period is financial globalization, in other words, financialization. The Marxist current of *Monthly Review*, steered by Harry Magdoff and

⁴⁸ Authors like Hilferding and Lenin argue that the transformation of capitalism into imperialism is inevitable, characterized by finance capital. And they argue this brings about imperialist wars in the world. But especially Hilferding argues these wars will create positive developments for the working class. Hilferding stated the imperialist war will definitely lead the masses living under the domination of finance capital, especially the working class to revolt, and that in this way, the dictatorship of finance capital will be replaced by the dictatorship of the proletariat. Although Hilferding's views on the working class are far from reflecting the developments in today's world, it is possible to claim that the author did not take the financialization of capitalism solely on an economic basis. Unlike Arrighi, he focused on the economic, social, class and political aspects of the issue. In addition, he did not look at the issue only in the context of the hegemonic country, but tried to analyze the world economy as a whole. By not taking into account the financialization of capitalism as a mechanical and automatic process that every country's economy will inevitably experience, he tries to explain whether the countries would experience this process by considering the economic, political, social and class dynamics of the countries.

⁴⁹ The economic crisis that broke out in the US in 1929 and affected the whole world caused the financial capital to temporarily lose its dominance over capitalist capital accumulation at the beginning of the 20th century. Since the end of the 1960s, as capitalism began to lose its capacity to absorb excess capital, the problem of over-accumulation and the profitability it brought became increasingly evident in world economies. These problems have been tried to be solved by accelerating financialization, which represents the highest stage of financial capital, and by expanding financial markets especially under the leadership of the US.

Paul Sweezy in 1987, presented original insights and ideas on financialization in the 1970s. According to *Monthly Review* authors, capitalist accumulation in the 20th century was characterized by three trends; the first, slowing down of growth rate; the second, the rise of monopolistic multinational corporations and the third, financialization (Cypher, 1979; Sweezy, 1997; Lapavistas, 2011: 612). These trends are connected with the primary problem of absorbing the surplus that probably qualifies mature capitalism (Baran and Sweezy, 1966). Baran and Sweezy have launched the notion of *monopoly capitalism*, which relies on a new model of competitive tools. These points of view provide simple explanations for the structural crises that created a change in the mid-1970s with the theory of absorption of surplus and the subsequent sprouting of financialization. Until the 1970s, waste absorption was problematic, triggering the crisis and worldwide recession. As a result, capital started to take place in the speculative activities of finance. Financialization has emerged as an important way to absorb the surplus, which strikes real production by shifting the surplus to financial activities instead of real production. More generally, financialization has become one of the groundbreaking trends of capitalist accumulation as of the last quarter of the 20th century. Such opinions have close ties with Marxism; financialization is a characteristic trend derived from the rise of the mature stage of capitalism. Baran and Sweezy (1966, 2007) argue that capitalism has entered into the yoke of monopolies as it is matured, constituting the mainstream's theoretical cornerstone.

Sweezy (1980, 1997, and 2004) claims that the financial sector, which previously promoted real production and generated speculative profits in economies, has declared its autonomy since the mid-1960s. In this process, capitalists have poured their capital into financial markets to expand their capital, and the financial sector responded to this flow by offering various financial instruments. In the 1970s, it was stated that this process accelerated, and the increasingly autonomous and rapidly growing financial capital began to direct the production system. The process that enabled these developments was the transition to neoliberal policies under the leadership of the US since the 1970s and the focus of these policies on finance as a form of capital accumulation.

It is neoliberalism that provides the adaptation of world economies to financialization and its basic principles based on liberalization and reorganization of every market in economies. In this context, the financialization process has emerged as one of the essential components of neoliberal policies, which has increased its effectiveness worldwide since the 1970s (Fine, 2013; Davis and Walsh, 2017). Following the expansion of the application area of neoliberal policies, the deregulation of financial markets took place rapidly, which increased speculative financial flows. The financialization process through these deregulations functioned as the last response of

capitalism to falling profit rates. In an environment where competition rises, and profit rates fall, financialization policies have shifted production to financial markets by making financial activities complementary to the falling profits in production. These developments are the main points that Arrighi also focuses on.

It is possible to assert that Arrighi's thesis has similarities with Baran and Sweezy within this context, which links the rise of financialization with declining productive dynamism and weakening hegemonic power. However, it does not make clear the tools and models through which profit is reproduced from finance. To indicate both the nature and the sources of financial profit, it is substantial to critically investigate the activities of the agents whose behavior characterizes financialization-industrial enterprises, banks, and households. Orhangazi (2008) specifies that the category of financial profit is difficult to set up and that it is not an incident that the character and origins of financial profit are slightly present in either classical, political economy, or Marxist economics⁵⁰. They continue that once the theoretical analysis exceeds the primary state, that surplus is obtainable, which looks for investment in finance, the origins and character of financial profit concerning the aggregate flows of value in the modern capitalist economy being disregarded.

The theory discussed and summarized so far converge on a point that financialization is a form of capitalist capital accumulation. Although financialization is a process that follows the dialectical historical evolution of the capitalist system, it is not a repetition of the past; yet, it characterizes a new historical process economically, politically, and socially. As is known, capitalism is a system that focuses on profit generation. When the situation of generating profit in the real field stops, it tends to continue to make the profit by changing the accumulation system. Therefore, financialization as a phenomenon emerges due to the capitalist system's invariable query for the creation of maximum profit. While the turbulent development system of capitalism continues in the historical process, capital has uninterruptedly continued its multifaceted search to find new areas in the world, which would continue (Foster, 2007 and 2010; Lapavitsas, 2013). As mentioned, the US hegemony has responded to some turbulence by turning to financial production to ensure the continuation of its hegemony after the 1970s and by trying to change the world in this direction.

⁵⁰ According to Orhangazi (2008: 48), although Arrighi's theory has the value of offering history and a long-term sight to the debates of financialization, Arrighi does not give a sufficient clarification of the interrelations of the phenomenon he observes. Although financialization is an outcome of the overaccumulation of capital and the occurring crisis of hegemony, the mechanisms of switching to a new hegemonic regime are not explicit. In spite of his effort to give a comprehensive historical sight, as Pollin (1996: 114) state it, he does not reply the question of what precisely are financial expansions, and in what aspects do they work as reason or result during historical transitions. Part of this problem bases on the fact that he does not provide a satisfying expression of the causes of financial expansions and profits.

Financialization aims to remove the constraints on industrial capital and banking capital, as suggested by authors such as Hilferding, Lenin, and Hobson mentioned in the previous chapters. Policies have been implemented in countries such as the US and England to eliminate the obstacles in financial markets. Especially after the 1980s, discourses and policies such as deregulation, privatization, and minimal state have become widespread in world economies. The Washington Consensus and its proposals for financial liberalization, which have greatly inspired this discourse and policies, have formed the primary content of the IMF stability packs.

The dramatic development in communication technology has dramatically impacted the rapid spread and adoption of financialization in world economies. In this way, financial markets have been deepened in economies, the number and diversity of financial instruments have increased, and the transaction volume in the markets has reached very high due to the reduction in information processing costs. In addition to the fact that financial transactions can be made even through personal computers and cellular phones, ATMs have become widespread, transactions such as electronic fund transfers can be carried out instantly and with meager transaction costs, derivative instruments such as forward, future, swap transactions, which serve as insurance against financial uncertainties that may occur in the future, have become increasingly common (Chandrasekhar and Ghosh, 2018). All these developments will be examined in detail in the context of various developments in the following thesis sections since they have provided the US unlimited macroeconomic and political power in the world economy, where the dollar functions as the world currency. However, Arrighi did not elaborate on all these developments and how the US economy has consolidated its hegemonic power through dollar hegemony taking place distinctly after financialization.

Neoliberal policies targeting labor's institutional and organized powers and destroying its organizational capacity have expanded precarious forms of employment and reduced real wages (Lapavitsas, 2009, 2011, and 2013)⁵¹, which also paved the way for the characterization of the 1980s by an effort on a world scale proleterization (Jameson, 1984: 208). An unprecedented wave of indebtedness in the labor segment with low income ensures their inclusion in the financial

⁵¹ The concept of financialization has been wielded by Lapavitsas to define the enhancing dependence of individuals and corporations on the financial system, both its pecuniary assets, funds etc. and also its logic. On the other hand Lapavitsas indicates the changes in social policy since the mid 1970s by means of the financialization, namely the decline of public provision in housing, health, education, and pensions to highlight underline that workers are enhancingly obliged to direct to financial market devices to accumulate money and secure themselves against several forms of risk. This has facilitated financial institutions to receive profit right away out of wages and salaries, Lapavitsas claims, further proceeding to reap a profit from the appropriation of surplus value by means of the wage relation between capitalists and workers. With another saying, on Lapavitsas's opinion, the exploitation of workers has notably increased as a consequence of financialization which have indwell everyday life.

sector. It has become accessible to everyone in every class of society, such as lending, banking, and credit. Thus, the capitalist system has started to create new segments where it can create profit to maintain its continuity. The segment, which has a privileged position with financialization and gained strength, has been individuals and institutions that generate income from financial transactions and assets. The triumph of this class in the age of financialization has come at the expense of wage earners and households, who face stagnation in real wages and rising indebtedness (Tomaskovic-Devey and Lin, 2011; Lin and Tomaskovic-Devey, 2013; Kwon and Roberts, 2015; Bernands, 2020). Financial inclusion ensures the continuity of financialization at the expense of the adverse effects on low-income classes in society, which represents the highest level of financial capital. It also functions as a model ensuring the continuity of US hegemony because the monetary and financial hegemony, which the US has built through the dollar, is getting stronger daily. These are also some other issues that Arrighi is not adequately addressing, and according to the ideas of Robinson (2011: 275), he was not unaware of these shortcomings. He quoted an interview with Arrighi before his death:

“*The Long Twentieth Century* became a book about the role of financial capital in the historical development of capitalism from the fourteenth century, so Beverly Silver took over the work on labor because I could not focus on the cyclical recurrence of financial expansions and material expansions and, at the same time, deal with labor” (Arrighi, 2009b: 74).

According to Robinson (2011: 275), this statement of Arrighi is unsatisfactory for those who would attribute some causal role in the financial and material dynamics of capitalism in the context of positions of social classes. Succinctly, today, financial capital is not at a level of integrity being defined by the limits of the capitalist world of a particular historical period. Geographically, it is spreading rapidly toward the borders of the whole world as a genuine global phenomenon. In the last few decades, significant changes have been observed in the structure of emerging market stock markets and international financial capital.

CONCLUSION-II

In this chapter, we tried to shed light on the evolution of money and finance phenomena in modern world economies since then the emergence of the capitalist system throughout history. In the context of the framework drawn by Arrighi in *The Long Twentieth Century*, the changing positions of money and finance in economies have been evaluated within the history of the capitalist system. In addition, the ideas of other scholars and authors who study concepts such as money, finance, financial capital, and financialization were also sought by focusing on the points where they differ from or resemble Arrighi.

When the modern world system started to be characterized by the capitalist mode of production, the evolution of money and finance became a much-debated and researched topic. It has been purported that capitalism began to develop in the Protestant countries of North West Europe, especially in the Netherlands. The Netherlands of the seventeenth century, similar to the Italian city-states (Genoa, Venice, Florence, Milano), turned into the prevailing commercial center of Europe approximately a century before the Renaissance. The Dutch Republic became an essential power in continental Europe. It had become the hegemonic colonial power in Asia through the East India Company (Lachmann, 2002: 158). Modern industry, commerce, financial institutions, and techniques developed there and spread to Britain and the rest of the world in the following century. Afterward the advancement of banking, capitalism also began to exist in the financial field. Towards the last quarter of the nineteenth century, the tendency of capital to centralize and concentrate, and capitalism began to be characterized by financial capital rather than real production.

As a result of the structural crisis that took place since the end of the 19th century, the characteristics of modern capitalism began to be drawn by the phenomenon of centralization or concentration of capital. This phenomenon abolished free competition by creating cartels and trusts and increased the relations between banking and industrial capital. As a result of these developments, capital took the form of financial capital, which is its most mature and abstract appearance.

During the First World War, banks expanded their influence on industrial capital, concentrated in the same way as the combination of stock sales, loans, and trustees. The existing distinction between industrial and financial capital gradually disappeared during this process. Rudolf Hilferding analyzed this new situation around the concept of finance capital. Vladimir Ilyich Lenin highlights that the capitalist system creates a process in which the sharing of the world among international trusts and the division of all areas of the earth among the largest capitalist countries is completed in his book titled *Imperialism: The Highest Stage of Capitalism* by making use of Hilferding's ideas. These processes took place in an order in which monopolies and financial capital dominated the world economies.

Like Hilferding and Lenin, Bukharin directs his attention to the analysis of financial capital, which is formed by the intertwining of bank and industrial capital. However, unlike other theorists, he has mentioned that financial capital causes changes in the state's role, which started to be dominated by the financial oligarchy. The rise of financial capital can be said as the common point of view by Hilferding, Lenin, Hobson, and Bukharin. They regard financial capital as articulating bank and industrial capital in economies.

Primarily, Hilferding's and Lenin's studies evaluate financial capital as the last stage of capitalism. Arrighi is rejecting these evaluations. Hilferding's analysis paves the way for a result that finance capital in itself could, to a certain extent, provide an economically stable regime in which a small number of great banks could substantially dominate an economy based on powerful oligopolies in major industries. On the other hand, Lenin asserts that financial capital would be the last stage of capitalist development. The capitalist system would terminate owing to the world imperialist wars and the world revolutions prompted by wars. Therefore, Hilferding and Lenin formulate financial capital as the final stage of capitalism rather than being a stage of a recurrent cycle of a real sector-dominated stage being chased by a finance-dominated oligopoly stage. In *The Long Twentieth Century*, Arrighi (1994: ix) asserts-by opposing the opinions such as Hilferding's-that "Finance capital is not a particular stage of world capitalism, let alone its last and highest stage. Rather it is a recurrent phenomenon". Nevertheless, the contributions of theorists also laid the groundwork for understanding phenomena such as neoliberalism and financialization. They are the reflections of the world economy that has emerged, especially after 1980.

Arrighi interprets the financialization process as a new specific accumulation dynamic that capitalism finds against the profitability crisis and states that almost every country would inevitably go through this process. As he tries to understand the world capitalist system through the concept of hegemony, he claims that the hegemon country would turn to the financial field as soon as it enters the profitability crisis, so it would lose its hegemony over time by getting into a production crisis. However, Arrighi did not sufficiently give attention to concepts such as class relations and class struggles in the capitalist system⁵² (Hardt and Negri, 2001: 239; Robinson, 2005: 276). However, the flow of the international capitalist system was not only determined by the laws and cycles of capitalist accumulation- which gives rise to cyclical repetitions-but human action, and the human agency could also impact this situation. At this time, it is crucial to state that Arrighi (1994: xii) himself writes that *The Long Twentieth Century* has a limited pivotal, not

⁵² In Robinson (2005: 276)'s words: Arrighi does not regard capitalism as a production (class) relation or as an exchange relation but rather as a capital – state relation – as the historic combination of financial capital with the state that brought about to capitalism. Following Braudel, Arrighi sights the roots of capital in the relationship between those who dominated money capital and the rulers of the coming up international system in the thirteenth and the fourteenth centuries, the much disregarded transition including the fusion of state and capital. According to Negri and Hardt (2001: 239), in the context of Arrighi's cyclical argument about hegemonic changes, it becomes impossible to acknowledge a paradigm shift that has occurred or will come in the capitalist system. From the authors' perspective, such a cyclical analysis masks the history of crisis and capitalism and the mechanisms of the restructuring process. For example, in *The Long Twentieth Century*, the crisis of the 1970s is perceived as part of the objective and inevitable cycles of capitalist accumulation, rather than the result of the anti-capitalist onslaught in the center countries. However, class struggles have widely specified the conditions and nature of capitalist restructuring as the mechanisms that create the crisis. The accumulation of these class struggles appointed the conditions and nature of capitalist restructuring as mechanisms that catalyzed crises (Hardt and Negri, 2001: 239).

including an account of topics like class struggle⁵³. The capitalist system and development cannot be construed merely in a nation-state, dialectic between state and capital, money, trade, and finance. Understanding the history of capitalism also necessitates percipience of the balance of forces that essentially exists between different class struggles in the historical process and also understanding the outcomes which stream from competition among them. According to Marx, the capitalist system has developed in the context of the development of commodity production, the rise of the working class, and the endless accumulation of capital. Although Marxism primarily feeds Arrighi, he has not sufficiently focused on class elements in the modern world system and tries to make sense of capitalism and hegemony.

In this chapter, the main topic was how the position of money and finance in the modern capitalist system evolved in the historical process and the relationship of this change with hegemon powers. Within this scope, in the following chapter, the role of money and finance on US hegemony will be debated by focusing on the transition process from British hegemony to US hegemony and the fundamental dynamics that single out this process by making use of the views of Arrighi and other prominent scholars on the topic. Further, the role of money and finance on US hegemony since its foundation will be illuminated.

⁵³ With Arrighi's saying: "Class struggle and the division of the world economy steeply contrasting groups, sets and opinions in centers and peripheries—both of them contributed effectively to shaping my initial understanding of the long twentieth century—nearly vanished from the stage. Many readers will be attracted attention and even surprised by these and other negligences" (Arrighi, 1994: xii).

CHAPTER III: THE EMERGENCE OF US HEGEMONY

3.1. INTERWAR PERIOD: TRANSITION FROM BRITISH TO AMERICAN HEGEMONY

A good understanding of the US hegemony requires an effective investigation of the outlines and underpinnings of British hegemony. This is also essential for testing Arrighi's theory of hegemony. The British hegemony was established mainly with the unrivaled economic power of Britain, which was the pioneer of the Industrial Revolution. It entered the process of dissolving as countries such as Germany and the US reached the economic power that could compete with Britain.

The Industrial Revolution in Britain in the late 18th century was a significant development that helped Britain's subsequent hegemonic rise. The British hegemony was based on having superiority over the world industrial production besides its feature of being a global colonial empire. Britain already became the most robust industrial power in Europe following the Industrial revolution, which was unrivaled once it dominated world trade (Arrighi, 1994: 208-209)⁵⁴. This brought about radical changes in the world economy. The transition from manufacturing to factory-type production took place, necessitating the expansion of the markets on a world scale. As a result, Britain was a commercial warehouse where one-third of world exports was steered for Britain in the middle of the nineteenth century. Furthermore, Britain was also the industrial warehouse or the production center of the world for roughly a century. Britain was characterized as the first industrial capitalist center. Before other industrial capitalist rivals emerged, it had long had a productive advantage over pre-capitalist manufacturers.

Arrighi (1990: 393) states that the foundations of Britain's free trade system constitute the institutional basis of a world-scale capital accumulation regime. Exports became the engine of growth in national income for the first time, and the increase in the sales of cotton goods in foreign markets created a significant increase in Britain's exports. In line with this progress, Britain gradually liquidated the mercantilist system. Various restrictions on trade were abolished, and in 1846, a development officially opened the era of international economic liberalism. By abolishing the Corn Law, the industrial sector won a victory over the landowners, and a free trade regime

⁵⁴ With Arrighi's saying, "each moment of industrial expansion in Britain was integral to an ongoing financial expansion, restructuring, and reorganization of the capitalist world economy, in which Britain was incorporated from the very start" (Arrighi, 1994: 209).

headed by Britain was introduced worldwide (Fairlie, 1965; Spall Jr., 1988; Schonhardt-Bailey, 1996). By 1849, the Navigation Acts were also abated. Accordingly, Britain became the ultimate raw material exporters' market. From 1850 to 1870, Britain's imports seized about one-third of the world's exports. The public goods provided by the British hegemonic power created the required positive cases for enhancing the world capitalist economy from 1850 to 1873.

Polanyi (1957: 3) claims that the British hegemony, which had its golden age in the 19th century, and the political and economic structure of the period rested upon the four institutions. The first is the *balance of power* that prevents a devastating war between the great powers, the second is the *gold standard* that allows the world economy to be organized in an unprecedented way, and the third is the *free market* that operates according to its own rules, and finally the *liberal state*. The interdependence between the liberal state and market created the *domestic socioeconomic and political base (substructure)*; the balance of power and the gold standard created the *international superstructure* (Gill, 1991: 279). In the 19th century, through these institutions, Britain ceased to be an agrarian society and began to become an industrial society. A production system was formed in the world in which London was placed in the center (Polanyi, 1957: 3-20). However, to maintain this situation, it was necessary to create an atmosphere of peace in Europe in an unusual way because unexpected wars could disrupt the London-based production order in the world. In the context of these possibilities, liberals especially suggested that countries in the international system should be connected in line with production relations and be integrated into the market to reduce wars.

The idea of the free market, which was the dominant understanding of the period, spread in connection with the railways, and the railways made essential contributions to Britain's centralized power. As Hobsbawm (1999: 88-98) puts forward, the iron, steel, and coal system and railways corresponding to the second stage of the British industrial revolution constitute the most critical factors in the diffusion of production and the inclusion of almost every country in this network. While there was no use of iron before the Industrial Revolution, bar iron export more than doubled between 1815 and 1833, the railways of France and the US were built by way of British rails, and all these developments had positive effects on the globalization of production leans against the free market understanding.

Britain had naval power and colonial armies during this period. These opportunities of the country brought with it superiority against its rivals in the world power struggles (O'Brien and Pigman, 1992: 94). But most importantly, Britain had succeeded in organizing the world economy in the context of institutions it had created around its interests. In addition, Britain had convinced other countries in the system that its hegemonic power in the international system serves national and

universal interests. Another critical factor that makes Britain a hegemonic power is that it is a world financial, production, and trade center (Polanyi, 1957: 11-16). The sterling was the most important currency in the international monetary system, which owes this position to the successful implementation of the gold standard. The contribution of the gold standard system in carrying on Britain's credit good and providing it privileged accession to moving capital is characterized by Arrighi (1994: 294-295) as pivotal to British hegemony and its emergence as the financial hub of the international capitalist system.

The balance of power system, the foundations laid following the 1815 Congress of Vienna, is one of the main pillars of British hegemony, which prohibited the ascendancy of any European challenger (Arrighi, 1990: 385; Lacher, 2006: 123). It is significant to underline that balance of power system is hinged not only on the relative military capacities of the great powers but also on changing domestic positions and, more extensively, sociopolitical conditions of existence (Gill, 1991: 280). The balance of power system was called by Polanyi (1957: 3-21) *The Hundred Years Peace*. Kaymak (2016: 79) states that Britain had a unique historical condition consisting of ideology, institutions, and material power elements. He also enounces that thanks to the support provided by Britain's unrivaled economic power and institutions, Manchester's liberalism had formed a historical bloc compatible with free market ideology. The division of labor between the aristocracy and the bourgeoisie, created by the hegemony of the bourgeois class in Britain, played an essential role in the formation of this historical bloc. The bourgeois class, which derives its wealth mainly from the manufacturing industry, was liberated from the influence of the absolute monarchy.

However, the feudal lords and the church were directly subordinate to the king at the end of the bourgeois revolution in Britain (Sarıöz-Gökten, 2013: 120-122). As a result, it became more accessible for the land, which was the only source of wealth in the period, to be placed at the disposal of the bourgeoisie. Necessary conditions have been prepared for the commodification of the land. On the other hand, the land was brought into the possession of a class of people who wanted to find productive resources for the market. The period has prepared the rural population to be converted into wage workers for the growing non-agricultural sector of the economy. All of this has brought about the spread of the capitalist mentality characterized by the free market, which was one of the most critical components of British hegemony. All kinds of obstacles preventing the spread of this mentality have been removed. For example, the prohibitions preventing the sale or disposal of the land that formed the basis of the nobles' estates were lifted, and necessary measures were taken to ensure that the land was held by the peasants who did not act with a capitalist mentality and was taken over by the bourgeoisie. One of the most prominent measures is the enclosure movement (Habakkuk, 1958; Turner, 1984; Fairlie, 2009). This

situation brought about the end of small landowners and caused them to be cut off from their means of production and their land (Hobsbawm, 2012: 163-166). Thus, the system was put on the track that allowed the exploitation of the wage labor force by the bourgeoisie, which owns the means of production, and the obstacles that hindered the advancement of free market capitalism were destroyed (Beckett, 1982).

After years of harsh and worldwide conflict, Britain had directed over an era of relative stability from the end of the Napoleonic Wars until the last quarter of the nineteenth century. This was an era in which any state solemnly challenged its domination. However, after a while, British hegemony entered the phase of decline experienced by the previous hegemonic powers. It can be said that this stage started with the end of the Hundred Years' Peace period in the 1860s and via the emergence of some wars. Afterward, the dissemination of the capitalist system on a global scale, the excessive profits gained by Britain. On the other hand, thanks to the influence of railways, Germany and the US started to have a say in world production through their emerging manufacturing prowess (Gill, 1991: 281). Britain's era of stability began to come to an end. However, around 1870 as the foundation of Germany was going along with German economic expansion, which had brought about both political and economic intimidation to the status of Britain in Europe, and finally globally (Arrighi, 1994: 58).

As mentioned, Germany was not the sole threat to Britain's rise in the last quarter of the nineteenth century. The ability of Britain was eroded by the rise of a new national economy with greater wealth, size, and resources than its own, which is the US (Arrighi, 1994: 59). US firms have rapidly widened their domination over production overseas. It also generated new manufacturing capacity overseas. These concurrent threats to Britain were reciprocally strengthened and would accelerate the system's crisis over which it had dominated most of the nineteenth century. Especially after the civil war occurred in the years 1861-1865, the US, which had consolidated its national unity, started to implement protectionist and monopolistic policies and tended to build a solid industrial economy based on new technological and organizational methods based on a robust domestic market (Kaymak, 2016: 80-81). The processes that prepared the collapse of the British hegemony were the processes that raised it to the hegemonic position. Since the last quarter of the 19th century, although Britain's production, trade, and labor productivity, which make it the hegemon, continued to increase in absolute numbers, it started to decline relatively compared to its economic rivals, such as Germany, France, and the US. However, world trade continued to expand in the free trade order, and the competition phenomenon became evident. Significantly the US and Germany have rapidly expanded their industrial infrastructures against Britain (Arrighi, 1999: 225). This competition does cover not only the industrial field but also the military field. While these countries were protecting the newly developing industrial sectors

against the competition of British goods, they also began to infiltrate the British sphere of influence in the world through official colonial connections and informal investment and trade links. Thus, power shifted from Britain, especially towards the US and Germany (Hugill, 2009).

Britain began to lose control over the European balance of power as of the 1870s and soon afterward over the world power system. Another factor that prepared the end of British hegemony was that the gold standard started to give signs of collapse, which was established under the leadership of Britain. The main feature of the system was that the unit value of each country's national currency was defined in terms of a certain weight of pure gold. Gold import and export must be free on a global scale for the system's function. However, following the outbreak of the First World War, the balance of the world began to deteriorate; both free trade and the free movement of gold on a global scale were interrupted.

Further, the unprecedented Hundred Years' Peace (Europe took advantage of a Hundred Years' Peace from 1815 to 1914) among the great powers was trailed by a century of colossal, total wars (Gill, 1991: 282). Finally, it is worth mentioning that First World War has enormously essential consequences for US's relative importance in the world economy. As Rupert indicates:

“The great war had enormously important consequences for America's relative importance in the world economy. It transformed the U.S. from a net debtor into the world's greatest creditor nation. Further, American trade expanded greatly, and the proportion of total world exports by the U.S. grew from 12.4 percent in 1913 to 16.9 percent in 1922. During this period, America's changing role in the global division of labor was reflected in the increasing importance of manufactured goods in the composition of U.S. exports. Finished manufactures headed the list of American exports for the first time in 1913, and the volume of U.S. finished manufactures exports increased by 500 percent between 1914 and 1920. American export trade continued to grow in the decade after the war, as did the relative importance of finished manufactures: by 1929, they represented almost half of all American exports. Especially significant in this expansion of manufactured exports were automobiles, machinery, and other mass-produced goods. While the U.S. had surpassed Great Britain in the overall productivity of its economy as early as the 1890s, and giant U.S. firms specializing in mass production and distribution of machinery, transportation equipment, and other manufactures had established beachheads in European markets before the war, it is evident that the war greatly accelerated this process of expansion into major world markets” (Rupert, 1990: 437).

In addition, during this period, the gold stocks of European countries flowed to the US, and as a result, the European gold standard was suspended. During the War, major countries such as France, Germany, and Russia put aside the conversion of their national currencies into gold due to their financial crises.

The suspension of the gold standard due to the war gave countries the freedom to print money uncontrollably to cover the costs of the war. The continuous borrowing of countries from the Central Banks has created an inflationary effect causing the values of different countries' currencies to be released in a broad band against each other and gold. Due to these negativities,

some attempts have been made to resurrect the gold standard and once again subordinate society to the logic of the free-market economy (Gill, 1991: 282). The most important of these initiatives was the Genoa Conference held in 1922 (Hawtrey, 1922). However, the Great Depression of 1929 rendered these efforts futile. The Great Depression was the world's greatest crisis and the history of capitalism. The collapse of the US capital market after the Great Depression war debts and imbalances in foreign payments shook the confidence in international financial markets. It made it impossible to implement austerity policies. The crisis disseminated to the entire American economy through banks and then affected the world. As a result, the world economy has faced a critical crisis in which the banking system has collapsed, foreign trade volumes have shrunk significantly, billions of people have been unemployed, and an environment of insecurity has arisen. As a result of these developments, Britain suspended the sterling of gold in 1931, and the US left the gold standard in 1933 (Nadler, 1933; Hallwood et al., 2000; Eichengreen and Temin, 2000). These developments paved the way for the abandonment of the liberal tradition in monetary and financial relations.

On the other hand, the economic collapse that started after the Great Depression led countries to implement protectionist and autarkic policies to defend their economies. A period in which liberalism was questioned, the ideas that the markets would come to balance by themselves were expired, and the idea of planning gained importance with the influence of the Soviet Union. The famous British economist John Maynard Keynes also claimed that the macroeconomic instability created by the laissez-faire approach came into prominence, strictly separating the economy and the state. Under the leadership of US President Franklin D. Roosevelt, the transition to the New Deal policies was actualized, and the economic views of Keynes formed the theoretical foundations of which. In essence, the New Deal was a program that included comprehensive social and economic measures to get out of the crisis (Fishback et al., 2007; Rauchway, 2008; Kennedy, 2009). The New Deal was a stabilization program consisting of interventions to stabilize world capitalism. The New Deal policies revived the US economy, effective between 1933 and 1939. The New Deal policies essentially form the US's economic, political, and social interests. Policies also played a crucial role in the generation of the European project. The processes of the class constitution in Western Europe had become put in the forces that stimulated advances in the integrating process of the Atlantic economy. During those years, a new creation in the American industrial and financial bourgeoisie had been put forward, which placed the advancement of different technologies of mass production and labor control, particularly in the automobile industry (Overbeek, 2004: 117). New Deal program adjunct the rise of mass production with state ensures mass demand (Van der Pijl, 1979, 1984). Britain started irresistibly losing its role as a governmental power to the US. These developments brought about the

deterioration of the capitalist class alliance that Britain had established between the industrial bourgeoisie and the landed aristocrats in the 19th century by agreeing on the free trade system. On the other hand, these developments also caused the erosion of the historical bloc formed by these classes based on the material superiority of the Industrial Revolution and liberal ideology.

Parallel to these developments, Britain's ability to hold itself in the center of the capitalist world economy began to weaken gradually. Meanwhile, while the radical right was gaining power rapidly in Western Europe, the left began seriously losing its power. Along with the crisis of the liberal economic system, this created the structural prerequisites for the onset of the Second World War. The immediate, cyclical context for the onset was economic depression, beggar-thy-neighbor international economic policies resulting in a downfalling international system, and, indeed, fascism and military offensiveness, especially by Germany, Italy, and Japan (Gill, 1991: 282). In other words, the establishment of militarist, fascist, national socialist, and aggressive governments triggered by the Great Depression and the increasing authoritarianism of the existing governments invited the Second World War. During the deterioration, Britain passed through financial expansion, depression, turbulence, and the fragmentation of Britain's world order (Arrighi and Silver, 1999)⁵⁵. After the terminal crisis of the British cycles of accumulation, "The two world wars had carried with in nearly complete centralization of world liquidity in US hands" (Arrighi and Silver, 1999: 73; cited in Pereira and Sardo, 2022: 20). US political steps in the middle of the wars prepared the ground on which it would emanate as the leading economic power in pursuit the Second World War. The US provided a revival through the New Deal policies until the Second World War and came out of the war as the most economically and militarily powerful country. In this way, the US officially took the place of Britain, which was about to lose its hegemony in the international system.

3.2. BRETTON WOODS TOWARDS POST-WAR US HEGEMONY: CLASSICAL PERIOD

The Second World War made the US the unrivaled leader. At the war's end, the US produced approximately fifty percent of the world's GDP (Maddison, 2002). No matter what happens, this was a whacking material vantage that contributed to illustrating the US's rise and the embarkation of an international position. Almost all the countries, whether defeated or won the war, were devastated in some respects. Following the end of the war, the new post-war world order was decided at the Bretton Woods Conference in July 1944.

⁵⁵ The end of Britain's hegemony was associated broadly with the Great Depression by Arrighi rather than the World Wars occurring in succession. Arrighi (1994: 169), goes right to the Great Depression for the reference dates of the end of the Age of Rothchilds, 1866-1931.

Before the Bretton Woods Agreement was signed at the Bretton Woods Conference, two plans were brought to the world agenda: The Keynes Plan, presented by the British economist John Maynard Keynes, and the White Plan, presented by the US Secretary of the Treasury Harry Dexter White (Williams, 1942; Haines, 1943). In the plan presented by Keynes, it was determined that the international monetary system would be established on a real international currency called the *Bancor*. A supranational bank, in keeping with the growth of the international exchange, would print this fiat currency. It would be defined in terms of the value of gold at a variable rate (Mehrling, 2016: 22). For this purpose, a kind of world Central Bank would be established, and this bank would create a stock of international payment instruments and keep it ready for the needs of the world, as the Central Bank of any other country does. This world Central Bank, called the Clearing Union, would open accounts for each country through the *bancor*. Countries with deficit *bancor* accounts would be closed by transfer from the accounts of countries with a surplus. Countries with *bancor* surplus would accumulate their *bancor* balances in the Clearing Union; thus, open credit facility would be provided to countries with credit deficit at the rate of the sum of the excess balances (Iwamoto, 1995: 27-42). Here, by establishing a clearing bank that would provide loans to countries with a foreign trade deficit, it was aimed to ease the burden of the foreign trade imbalances in the world not only to countries with deficits but also to countries with surpluses. In such a functioning system, it is clear that no local currency could have international functions and privileges and could not get seigniorage income. Keynes asked for the generation of a collaboratively supervised world reserve currency and an institutional system to support them, through a multilateral organization of nation-states, in line with the goals of worldwide growth and national economic autonomy.

In contrast to the Keynes Plan, the abolition of the restrictions on world trade and the establishment of a fixed exchange rate system that rests on the privileged position of the US were carried on the agenda through the White Plan (Williams, 1944: 38-41). In addition, it was stated that only countries with a deficit should be held responsible for the foreign trade deficit to avoid inflationary pressures in world economies. On the other hand, it was pointed out that some international institutions and organizations should be founded to help repair the economies being destroyed in the war. For these purposes, a stabilization fund, a world bank, and a dollar-based gold standard were proposed in the plan (Kaymak, 2016: 84). The international institutions were regarded as necessary for the constitution of the new world order led by the US. On the other hand, through the gold standard system, founded on the dollar, the exchange rates of the member countries of the system were fixed to the US dollar, and the dollar was also fixed to gold. This development enabled the US dollar to become a worldwide reserve currency. As a result, the US became the only country determining monetary policies worldwide.

Furthermore, it would be supported by institutions such as the International Monetary Fund and the World Bank, which were decided to be founded at the Bretton Woods Conference, which was essential enunciations of the US's liberal norms. The IMF would function as an institution that provides financing to nation-states. The World Bank would fund the private sector to strengthen private enterprises worldwide and, most importantly, support the restructuring process of capitalism, which the US built on a dollar-centered fixed exchange rate regime (Krueger, 1998: 1983-1989). Since the balance of power in the world economy of the period was far from showing a relatively equal level, and the US economy was ahead by a clear margin, the White Plan was put into practice, which has taken the interests of the US to the fore.

Thus, the US took a historical step towards establishing a worldwide hegemony by shaping the final decisions of the Bretton Woods Conference thanks to its enormous economic and military power, which brought along to the rise of North-American global empire (Arrighi, 1994: 247; Türel, 2017: 147). The US design ultimately means keeping the balance of the world payments and rests on a system that functions in dollars. Although the international monetary system is established with the Bretton Woods System refers to the gold standard, it would be more appropriate to describe it as the *dollar-based gold standard system* in which the dollar is pegged to gold at \$35 an ounce. The Bretton Woods System has revolutionized the way money is produced. In the gold standard system implemented during the period of British hegemony, the values of all currencies in the world, including the pound sterling, were pegged to gold. All currencies' values were pegged to the dollar in the Bretton Woods system. This has raised the US dollar to the position of the world currency and made the US the only country in the world that determines the rules of operation of the international monetary system by turning out to be home to gold.

Through the Bretton Woods System, the US has become the Central Bank of the world (Corbridge, 1994; Costigan et al., 2017; Murau et al., 2020). In Arrighi (1994: 275)'s words, "following the end of the Second World War, the US has taken advantage of being a virtual monopoly of world liquidity." The global conjuncture would be shaped by the liquidity being created by the US for this period. Thus, the new economic order being founded after the Second World War was hinged on unilateral dependence rather than interdependence (Bozdağlıoğlu and Özen, 2004: 68). In this case, the US dollar has become the international payment, reserve, and exchange instruments, and value standard. On the other hand, these features have made the US dollar a key global currency. For a currency to be used as an international means of payment, it should be easily increased quantitatively following the requirements of world trade. It should be a trusted currency. In this sense, the dollar is considered as good as gold; and even better than

gold. Thanks to this position, the dollar became the main instrument of the US to dominate the countries in the international capitalist system (Sweezy and Magdoff, 1972: 220-221).

The primary strategy fabricated by the US is the planned reconstruction of the world economy and the reconstruction of world capitalism at the international scale, which is liberal in orientation. As the dominant world power, the US was tasked with rebuilding the unity of the capitalist world market on multilateral trade. In doing so, the US also had to create a favorable balance of power. Within these contexts, the US has sought to establish order around institutionalized political relations and has created an agenda for reopening the world economy and integrating critical regions. On the other hand, there have always been geopolitical objectives as well-being aimed at countering Soviet power (Ikenberry, 2004b: 621).

The widened strategic and economic supremacy of the US has permitted it to form the institutional order, which being arisen at Bretton Woods, to some extent that was tailored to fit the economic and political objectives of the US at this stage (Kirshner, 1995: 156). Other parts of the capitalist world, especially Western Europe, have also taken advantage of the foundation of liberal international world order. They have entered into the US capital and culture. Nevertheless, the primary advantage was the US itself, which reinforced its position at the center of a new international economic and strategic order implying the restructuring of capitalism at the international scale.

US power and institutions were the means of transforming the capitalist world in line with the American model. These elements are, in its most general forms, the reconstruction of the world market, the transnational expansion of capital, and the spread of production techniques such as *Taylorism* and *Fordism* worldwide (Wallerstein et al., 1984: 68). Fordism is not restricted to the economic domain, other than has a broader social meaning, which also alludes to specific state tactics that attempts to catalyze growth and consolidate social unification. These tactics include the foundation of a new historical bloc that stands on a range of social and political cohesions (Joseph, 2000: 195-196). To express this in Jessop's (1990: 8- 199) statements, we might differentiate between some species of economic hegemony which spring up a general admission of an accumulation strategy, a political hegemony being included in assuring an institutional alliance of the capitalist state and the interrogation of class reconciliation (Cited in Joseph, 2000: 196). Reminding Gramsci's (1971: 277-318) seminal essay on Americanism and Fordism would be beneficial. For Gramsci, Fordism was created to provide the social institutions for the functioning of American capitalism. It requires to be embedded in a regulative ambiance which is helpful for unblocked capital accumulation as a regime of accumulation. In the words of Overbeek:

“Given that capital is a social relation and not just a quantity of accumulated wealth, the restructuring of production required not only a new technical basis but at the same time a recomposition of the working class (in terms of education, skills, consumption patterns, etc.), as well as a reorganization of labor relations both at shop-floor level and at the company and even industry levels” (Overbeek, 2004: 122).

US foreign policy also focused on preventing the spread of communism. This was the basis of the Cold War. Marshall Plan started to be implemented in 1948, the US aid program for the reconstruction of Europe, initiated to revitalize the capitalist world economy (Hogan, 1987; Milward, 1989). In Cox's words: “The Marshall Plan extended beyond influencing state policies right into the conscious shaping of the balance among social forces within states and the emerging configuration of historic blocs” (Cox, 1987: 215). On the other hand, the US made its power safe for the world in exchange for facilitating financial aid between 1945 and 1962 (Table 2).

Table 2. The US's Post-War Foreign Aids from 1945 to 1962.

	Years			Total
	1945-1950	1951-1956	1957-1962	
	Billion Dollars			
Net non-military aid	17,1	11,0	11,2	39,3
Western Europe	10,9	5,4	1,0	17,3
Asia, Africa, and the Near East	4,6	5,0	8,3	17,9
Others	1,6	0,6	1,9	4,1
Net foreign debt issued	9,1	1,5	2,5	13,4
Western Europe	8,1	0,2	-2,1	6,2
Asia, Africa, and the Near East	0,7	0,8	2,8	4,3
Others	0,6	0,5	1,8	2,9
Net military aid	1,8	16,7	12,1	30,6
Western Europe	0,3	11,1	4,2	15,5
Asia, Africa, and the Near East	1,4	5,1	7,3	13,8
Others	0,1	0,5	0,6	1,3
Net total debt and aid	28,3	29,2	25,8	83,3

Source: Samuelson, (1980: 780).

Therefore, the world agreed to live within the American system (Ikenberry, 2004b: 623). The US spread out its capitalist normative and cultural practices into the European continent, where it stretched out its social relations by reinforcing the reproduction of capitalism generally and the proliferation of its power especially (Panitch and Gindin, 2004b: 31). Carew (1987) argued that the Marshall Plan accelerated the dissemination of American productive management culture in Western Europe by stating that one of the most apparent effects of this dissemination was the exacerbation of centrifugal forces that worked on leftist labor and political movements. The supremacy of the US in world production and trade threatened the restructuring of the world economy because the financial insolvency of Europe and Asia had caused the closure of overseas markets to the US; thus, it eliminated the possibility of multilateral economic integration. On the other hand, the US regarded these countries as markets for export goods. However, mainly Japan and Western Europe did not have enough dollars to buy food, raw materials, and other goods from the US, on which they depended for reconstruction.

While the US leading the Western states after the War, it created essential tools to continue the capitalist system and keep the double movement's social leg under control. The consequence was the implementation of embedded liberalism that relies on the understanding and implications of the social state, although country examples were different (Ruggie, 1982). The US has looked for the generation of an integrated, liberal international economy that would maximize the improvement of economic forces, primarily those stationed in the US (Gill, 1991: 283). The social model for this, at least in the metropolitan, Atlantic heartlands of the system, was the *internationalization of the New Deal* (Gill, 1991: 283), which was theoretically supported by Keynesian policies. This philosophy became the dominant political economy paradigm led by the West until the 1970s. It would be helpful to make a general description of this period which is placed on the applications of the Keynesian economic policies and is called Keynesian reconciliation:

“Keynesian reconciliation capitalism emerged as a response to the Great Depression. It consisted of the emergence of three new species in policies and institutions. First, it included some restrictions on the behavior of capital, most importantly, of the financial capital, both domestic and international. Second, it included macroeconomic intervention policies (monetary and fiscal policies) to stimulate the economy. Third, it included certain labor and welfare policies (Campbell, 2014: 309)”.

In this period, it is possible to talk about the existence of a historical bloc and policies that were formed under the leadership of the US and whose basis consisted of class consensus that hinges on the Bretton Woods system and institutions, the Fordist mode of accumulation which is the system of mass production arranged by assembly lines under Taylorist principles of scientific management (Gill, 1991: 284), and the Keynesian mixed economy model. In other words, the process progressed within the framework of an institutional-liberal concept of control built on the capital-labor compromise, accompanied by policies based on mass production (Van der Pijl, 2018: 1022). However, even those policies, models, and institutions seem to be interventionist; actually, they are based on reconstructing the international financial order by limited integration into the world economy. In addition, this period represents a period in which the necessary scenes were being set for the deepening and outflow of American finance in the domestic markets within the framework of Bretton Woods's regulations which laid the foundations of the global financial boom that occurred in the last thirty years of the twentieth century (Panitch and Gindin, 2019: 99).

3.3. US HEGEMONY CHALLENGED AND US RESPONSE: LONG RECESSION OF THE 1970S

The hegemonic model of the US based on the Keynesian welfare state and Fordist accumulation regime was severely shaken in the 1970s. The main reasons were the structural crises of the 1970s

(oil crises), the negative impacts of the Vietnam War, the economic competition that emerged in Western Europe, Japan and their threat to the US economy (Brenner, 2002); the world revolution took place in 1968, and the collapse of the Bretton Woods System in 1971 after the *Nixon Shocks* of August 1971 that resulted in the end of the gold-dollar link (Gill, 1991: 285). Nixon's withdrawal of the gold standard and Bretton Woods regime paved the way for enhancing confidence in fiat money. Those affairs had eroded US power in the context of its ideological, political, and, of course, economic aspects, and something was required to be done to reverse that trend.

It is possible to assert that Keynesian economic policies had weakened by the 1970s when the worldwide deterioration started in macroeconomic indicators (Palley, 2005). This case was reflected as high inflation and low growth rates, which co-occurred in many countries from 1972 to 1983 (Table 3).

Table 3. Inflation and Growth Rates of the Selected Countries (1972-1983).

Years	Countries									
	US		United Kingdom		Germany		France		Japan	
	GR*	IR**	GR	IR	GR	IR	GR	IR	GR	IR
					%					
1972	5.26	3.27	4.30	7.07	4.30	5.48	4.54	6.06	8.41	4.84
1973	5.64	6.18	6.51	9.20	4.78	7.03	6.31	7.38	8.03	11.61
1974	-0.52	11.05	-2.46	16.04	0.89	6.99	4.29	13.65	-1.23	23.22
1975	-0.20	9.14	-1.48	24.21	-0.87	5.91	-0.98	11.69	3.09	11.73
1976	5.39	5.74	2.91	16.56	4.95	4.25	4.31	9.63	3.97	9.37
1977	4.61	6.50	2.44	15.84	3.35	3.73	3.45	9.49	4.39	8.16
1978	5.56	7.63	4.20	8.26	3.01	2.72	3.98	9.25	5.27	4.21
1979	3.18	11.25	3.74	13.42	4.15	4.04	3.56	10.65	5.48	3.70
1980	-0.24	13.55	-2.03	17.97	1.41	5.44	1.59	13.56	2.82	7.78
1981	2.59	10.33	-0.77	11.88	0.53	6.34	1.08	13.31	4.21	4.91
1982	-1.91	6.13	2.01	8.60	-0.39	5.24	2.51	11.98	3.31	2.74
1983	4.63	3.21	4.22	4.61	1.57	3.29	1.26	9.46	3.52	1.90

Source: World Bank Database.

*Growth Rate; **Inflation Rate.

On the other hand, the US balance of payments had given huge deficits, the US dollar-based international monetary system ended, and high inflation and unemployment (so-called stagflation) and the inability of Keynesianism to resolve this, have shaken almost all liberal-oriented economies, especially the US and Western European countries (Arrighi, 2007: 130). Europe and Japan have become the nemesis of the US in production and trade since the 1970s; nevertheless, the growing deficits in the international market losses and balance of payments have questioned US leadership in the international system. It became increasingly evident that a new model should be generated which provides the worldwide operability of US hegemony. The US has revived its hegemony through the widening administration of world capitalism (Vasudevan,

2009; Barder, 2013; Lapavitsas, 2013; Van der Zwan, 2014). A parallel switch towards international financial capitalism supported the US's new accumulation style and hegemonic model (Brenner, 2003: 127- 128).

On the other hand, Arrighi claims that the crisis of American hegemony was a radical milestone in the history of world capitalist accumulation. According to Arrighi (1994: 214-217, 232-233), by the 1970s, the US encountered a signal crisis of hegemony (which was regarded by Arrighi and Silver (1999: 272) as the clearest sign of a hegemonic crisis), as competitors had appeared⁵⁶. Accordingly, the world economy entered a recession, bringing global systemic chaos. As global systemic chaos intensifies⁵⁷, there is, in Arrighi's (1994: 31) words, an enhancing "*demand for the order-the old order, a new order, any order.*" Consequently, the US responded to this crisis by becoming a contestant for capital in liberalized financial markets (Arrighi, 2007: 9).

The state-market relationship was begun to be built on how the world economy should be managed beyond the administration of national economies. States were no longer the only actors that took part in world politics. Steps were being taken for a system in which non-state actors such as multinational corporations, international institutions, and organizations increasingly come into play in the international system. These new actors and states have created transnational relations through cross-border relations, coalitions, and interactions. They also created the phenomenon of interdependence by enabling countries to become increasingly intertwined. As a result, the world has witnessed financialization in the US and around the world led by the US. From the framework of Panitch and Gindin (2004a and b), it can be said that the structure formed after Bretton Woods and the Second World War is the cradle and source of the international restructuring of capitalism. However, the rapidly growing and widespread financial capital and American multinational

⁵⁶ According to Arrighi the main competitor is Japan at that term, which has accomplished in triumph by specializing in the quest of profit in the East Asian region. For the purpose of wrest from the West one of the two most important components of its fortunes over the taking precedence of five hundred years: its authority over surplus capital (Arrighi, 1994: 354-355). Arrighi (1994: 306-338) ascribes the sources of Japanese post-war success base less on the original net-worked nature of Japanese corporate organization than in place that Japanese capitalism taken to stage in the Cold War world order governed by the United States. Japan turned into a front-line state in that Cold War just once Beijing surrendered to Chinese communists. The Japanese economy was then reestablished under American economic, military and political leadership, and accordingly its pre-war large corporations and civilian state bureaucracy were relegitimated. Japan's labour movement was quickly and effectively defeated also, and its export sector was invited into the rich club. It is also worth to mention that with respect to Arrighi (1994 :306-338)'s ideas, the emergence of the Japanese capitalist paragon from the embers of Japanese imperialism after the Second World War created in the foundation of a connection of a political interchange between the US government and the dominant groups of Japan. In the advantages of national security, the US government enhanced Japanese exports (broadly by means of the Marshall Plan) to its domestic market and, what is more connived the exclusion of US investment from Japan- an exclusion which obliged US corporations looking for access to the Japanese market to license their technology to Japanese corporations. Only after the retreat from Vietnam and the compromise with China did the US government become more sensitive to the grievances of US corporations about Japanese trade and investment policies.

⁵⁷ This issue also raised by Arrighi indirectly while he discussing the collapse of the US hegemony. He claims that global systemic chaos can pave the way for the occurrence of a real global world empire relied on the supremacy of power of the West, or to a world market economy without a hegemon, placed in East Asia. The first two contingencies are post-capitalist, from the line of vision of Arrighi, which would point out the termination of capitalism (Arrighi, 1994: 23-24, 355-356).

companies are no longer fitted into this cradle, and “the national economies left to the swings of international accumulation” (Panitch and Gindin, 2005: 29).

The world economy has changed position towards a new level of internationalization of production through heading towards more information-based, high technology of Post-Fordism, globalization of finance, which includes the extension, intensification, and propagation of technological production process and organizational innovations under cases of ever-superior forms of international economic competition (Cox, 1987: 298; Gill, 1991: 286; Gill and Law, 1989: 484). All these advancements can also be interpreted with the help of Cox's concept of internationalization of the state. The internationalization of the US is associated with the impulses that arise from its desire to maintain its hegemonic position in the international system. It also includes the adaptation of the nation-state structure of the US by sighting the cyclical requirements of the world economy being formed within, in line with the new power relations.

This new period has marked a period in which the basic parameters of the capitalist system are transformed in parallel with the developments in the global economy. The first of these transformations was the transition to a neoliberal economic order. “Neoliberalism is commonly used in at least five different ways- as a set of economic policies, a development model, an ideology, an academic paradigm, and a historical era” (Mirowski, 2009: 433-434). Van der Pijl (1998: 6) defines neoliberalism as the hegemony of the transnational ruling class being united within a supervisory concept that reflects the interests of certain capitalist powers. On the other hand, Gill associates neoliberalism with the transnational process of the US hegemony. He argues that the hegemonic crisis was tried to be overcome with neoliberalism, which enhanced the ideological and material power of the US. According to him, neoliberalism has paved the way for the transnational hegemony of a group of capitalist countries led by the US. Neoliberalism economically hinges on reducing state intervention and liberalization of market power. It is also a project that restores the power of the capitalist class by removing barriers to capital flows through marketing and privatization policies (Sarıöz Gökten, 2013: 166-167). Peck (2010: xi) characterizes neoliberalism “as a summary label, to be applied to particular politicians, policy techniques, or parts of the world.” For whatever characterizations about the features of the term neoliberalism can be made, it seems evident that, in many ways, the current stage of capitalism is disparate in notable aspects from the prior Bretton Woods and Keynesian stages.

The basic principles of financialization and neoliberalism were declared to the entire world through the Washington Consensus. Washington Consensus is a kind of revolution in monetary and development policies that assures the reflation of world demand being centered on the West, primarily on the US, at the expense of the depredation of the undeveloped and developing part of

the world. Due to that, Başkaya (1999) describes the Washington Consensus as a contributing factor to the sociology of neoliberal domination. The wave of financial liberalization and the abolishment of price and quantity controls in developing countries have taken place through the policies of the Washington Consensus (Arestis, 2004; Williamson, 2004; Freeman, 2010; Reyes, 2017).

Through the Washington Consensus, the balance of power in the capital and the direction of competition for the capital have been shifted to financial markets, and financial activities have been made complementary to the falling profits in the field of production. US hegemony has been reproduced this time based on the power of finance, the class of global financial capital, and the basis of a new transnational historical bloc⁵⁸. Increasing the effectiveness of American financial capital worldwide through neoliberal ideology and financialization policies has manifested itself as a global project in the international system. This situation became evident in the 1980s in the international system.

Sometime in the mid-to-late 1970s or early 1980s, structural shifts of dramatic proportions took place in several countries, which paved the way for substantial increases in financial transactions, real interest rates, the profitability of financial firms, and the shares of national income that accrue to the holders of financial assets (Epstein, 2005: 4). This set of phenomena projects the courses of financialization in the world economy led by the US and refers to the empowerment of the US hegemony through that new model which serves to the consolidation of the dollar hegemony (D'Arista, 2004 Vasudevan, 2008 and 2009; Fields and Vernengo, 2013). As the regulatory structure of the Bretton Woods system on the fluctuation of national currencies became dysfunctional, the criteria that characterize the value and hegemony of money changed. It is possible to talk about a period in which any metal is not measuring the value of currencies. Instead, the value of national currencies has begun to be determined by factors such as reserve money in the Central Banks of other countries, capital exports, foreign direct investments, interest rates, and political legitimacy. The US has benefited from these elements to the fullest. The

⁵⁸ Here it is useful to recall Gramsci's statements about the historical bloc by means of the study of Gill and Law (1989). Gill and Law (1989: 476-477) emphasized that by making reference to Gramsci: "Any new historic bloc must have not only power within the civil society and economy, but also persuasive ideas and arguments (involving what Gramsci called the ethico-political level) which build on and catalyze its political networks and organization. The catalyst is provided by "an appropriate political initiative which is always necessary to liberate the economic thrust from the dead weight of traditional policies and ideas, i.e., to change the political direction of certain forces which have to be absorbed if a new, homogenous politico-economic historical bloc, without internal contradictions, is to be successfully formed" (Gramsci, 1971: 168; cited in Gill and Law, 1989: 477). US has changed its regime of accumulation, social structure of accumulation, and mode of production since 1970s, in order to making maintainable its hegemony by means of the new models. In accordance with this purpose, the US has provided a new basis for new historical bloc concerning states, markets, the power of capital, institutions, culture, society.

collapse of the Bretton Woods system has provided many opportunities for the US to strengthen the dollar hegemony further.

In line with these opportunities, it is possible to point out that to regain its competitive power after 1980, the US reduced the value of the dollar through the possibility given by the disappearance of Bretton Woods; on the other hand, the US increased the pressure on wages and almost freeze real wages. Therefore, against the increase in public expenditures and inflation in the 1990s, with the inspiration of the Volcker Shock in 1979-1980, the US government aimed to increase interest rates through the monetarist counterrevolution (Arrighi, 2003: 46; Brenner, 2002: 148-152). By doing so, the elimination of the organization of labor and reduction of wages and inflation was also aimed (Lapavitsas and Mendieta-Munoz, 2016: 9). As a result of these developments, profit rates in the American manufacturing sector started to rise sharply being accompanied by a deindustrialization process instead of real production. As a result, there was industrially definitive erosion in the US, especially in the process of de-industrialization. It is possible to state that between 1945 and 1980, the total share of the US in world manufacturing industry production fell from 27% to 17%, and it continued to decline until recently. Similarly, the export share of the US in the world manufacturing industry decreased from 27.3% to 16.8% between 1950 and 1985 (Table 4).

Table 4. Share of World Exports by Manufacturer Countries (%)

Years	Countries				
	United States	England	West Germany	France	Japan
1950	27.3	25.5	7.3	9.9	3.4
1960	21.7	15.9	19.4	9.7	6.9
1970	18.5	10.8	19.8	8.7	11.7
1975	17.7	9.3	20.3	10.2	13.6
1980	17.1	10.2	19.8	9.9	14.7
1985	16.8	7.8	18.6	8.5	19.7

Source: World Bank Database⁵⁹.

Although it initially distorted some of the macroeconomic data of the US, this interest rate increase made the US the center of attraction for the world capital after a while. Although real production and growth rates have declined in the US, this shock has managed to protect its hegemony through financialization and the emperor position of the dollar (Vasudevan, 2009: 296-298). In this context, the literality that the US manufacturing sector broke down since then the last few decades gives not a great deal of hints about the sprawling impact of the US's economic, financial, and political formations that stood in place (Konings, 2005). Thus, it is essential to analyze the power of the US not as defined by national boundaries per se but within a more

⁵⁹For detailed information: <https://data.worldbank.org/indicator/TX.VAL.MANF.ZS.UN>, <https://tdata360.worldbank.org/indicators/manfc.ex.share> (Date of Access: December 13, 2021).

comprehensive spatial domain beyond reductionist empirical observation (Gill and Law, 1988; Gindin and Panitch, 2004a, 2004b, 2012; Konings, 2005, 2009a, 2009b, 2010a, 2010b; Konings and Panitch, 2008; Panitch and Gindin, 2005; Strange, 1980, 1996, 2007).

The fact that the US has increased interest rates and that has made the US the world capital center and hub of attraction for many developing countries, especially for Latin American countries which have been crushed under large foreign debt stock and needed foreign financial resources to combat debt burden (Vasudevan, 2008: 40). These countries have faced deep financial crises since the 1980s; they were far behind the US in directing the flow of capital to their countries. The first demonstration was Mexico's declaration of the moratorium in 1982.

Volcker Shock made it impossible for debtors in Third World countries to convert their debts; however, the US has increased its returns on government bonds and shifted capital investments from developing countries to itself. In Latin America, countries such as Mexico, and Africa could not repay their debts since banks have stopped credit flow to only Third World countries (Marois and Predella, 2015: 3).

The US has imposed a harsh monetary discipline on the world economies to create a Dollar-Wall Street regime that moves around the dollar (Gowan, 2009). As a result, US-led international financial institutions such as IMF and World Bank have used lending as a weapon to integrate the Third World into neoliberal economic policies. Especially the IMF came into effect with short-term programs. In essence, these programs include the policies such as reduction of public expenditures, privatization of public enterprises, liberalization of foreign trade, reduction of subsidies, and, of course, liberalization of capital inflows and outflows in national economies (Beneria, 1999: 687-695). In addition, the International Monetary Fund has forced countries to adopt Structural Adjustment Policies by means of the "shock doctrine" techniques (Klein, 2007).

Although there has been no evidence that structural adjustment policy encourages economic growth, the capital market of many countries has been liberalized by intense ideological pressure, and the capital surpluses of the center countries have been circulated globally (Brenner, 2006a and b). Since the capital surplus is thought to provide higher returns, speculative movements, especially in peripheral countries, accelerated, and the demand for imports also expanded. This situation has become a source of instability for them. Accordingly, the most striking image in the photograph of the world economy of the early 1980s is the international debt economy (Mahmud, 2012: 482). Mexico and other developing countries in this system are exposed to debt crises⁶⁰

⁶⁰ Some theorists, such as Susan Strange in *Casino Capitalism*, asserted that finance and money having disengaged from the system of production and trade, which paving the way for major paradoxes for developing and undeveloped countries. According to Strange, as quoted by Gill (1991: 288), the world economy was being stabilized in part owing to short-term time horizons and speculative flows of capital in a financial system that enhancingly looked like a game

(Cypher, 1989). Petroleum exporting countries achieved dramatic increases in dollar revenues due to the rising oil prices throughout the 1970s⁶¹. They parlayed these revenues in private banks in Western countries, while banks with such enormous funds drove developing countries into loans (Özgür and Özel, 2008). As a result of this easy credit expansion, the ratio of debt of the developing countries to gross domestic product jumped from 7 percent in the early 1970s to 22 percent in 1982 (Vasudevan, 2008: 41). However, in the early 1980s US Central Bank raised interest rates within the scope of the fighting against inflation, the debt services of these loans became insufferable, and these countries had to go bankrupt one after one.

The main reason for these bankruptcies is the fact that the hegemonic structure of the US dollar strengthens its power via this endless financialization adventure and the sale of oil by only being priced in dollars. Additionally, the revenues, i.e., petrodollars, gather in the US banks and flow to developing countries through private banks. These countries have started to shape their economic policies concerning the decisions being taken by the US central bank (Mendes, 2018; Tavares, 1985, 2004). They have been easily affected by monetary policy decisions of the central bank and have become fragile in the context of their macroeconomic indicators. All those signs of progress served the dollar's international role, which was stimulated by the process of financialization and the countercyclical type of private capital flows to emerging markets. The US played a role in maintaining the simplification of the growing instabilities that would be realized in developing parts of the world for the sake of its hegemonic interests.

Arrighi (1994: 5) asserts that the decrease in the returns of industrial and commercial investments brought about more flexible investment types of capital, accordingly, financialization, as highlighted in previous chapters. He further claims that this situation is indispensably a symptom of a hegemonic crisis. However, this claim does not seem valid in all respects. The financialization of the US is not just a response to the unresolved crisis of profitability that began in the mid-1960s; it is also a response to the deepening crisis of hegemony. These responses, particularly given through record-level rises in interest rates, tax cuts, expansion of the freedom of action for speculators, and the creation of the dollar hegemony, whose (dollar's) value has been enhanced by new policies to ensure the mass flow of capital from the around of the world to the US. In this respect, this is a deliberate process.

Moreover, these developments are not examples confirming Arrighi's cyclical collapse theory. The US has started to underline its monetary hegemony through global financialization. Monetary

of (Russian roulette). In this regard, the deregulatory and macroeconomic policies of the US were usually characterized as taking harsh responsibility for global instability, together with the rotations and commonly economically reverse behaviour of the international financial markets (which the US had rejected to regulate) (Gill, 1991: 288).

⁶¹ For further information about the Balance of Payments of the Country Groups, in the years that corresponds to the oil crisis (1973-1980), see Türel (2017: 318).

hegemony would reinforce the US's political, social, cultural, military, and technological hegemony. Yes, financialization was the product of a deliberate process in the 1980s and has extended worldwide through the agency of various policies and moved the US from real production to financial production. However, this situation did not point to the hegemonic collapse of the US; on the contrary, it pointed to its rise. Of course, this rise was realized at the expense of the decline of underdeveloped and developing countries.

3.4. US HEGEMONY IN CHARGE

In pursuit of the structural crisis in the mid-1970s, the US hegemony re-established its hegemony based on financialization. In the 1990s, this process continued to operate successfully. The collapse of the Soviet Union was a further epochal moment. The outcome was the consolidation of the US as a global hegemon by presiding over a liberal international order (Deudney and Ikenberry, 1999). US financial expansion reaccelerated with an upsurge of deregulation of national markets in numerous states on both the periphery and semi-periphery of the world-system (Arrighi, 2007: 224-225). The most important question had to be asked here is why the US hegemony does not collapse despite its signal crisis which came into being in the 1970s, as Arrighi (1994: 322-324; 2007: 178; 2009b: 90) claims. Furthermore, how the US still enjoys a commanding preponderance of the power, although there have been some rivals, can be another question to be asked within the framework of different approaches and views.

It should be noted that although the dissolution of Soviet Russia led to a general perception about the way of beginning the unipolar system, this period was interpreted by some authors as the commencement of the multipolar system (Waltz, 1993; Layne, 1993, 2006 and 2011; Wilkinson, 1999; Schweller and Pu, 2011; Chebankova, 2017; Cooley and Nexon, 2020). However, despite those opinions of multipolarity, following the collapse of Soviet Russia, the US became the sole superpower near its sphere of influence or in the regions located within it. Therefore, examining how the US has achieved this victory is essential. The US has achieved this through neoliberalism and financialization, which enabled the US to establish its hegemony on a new basis. In addition, the US reinforced it thanks to globalization, which became widely evident in the 1990s.

Extraordinary advancements outcropping in computer and communication technologies have promoted financial globalization. At the push of a button, large amounts of capital and money are now being transferred rapidly between countries. It has become almost impossible to monitor and control money and capital movements. Computer technology has emerged new financial instruments, particularly derivative transactions (Philips, 1994).

The concept of globalization implies the triumph of US capitalism. This advancement necessitates examining and interrogating the content and aspects of the transformation experienced in the national nature of the economies. Since the dissolution of socialism, globalization has facilitated the integration of capitalism within the world scale. However, capitalist globalization has not only brought along the internationalization of the markets and some developments taking place in communication and transportation technologies.

The globalization of capitalism has radically changed the dialectical parts of the capitalist system, such as the *state, capital, and class*. The globalization of capitalism has led to globalization and internationalization of them. It even steered them to get a transnational dimension and function. However, the transnationalization of the capitalist mode of production differs from its internationalization. Internationalization refers to the territorial expansion of the capitalist mode of production. Transnationalization, on the other hand, involves processes such as the fragmentation of the production process and its sharing by different countries (Robinson, 2004: 14-15). Although this production structure is fragmented, its control is under the administration of the transnational capitalist class. Therefore, the transnationalization of production has given birth to a transnational capitalist class (Cox, 1981: 147; Van der Pijl, 1998: 98; Robinson, 2004: 35-37; Van Apeldoorn, 1998: 15).

The views of Robinson (2004)'s are pretty remarkable; he has made influential studies on the subject using the discussions of transnationality⁶², transnational capitalism, the transnational capitalist class, and transnational capital⁶³. Globalization symbolizes the new era in the world capitalist system (Robinson, 2004:2). According to him, globalization of capitalism can be comprehended as the hegemonic project of the rising transnational historical bloc through the

⁶² It would be useful to look at the work of Şenalp and Şenalp (2009) on the notion. According to them, transnationality (such as national level, international level or supranational/global scale) does not refer to any level or scale. In other words, the phenomenon of transnationality cuts across different territorial levels from one end to the other, and crosses them by connecting them (Van Apeldoorn, 2004: 144; cited in Şenalp and Şenalp, 2009: 195). Transnationality is a non-territorial phenomenon that encompasses the state, supra-state and sub-state scales in a multi-level perception. Some social forces may transcend their territorial boundaries after transforming to transnational actors. However, this does not imply that they are completely break off from their national context. Conversely, it reports that they can act simultaneously in more than one national context (Van Appeldoorn, 2004: 145; cited in Şenalp and Şenalp, 2009: 195).

⁶³ Transnationality has historically been related to the fact that capital's inclination towards internationalization. The main purpose of capital is sprawling over the world, and getting new sources of profit by conquering new geographies (Şenalp and Şenalp, 2008: 69). The neoliberal globalization process has been a period in which this internationalization inclination of has become increasingly evident. Şenalp and Şenalp (2008: 69) claim that the international system has attained the level of transnational capitalism in the current phase of the internationalization process. They revealed that transnationality is a concept which should be comprehended in a multidimensional approach, including the notions such as state, supra-state and sub-state scales. On the other hand, they also underlined that transnationalism is a non-territorial phenomenon (Şenalp and Şenalp, 2008: 71). From this point of view, they qualified transnational capital as a social force which can act not only within the territorial borders of a particular state, but also within the borders of all states on a much broader domain.

transnational capitalist class, which refers to the class in the world-system less tied to territoriality or the nation-state and national competition (Robinson, 2004: 36-38).

Robinson (2007) claims that capitalism has entered a completely different process after neoliberal globalization accelerated in the last few decades. He states that neoliberal globalization is a non-national capitalist class project (Robinson, 2005: 11). Robinson asserts that capitalism has started to be characterized by concepts such as transnational capital, transnational capitalist class (2004: 47), transnational state (2004: 85-144), transnational global production and transnational financial system (Robinson, 2002: 500, 2004: 9, 2007: 6-8). In another saying, he asserts that as the overall cycle of capital accumulation is transnationalized, that is why too do classes, capital, states, political processes, and cultural-ideological facts⁶⁴ (Robinson, 2004: 39). The main factor that sets off the neoliberal globalization is class conflict rather than the technological advancements and innovations. Revolutions in communication and transportation technologies can only be contemplated as tools that facilitate and accelerate neoliberal globalization (Robinson, 2001: 168). Robinson investigated the restructuring of the state apparatus in neoliberal globalization, a qualitative development that comes true in the history of capitalism. He asserts that the restructuring of the state paved the way for an evolutionary process in the superstructure (political, cultural, and institutional) as well as the substructure (economy) elements (Şenalp and Şenalp, 2009: 194). Robinson moves from the idea that the factors that characterize hegemony in the globalized society should be re-examined. Robinson (2005: 3) states, "I want to call for expunging nation-state centrism from the discussion of hegemony." This would let us make a difference in transnational social forces not enforcedly being dependent on any one nation-state behind competition over hegemony and other international political dynamics (Morton and Bieler, 2006: 167). However, it is necessary to open parenthesis on the subject that the works of Robinson (2004, 2008) particularly are crucial to grasping that globalization has not opened a road for the termination of the nation-state. Robinson (2008), on the contrary, regards the state as a fact being

⁶⁴ The article written by Robinson and Harris in 2000 also provides important information on the subject. Robinson and Harris (2000: 16) have argued that transnational capitalist class formation is a salient aspect of the globalization process. According to them, the leading capitalist stratum worldwide has turned into a transnational capitalist class. Robinson and Harris (2000) evaluated the transnational capitalist class both as the incarnation of transnational capital and as a repercussion of political power through transnational institutions such as the International Monetary Fund, the World Bank and the World Trade Organization. World hegemony can be contemplated as a social structure, an economic structure and a political structure (Overbeek, 2000: 176). Robinson and Harris (2000: 20) assert that the transnational capitalist class is both the cause and the result of globalization processes. Authors point out that as the capital cycle globalizes, the dialectical elements that make up capitalism, classes, political processes, states, and cultural ideological processes also globalize. The expansion of a transnational capitalist class must therefore be regarded as a different phenomenon than the old imperialist division of the world. There is still conflict and competition in the international capitalist system, but this is between corporations rather than states, and even when the latter exists it is subject to capitalist cooperation beyond the nation-state. Therefore, competition is a reverberation of divisions within the transnational capitalist class rather than interstate conflict (Robinson, 2002: 507). Instead, it is contended that the nation-state neither maintains its primacy nor passes from sight, but that the nation-state has converted into a transnational state (Robinson, 2002: 210).

turned into performing duties for the requisitions of a transnational capitalist class with the difference of a conventionally fathomed national interest. The ongoing entity of the nation-state system is a crucial provision for the strength of the transnational capital and transnational capitalist class. It is crucial to assert that the state has turned out to be a neoliberal state put together by current forces and relations of globalized capital whose mission is to work for global capital accumulation, involving a switch from the subsidies that states make available for use, far from social reproduction and internal economic actors and toward transnational capital (Robinson, 2008: 33). Robinson (2008) figures nation-states as being coalesced into a more expansive transnational state with US state practices being conducted by the expediencies of transnational capital. The following explication of Robinson is a pinpoint specification of the subject:

“To say that globalization involves the supersession of the nation-states as an organizing principle of capitalist development does not mean the end of the nation-state or that the state is now irrelevant. What it does mean is that we need to return to an understanding of the nation-state as a historical rather than an immanent category, an institution that came about as a result of the particular form in which capitalism as a historical system developed” (Robinson, 2014: 10).

“Far from the end of the nation-state, we witness its transformation into neoliberal states. These neoliberal states, as components of a transnational state, provide essential services for capital. These neoliberal states, acting as transmission belts and filtering devices for the transnational agenda, function as components of a transnational state. They provide essential services for capital within specific national territories” (Robinson, 2004: 124-125; cited in Cammack, 2009: 90).

Robinson believes that hegemony would be exercised not by a nation-state or national ruling classes within the nation-state but by an emerging global capitalist historical bloc (Şenalp and Şenalp, 2009: 195). From Robinson's (2004: 88) line of vision, economic globalization was instrumental in forming a transnational class and the emergence of a transnational state that was brought into existence to function as the collective authority of a global ruling class. This transnational state apparatus represents an emerging network of transnational economic and political forums and transformed and externally integrated nation-states. Economic forums include international institutions and organizations such as the IMF, World Bank, and WTO. Political forums take in the Group of Seven (G-7) countries, the larger group of 22 countries, and the UN system, such as the OECD, the European Union, and the Conference on Security and Cooperation in Europe. From this point of view, it can be concluded that Robinson has not interpreted globalization merely as the crossing of commercial and financial flows of national borders.

One of the harshest criticisms of Robinson's theoretical framework came from Paul Cammack (2009), who stated that the concept of the transnational state was useless. According to Cammack's point of view (2009: 84-85), Robinson's argument and his empirical findings do not

support each other. As Robinson argues (2004: 22), if there is a rising transnational capitalist class due to the internationalization of capitalist production relations, then to understand the specific dynamics of this new era, it is necessary to investigate the relationship between the market and social forces. However, Cammack (2009: 84-86) argued that instead of doing this, Robinson is content with basing the transnationalization of production on indicators such as the increase in foreign direct investment and cross-border mergers and acquisitions. He stated that Robinson was insufficient to explain the transformative effect of foreign direct investments flowing from the center to the periphery on the social production relations in the periphery. Cammack's objection to the concept of the transnational state stems from the fact that Robinson tries to destroy the centrality of the nation-state and ignores the decisive role of the nation-state in labor-capital relations. According to Cammack (2009: 90), Robinson's definition of the transnational state is vague, and nothing in this definition corresponds to the state concept. Cammack also (2009: 88-91) argues that although Robinson refers to the relative autonomy of the state, he is an instrumentalist in the literal sense, reducing the state, national or transnational, to a simple instrument of the capitalist class.

In contrast, Robinson (2009: 98-100) argued that Cammack misunderstood his theory and distorted it in many contexts. He insisted that he did not claim that the nation-state was dissolved and that the national context had lost its meaning but that the relationship between certain national territories should be rethought through transnational capital. Robinson (2009: 101-103) opposed Cammack, who argued that nation-states still primarily regulated capital accumulation. He expressed the importance of the transnational capitalist class fraction that controls the transnational capital in making sense of the labor-capital/state market relations on a global scale in the new stage of capitalist accumulation that came with the internationalization of the entire capital circuit. Regarding the transnational state, Robinson (2009: 106) stated that the main problem is to present a theoretical tool to deal with transnational institutionalism and to make an analytical abstraction to explain the transformation of the state in the historical process. Robinson emphasized that the main question is not to discuss how much globalization wears out the nation-state or whether the nation-state is the victim or facilitator of globalization. The important thing is to understand what kind of role the state has in global capitalism through which institutional mechanisms. In this sense, the transnational state is a concept created to answer the question of how and to what extent the transnational capitalist class shapes capitalism by using class power (Robinson, 2009: 106). It is also a conceptualization aimed at comprehending how the transnational capitalist class uses its class power to apply the social and institutional practices that shape global capitalism (Robinson, 2009: 106-107).

There are other theorists and scholars, except Robinson, who argue that the central dynamics of globalization are the emergence of a transnational state, transnational capital, and the transnational capitalist class (Bieler and Morton, 2004; Cox, 1981; Gill, 2003; Van der Pijl, 1998; Sklair, 2000, 2001, 2002; van Apeldoorn, 1998)⁶⁵. Many of the views and studies put forward on the subject include the theses leaning upon Gramsci's views. They also deal with concepts such as transnational class formation and the transnationalization of the state again (Şenalp and Şenalp, 2009: 192). It has been revealed that some concrete developments, such as capitalist restructuring and neoliberal globalization, play a role in capitalism's acquisition of a transnational character. Van der Pijl (1984, 1998) has mainly focused on the transnational capitalist class. He concludes that the transnational capitalist class derives from the Lockian state-society complex that hinges on liberal principles. He associates that structure with the transatlantic ruling class. Van der Pijl (1984: 2) claims that from here, it disseminates on a transnational scale by arguing that resistance to this class structure came from the Hobbesian states of France, Germany, and the Soviet Union.

Neoliberal globalization has paved the way for the globalization of production, specifically in the US and Europe. It has brought with it the internal and external expansion and intensification of their capitalist mode of production. These developments form the basis of the transnational class formation process⁶⁶. The class formation is no longer tied to the territory as it was throughout most of the history of world capitalism. In addition, it has begun to be associated not only with the political authority of the nation-state.

Arrighi's rhetorical attraction to territoriality and imperial frame of reference about the characteristics of globalization of capitalism cannot be disregarded. However, it is possible to assert that Arrighi did not actively analyze globalization and its impacts on the modern world system and its reverberations on the US hegemony. The evident matter in Arrighi's explication

⁶⁵ In general, these authors acted as the concept of imperialism is insufficient to explain today's international capitalist system. They argued that the main reason underlying this situation was that capitalism's acquisition of a transnational character. It has asserted by them that the capital accumulation process started to not fit into the nation state, and this situation paved the way for the deterritorialization of capital. They also argued that the transnational capitalist class triggered neoliberal globalization by means of the nation states.

⁶⁶ Van der Pijl traces the roots of the transnational class formation process back to the 18th century. According to him, Britain was the country created its own global expansion path for the first time in the history following the emergence and advancement of industrial capitalism after the Industrial Revolution (Şenalp and Şenalp, 2009: 209). Van der Pijl also deals with the relationship between transnational class formation and state forms. For this purpose, he defines two types of state-society complexes, *Lockean Heartland* and *Hobbesian Contender* states. The origins of the Lockean state-society complex go back to the aftermath of the 1688 English Revolution. It refers to a situation in which the distinction between property-owning civil society and the private and public sphere is ensured by the state. The reflections of the Hobbesian state-society complex are observed in France in the 17th and 18th centuries. The concept describes a situation in which the state-civil society distinction is suspended in favor of the state. The Lockean state is rather a model for Western states in terms of its principles such as the free market and the state-civil society duality; interested with preserving private property rights both internally and externally, given free space for capital (Van der Pijl, 1998: 8, 28). On the other hand, the Hobbesian state is the nation state. It does not allow anyone other than the state class to dominate. The Hobbesian (contender) state is a new type of state which is being apart from society, and does not permit sovereignty to anything but itself, attempts to close off the transnational process in line with the objective of conduct economic development, and support national interests (Van der Pijl, 1998: 80-84)

of neoliberal globalization is that the particular sense of globalization is being repudiated. Thus it is possible to claim that Arrighi's process is also reductionist in certain aspects. Arrighi tailors analysis of capitalism's financial context to the present in a definitive way. In this respect, he rejects the specifically new features of neoliberal globalization. As Robinson (2011: 272) points out:

“Arrighi never seriously contemplated the possibility that more recent globalization may exhibit qualitatively novel properties that could involve discontinuities with the historical pattern of world capitalist evolution and hegemonic transition that he mapped and theorized. Instead, he dismissed as globalization speak the global capitalism interpretation of late twentieth and early twenty-first-century world dynamics with which I, among others, am associated”.

From this point of view, one can deduce that Arrighi did not consider the fluxional functions of notions such as capitalism, class, state, and capital in the neoliberal globalization period within a holistic framework. However, in today's international system, it is evident that globalization and real and financial activities seem to be transnationalized. As a result, countries are integrated into the world economy easily, and each other and also governments are implementing the imperative policies for the advancement of the transnational ruling class through finance (Cox, 1987: 360; cited by Şenalp and Şenalp, 2009: 212).

Arrighi did not analyze Pax Americana in terms of class. Van der Pijl associates the solid foundation of the Pax Americana with the notion of transatlantic class formation. He states that the transformations that emerged in the global economy following neoliberal globalization led to the deepening and expansion of transnational relations. This circumstance shook all the theoretical frameworks of Arrighi, as well as other World system theorists, who clarify hegemony merely through the presence of national states which enter into competition with each other in the international system (Şenalp and Şenalp, 2008: 72). However, today, the meaning of the concept of nation-state has altered⁶⁷. As Şenalp and Şenalp propounds:

“According to Robinson, realists, world system theorists, and Marxists have evaluated hegemony as a phenomenon intertwining with state authority. They tended to understand state authority only by associating it with the national aspect. There is a perspective that regards the international system as consisting of nation-states competing. This leads to investigating hegemony in a kind of nation-state configuration. For example, the hegemony approach of world system theory has focused on successive hegemon states throughout history. Giovanni Arrighi points out the existence of four systemic cycles of accumulation in the modern world system. Accordingly, the hegemonic centers of the modern world system have changed throughout history. It has shifted from Genoa to the Netherlands, from there to Britain, and finally to the US. In this context, world system theorists argue that the hegemony of the US would eventually lose its place to a rising power from East Asia (for example, China). Contrary to these nation-state-centric approaches, Robinson reminds us that

⁶⁷ Şenalp and Şenalp (2009: 193) emphasizes that the class character of the state can be defined by looking at certain structural characteristics or functional requirements of capital accumulation. In this context, it is clear that the international expansion of capital would have some prominent consequences in the context of the evolution of the capitalist state. The internationalization and transnationalization of capital in line with the basic principles of neoliberal globalization, would bring about the modification of the state apparatus.

hegemony is not a nation-state practice. According to him, today it is the turn of a transnational hegemony configuration” (Şenalp and Şenalp, 2009: 218).

Neoliberal globalization is a process in which the nation-state comes more robustly on the stage through its other factions, structures, and functions. The leading international and transnational institutions such as the IMF, the World Bank, and the Bank for International Settlements ensure the permanence of the nation-state, together with the phenomena such as transnational capital and the transnational ruling class which imply the other factions and functions of the nation-state (Germain and Kenny, 1998: 16). But Arrighi is stuck in an approach in which the state is primarily determinant at the center of his analysis by also contemplating that state widely specifies the functioning of the international financial, international monetary and international political system that required by the expansion of the world-system:

“For Arrighi (1994), the state plays an essential part in the succession of systemic cycles of accumulation, in the world economy, in the intercapitalist power struggle, and thus, in the international political economy. This part of the state is obvious in the institutions it builds to encourage the full advancement of each systemic cycle of accumulation, such as a monetary authority that ensures a competitive currency and stimulates loan expansion; a stock exchange that seizes foreign savings; the internalization of costs from former cycles; the backing of diplomatic systems and the building of mechanisms of coercion-financing the armed forces-and consensus-funding an international financial system” (Pereira and Sardo, 2022: 11-12).

It should also be mentioned that neoliberal globalization is closely linked to trade, financial capital, information, and labor, which have acquired cross-border fluidity. Again, in these fluid-structure export-driven economies being dominated, the developing Asian countries made an enormous profit. This situation can be interpreted as an indicator that the economic and political power balance is changing in the 21st century, and new balance centers are starting to emerge. While some countries and regions are emerging as new global power centers of the future, existing regional powers are also being reshaped.

The most important of these new power centers are the East Asian countries such as Taiwan, Singapore, Hong Kong, and South Korea, which are being called the Asian Tigers, and the BRICS, which includes Brazil, Russia, India, China, and the Republic of South Africa (Roberts, 2011).

However, East Asian countries suffered successive financial crises in the mid-1990s. The East Asian Crisis in 1997 was the first crisis of the free global market. It extended from East Asian countries to Argentina and Russia in 1998. In 2001, Turkey was also targeted (Kaminsky and Reinhart, 2000; Mishkin, 2003; Keating, 2014). The globalization and fluidity of capital brought about the contagion of crisis. The contagiousness actualized mainly in the financial system, which was naturally disseminated to the real sector in economies (Schmukler et al., 2004). International capital movements occurred faster than international trade these years (Table 5).

Table 5. Net Capital Inflows to the East Asian Countries (1995-1998, billion dollars).

Sort of capital	Years			
	1995	1996	1997	1998
Foreign Direct Investments	4.2	4.7	5.9	9.5
Portfolio Investments	11.0	13.9	-1.5	4.3
Commercial Bank Loans	53.2	62.7	-21.2	-36.1
Non-Bank Lenders	12.0	21.0	17.1	-5.3
Total	80.4	102.3	0.2	-27.6

Source: The Institute of International Finance (IIF)⁶⁸.

All these developments were the results of the logic of the market and the uncontrolled functioning of this logic, which was tried to be imposed by the US on the whole world. Meanwhile, the IMF has imposed policies designed to make crisis-affected economies more vulnerable to the influence of American capital. Wade and Venesoro (1998) touched upon the connections between international financial institutions and the economic and political interests of the US in their analysis of these crises. Authors illuminated these connections through the concept of the Wall Street-Treasury-IMF complex. At this point, it would be helpful to quote Gowan (1999: 103-105):

“States that yielded to pressure from the US government, the IMF, and Wall Street institutions and opened their capital accounts and financial sectors to the outside allowed their economies and populations to fall into a hazardous trap. Portfolio investment inflows and short-term debt seemed like a drug to them, as they thought they could avoid the adverse effects of the exchange rate policies set by the Anglo-American financial centers. However, this was not the drug but the bait on the hook. When the financial sectors in a region wanted to swallow the bait, they got caught on the hook. Thus, they fell into the trap of the US hedge funds and became an easy target in the war in the financial world. Hedged funds put a blow to countries; London and New York were relocated for credit. The economies of the country were dragged one after another like wounded animals and laid on the operating table of the IMF and the US Treasury. Countries that refused to yield to American pressure to dissolve their capital account controls survived this carnage. Because hedged funds could not hit them, the factor that turned a state's failure in macroeconomic recovery into a disaster was the magnitude of the breach that the liberalization of capital accounts had opened in the Asian development model. China, Taiwan, Vietnam, and India have largely managed to protect their capital controls from financial attacks. However, countries with liberalized key areas found that their macroeconomic management failure provided a favorable ground for devastating speculative attacks. The US Treasury Department viewed these crises as a historical opportunity that could transform the future of American capitalism and enable it to maintain its rule in the twenty-first century”.

Those series of financial crises indicate the sprawling power of the US economy. Financial crises have brought about an increase in dollar hegemony and, therefore, an increase in the US's financial and political powers, contrary to Arrighi's claims. As Harvey pointed out, these financial crises have revealed how the US hegemony is built through financial mechanisms. In Harvey's (2003: 151) words, these financial mechanisms carried water to the mill of the hegemonic power of the US. In addition, through the financial capital and international institutions and organizations,

⁶⁸ For more detailed information: https://repositorio.cepal.org/bitstream/handle/11362/2243/S2000903_en.pdf (pp. 43-45). (Date of Access: 13 December, 2021).

which are continuously supported by the state power, the crisis-affected states have been dragged on the quasi rose path of capitalist development (Harvey, 2003: 151-152). Here is the thing: The US has forced many countries to liberalize their financial markets starting from the 1980s, which often resulted in a financial crisis. These crises lowered the rate of domestic investments in these countries and created a deep fear about current account deficits. Therefore, the countries have a strong desire to accumulate foreign exchange reserves. The safest way to do so was to invest surplus funds in the world's largest economy and the most liquid capital markets. In this way, the US economy is being financed, and the dollar's value grew tremendously across the world. The value of the dollar would only decline when these countries can no longer be persuaded to finance the US. It should also be taken into account that if the dollar depreciates, the US debt to the rest of the world will decrease at the same rate as the dollar's depreciation since the US borrows in dollars. This is another case that would favor the US under all circumstances. As Harvey points out:

“The monetary and financial regime established by the US with the dollar has been used by successive US governments as a special state administration tool to advance the globalization process and the neoliberal domestic transformations associated with it. Crises have fueled the regime: the IMF covers the risks and ensures that US banks do not lose. Countries pay their debts through structural adjustments, and the escape of capital from local crises increases the power of Wall Street. The effect of this is the outward projection of the US financial strength. It is the imposition of the free market, especially for capital and financial flow, and the imposition of neoliberal practices that ensure the continuity of its hegemony on the rest of the world” (Harvey, 2019: 115-116).

Thus it is possible to state that, contrary to Arrighi's views, financialization has allowed the US to advance its hegemony across the world. Financial crises have strengthened the US hegemony rather than weakening it. The US has enjoyed the most from those financial crises, even if not planned or meant, thanks to a strong US dollar and the economic recession that hit countries. It should also be noted that the emergence of the Euro as a new currency in the 2000s has not threatened the financial hegemony of the US. Despite all the concerns following the rise of the Euro, the US dollar has remained the dominant currency in the world against all currencies, including the Euro (Hung, 2017: 642). The fact that a significant portion of the world's foreign currency reserves is still in US dollars might be evidence of the dominant power of the dollar. Even shortly after the emergence of the Euro, approximately 90% of the worldwide forex transactions were carried through in dollars (Mc Kinnon, 2003: 10)⁶⁹. This is one of the indicators of the US's financial hegemony.

After the emergence of the Euro, a significant portion of the reserves held in foreign currency at the Central Bank of many countries of the world continued to be made up of dollars (Table 6).

⁶⁹ For detailed information, see Mc Kinnon (2003: 10), Table 1 Currencies Involved in Foreign Exchange Trading.

Although the Euro was given an essential role in international markets, it could not go beyond being the regional currency of the European Union. This indicates that Euro did not have a very sharp exit against the dollar in the first days of circulation.

Table 6. Percentage of the Foreign Exchange Reserves in Dollars and Other Currencies^a.

Reserve	1994	1995	1996	1997	1998	1999	2000	2001	2002	Years 2003
Dollar Reserves	53	53.4	56.8	59.1	62.6	64.9	66.6	66.9	63.5	63.8
Reserves Other than Dollar	47	46.6	43	39.9	37.4	35.1	33.4	33.1	36.5	36.2

Source: IMF, Currency Composition of Official Foreign Exchange Reserves.

a: Reserve assets held by Central Banks comprise foreign currency assets, IMF reserve positions, SDRs, gold reserves, and other reserve assets. Foreign currency assets consist of securities, total cash, and deposits, while other reserve assets consist of financial derivatives and loans to non-bank residents.

As the store of value of governments, international exchange reserves are held primarily in dollars⁷⁰. Before the appearance of the Euro, many economists and theorists speculated that foreign central banks were going to start diversifying their reserve portfolios into Euros; for this reason, the dollar standard would not be as powerful as before (Alogoskoufis and Portes 1997; Mundell, 1998; Hartmann and Philipp, 1998; Kaikati, 1999). However, the degree of this diversification has been little, and the dollar dominates international finance.

The forex market, the most liquid financial market in the world where the relative values of the currencies on a global scale are bought and sold, also has the most dollar-denominated foreign exchange reserves (Mc Namara, 2008: 444)⁷¹.

The Bank for International Settlements gathered information on the cross-border liabilities of the reporting banks that are identifiable by currency. The data collected by the bank reveals that the dollar still maintains its dominance (McKinnon, 2003: 12)⁷².

It is not easy to process the realization of dethroning of the dollar since money is not just a means of payment; it is also a symbol, an institution with political, cultural, and social qualities and history. While the dollar fully has this history and the features of being a symbol and institution, the Euro has none of these features yet. At the same time, the stability of any currency ultimately depends on the state of the economies of the countries represented by that currency. However, it

⁷⁰ For more information, see IMF's Annual Report of the Executive Report for the Financial Year Ended, April 30, 2004, Table I.2 Share of National Currencies in Total Identified Official Holdings of Foreign Exchange, End of Year; Access Link: <http://www.imf.org/external/pubs/ft/ar/2004/eng/pdf/file4.pdf>, Date of Access (March 28, 2022).

⁷¹ For more information see Mc Namara (2008: 444), Table 1 outlined as Global foreign exchange market: official FX reserves (percentage of world total).

⁷² For more detailed information, see Mc Kinnon (2003: 12), Table 3 titled as Cross-border Liabilities of Banks.

can be said that the economies and development levels of the European Union member countries being represented by the Euro vary considerably. While the Northern European countries within the Union generally experience few economic problems, Mediterranean countries face significant difficulties.

Therefore, the financial hegemony of the US continues and continues to get stronger. Even in the context of some eye-catching advancements, some ideas arose about transforming this financial hegemony into a financial empire in the following years. The situations being created by these developments were interpreted by Arrighi (2005a: 57, 2007: 8-10) as the *terminal crisis* of the US hegemony.

3.5. SIGNS OF CRISES: DELUSION OR REALITY?

For the past few decades, the US has followed a non-territorial policy that operates in line with the practical rule that an open, liberal international order would benefit American-based capitals. The institutions it builds and the policies it pursues are not independent of the capital in its territory and the interests of the capital in other countries. But, the US did not reflect its contradictory attitude on this issue until the 2000s. However, this would not be the case after the 2000s. The basic notions of international dynamics and relations have radically changed. The US previously formed its hegemonic power by emphasizing its political, social, ideological, and cultural aspects; in other words, by the soft power elements. However, it has started to display its military and economic powers, and it tried to carve out its hegemonic power through the hard power elements after the September 11 attacks (Cox, 2002; Goh, 2003; Cypher, 2007; Quinn, 2011; Alakel and Yıldırım, 2014).

Before discussing the events of September 11 in detail, it would be practical to return to Arrighi's views on financialization and coercive actions of the US. Arrighi (2003: 68) argues that both financialization and coercive actions also may have contradictory effects on the stability of the international capitalist system. By claiming that financialization destabilizes the existing order; first by deteriorating profit realization problems; second by destructing the power of the hegemonic state; and third, by provoking opposition and rebellion between the groups subordinated to finance (Orhangazi, 2008: 44).

From the point of view of Arrighi and Silver (2001: 279), there was no credible offensive new force capable of provoking the collapse of the US-centered world system. But the US had more outstanding capabilities than Britain did a century ago to transform its declining hegemony into exploitative domination. If the system eventually collapses, it will be mainly due to US resistance to harmony and reconciliation. Arrighi will further reinforce his view on US hegemony after the

events of September 11. According to Arrighi, the US's resistance to harmony and reconciliation and the further use of military and economic power elements in order to maintain its hegemony will accelerate the collapse of US hegemony by creating systemic chaos in the international system.

According to Arrighi, the events of September 11 can also be evaluated from this sight. But is this the case? Can these events interpret as a counter-movement against US hegemony and system? Does it indicate systemic chaos at this point?

The doctrine of the *Global War Against Terrorism* introduced by the Bush administration indicated the US's shift from hegemony to imperialism in the context and scope of its objectives (Greenwood, 2002; Ryan, 2004; Gearty, 2005; Jackson, 2009). The basic principles of the Global War Against Terrorism were announced to the public on December 17, 2002, through the US National Security Strategy⁷³. Through those new policy principles, the US administration aimed to evaluate possibilities and opportunities -rising after the attacks- to prove its economic, political, military, and cultural hegemony, mainly under cover of the *War Against Terrorism* (Beck, 2003; Von Schorlemer, 2003). Chomsky (2003: 11-12) associates this strategy with the US's plans to maintain a unipolar world⁷⁴. In a Hobbesian world of anarchy, the US steps forward as the order-creating Leviathan (Ikenberry, 2002: 44; 2004b: 618).

Indeed, the new strategy has significantly shifted the balance of coercion and consent towards the more coercion side of power (Rupert, 2005: 41-44). The most important events that prove this situation and also the implementation of those policy principles include the invasion of Afghanistan in 2002, and the US-Iraq War started in March 2003 which exploded because of the US's urge to control Iraq for its political, military and economic interests in the Middle East region⁷⁵. The National Security Strategy and its basic principles have been used as legitimizing tools for the US invasion of Afghanistan and Iraq, which are actualized in line with its hegemonic interests⁷⁶.

⁷³ In order to see the principles in more detail of the US's National Security Strategy see Toman and Akman, 2014: 318-319.

⁷⁴ The National Security Strategy document contains the following famous paragraphs: We are wary of possible innovations that may occur in the old patterns of great power competition. There are many potential forces in the present period that are in the middle of an internal transitional phase. The most important of these are China, India and Russia. Our forces will be strong enough to deter our potential enemies from undergoing a military establishment with the expectation of being stronger or equivalent to the United States (Callinicos, 2009: 404).

⁷⁵ This case is a kind of proof that the US began to direct towards the hard power in order to maintain its hegemony especially after the 9/11 attacks. The US wants to consolidate and shows its political and military elements which have had supported its position as a hegemonic power since the early years after the end of the Second World War. The strong military power possessed by the US identified its economic position and investment in overseas. In addition, it had the ability to control energy sources (oil) and other important natural resources besides trade relations with Middle East countries and the Asia Pacific region.

⁷⁶ One of the main reasons behind these attacks is the US's desire to maintain the dollar hegemony since US dollar soundly an oil backed currency. If the strength of the US economy no longer convinces the rest of the world to hold

The oil strategy of the US, especially in the invasion of Iraq, lies at the basis of these occupations (Klare, 2003; Amin, 2004; Jhaveri, 2004; Le Billon, 2005; Parmar, 2005; Hsieh and Moretti, 2006; Go, 2007; Shipley, 2007; Fore, 2008; Painter, 2012). Because seizing control of the global oil faucet would increase the US's influence over potential hegemonic rivals. Control of oil, a commodity that plays a significant role in the production of almost all other commodities (Caffentzis, 1973), is a major policy priority for the US worldwide, and it has been around for a long time (Engdahl, 2004). With a similar claim put forward by Bromley (2005:253-254):

“The US today seeks to establish a form of control that is open to the capital, goods, and trade of many states and firms in Iraq. This form of control, created within the framework of a predatory form of hegemony, cannot be considered an economically exclusive strategy. The truth is that the United States has used its military power to create a geopolitical order that provides political pillars to the model of the world economy it aspires. This order is the liberal international order that is becoming more and more open. The US policy aimed to create a general and open international oil industry, where the markets are dominated by multinational corporations today, where these companies share capital and goods. The power of the American state has been used to create the preconditions for a world oil market in which all needs as the world's leading economy can be accessed through trade rather than simply protecting the consumption needs of the United States and the particular interests of US firms”.

In this light, the US-led Global War on Terror has become a nation-building project that has evolved the US into a *Global Leviathan* (Barnett, 2004: 360-370).

According to Arrighi (2007: 175-273), the war and occupation of Iraq may be regarded as one of the salient factors of the terminal crisis of US hegemony because it would not be survived only by using coercion. However, according to Robinson's line of vision, such a conceptualization could not be valid. Robinson reports that the shift from Fordism-Keynesianism to neo-liberalism, or the new stage of US interventionism after the September 11 attacks being represented by Arrighi in *Adam Smith in Beijing*, is associated solely with a deliberate initiative by US policymakers to recover the declining US hegemony. However, there are no mediating levels between his analyses of deep structural processes and the behavioral level of policymakers' decisions (Robinson, 2011: 275). Robinson advocates that Arrighi has not clarified the exact reasons underlying these policies. Robinson (2019a and 2019b) approached the subject from a different aspect compared to Arrighi. He described the policies mentioned above put into effect by the US, which were shaped based on coercion in this period through the concept of the global

dollars, the dollar-priced oil trade would come into play. By increasing its military spendings, the US can constantly gather its perception of power and domination in the international arena. For example, by allocating around \$ 600 billion every year (excluding those spent for Iraq and Afghanistan) to its routine military spendings, and making approximately 40% of the total military spending of the world, by itself, the U.S. tries to draw the most powerful state image all over the world. The ability to militarily interfere in any conflict or dispute elsewhere leads to the protection of US interests everywhere, and increases geopolitical effectiveness of the US. All these, in fact, are direct consequences the aim of maintaining and conservation of dollar hegemony, which is one of the most important and vital strategies for the US (Efe, 2017: 67).

police state⁷⁷. According to Robinson (2019: 846), September 11, 2001, represents a much more *sweeping militarization* of the world economy and society. Robinson (2019: 851) put forward that the September 11, 2001 attacks give an indication of a turning point in the construction of the global police state. The US has taken advantage of these attacks to militarize the global economy. On the other hand, the US and other states worldwide have enacted brutal counter-terrorism security laws and dramatically increased military expenditures. The Pentagon budget increased by 91 percent in real terms between 1998 and 2011, and in the decade from 2001 to 2011, military industry profits nearly quadrupled (Robinson, 2019: 851). Total defense expenditures worldwide increased by 50 percent from 2006 to 2015, rising from \$1.4 trillion to \$2.03 trillion (Robinson, 2019: 851). The increase in military expenditures, both in the US and the world economies, was carried out under the mask of the discourse of war against terrorism, which has political and ideological functions. This discourse has justified new transnational systems of social control and the creation of the global police state in the name of security. It has also allowed states to criminalize social movements, resistance struggles, and undesired populations. These advancements incorporate deep structural processes and the detailed behavioral level of policymakers' decisions, which presents fundamental clues about the future trajectory of US hegemony and the functioning of the international capitalist system; but have not been sufficiently illuminated by Arrighi (Robinson, 2011: 275).

According to Arrighi, “the exploitation of US seigniorage privileges became the primary solution of finance for Bush’s wars, which increased US foreign indebtedness and accordingly augmented US vulnerability to capital outflow” (Arrighi, 2007: 197, 226). The invasion of Iraq, rather than laying the foundations for the second US century, jeopardized the credibility of the US military power and further reduced the central role of the US and the dollar’s central role in the global

⁷⁷ While talking about the global police state, Robinson (2022: 16) drew attention to a process that is characterized by the repression of the police and the military, authoritarian rule, the suppression of civil liberties and human rights throughout the world. It has focused on the increase of all these negativities around the world. In this context, he pointed to an increasingly ubiquitous systems of mass social control, oppression, and war, in which dominant groups are brought forward to limit the real and potential revolts of the global working class and now humanity. The realization of all these has been possible with the application of digitalization and Fourth Industrial Revolution technologies. Because these technologies include new and deadly ways of policing and repression. From Robinson's (2022: 18) point of view, the global police state emerges at a time when world capitalism is facing an unprecedented crisis. In the first place, the global police state is a story about the control and oppression of the poor and working classes. The global police state has innumerable manifestations. Mass incarceration, police brutality, US-led wars around the world, persecution of immigrants and asylum seekers, and repression of environmental justice activists are just some of them. From Robinson (2019a and 2019b)'s perspective, the term global police state pointed to three interrelated developments. The first is the emergence of all forms of mass social control, oppression and warfare, supported by ruling groups to contain the potential insurrection of the global working class and humanity. The second is the developments aimed at increasing the phenomena such as war, social control and repression as the means of making profits and maintaining capital accumulation in the face of recession in the global economy. Robinson describes this as militarized accumulation or accumulation by repression (Robinson, 2019b: 18). Third, 21st century fascism and the increasing global trend towards political systems that can be broadly characterized as totalitarian.

political economy⁷⁸ (Arrighi, 2007: 256). From Arrighi's perspective, it also points to the end of dollar hegemony. As he states:

“The sinking dollar of the 2000s is the expression of a far more serious crisis of American hegemony than the sinking dollar of the 1970s. Whether gradual or brutal, it expresses a relative and absolute loss of the US’s capacity to retain its centrality within the global political economy” (Arrighi, 2005: 74).

“Far from providing a basis for a second American century, the occupation of Iraq has jeopardized the credibility of the US military and might further erode the centrality of the US and its currency in the international political economy and reinforced the tendency towards the rise of China as an alternative to US leadership in East Asia and beyond” (Arrighi, 2007: 139-140).

However, it should be noted that the New American Century Project and the Iraq invasion, which found legitimate disguise following the September 11 attacks, did not jeopardize the credibility of the US military power and did not destroy the central position of the US and dollar’s power in the global political economy.

Arrighi pointed to the centralization of global military power predominantly in the US and stated that global financial resources were shifted to new centers equipped with a decisive competitive advantage for investment and growth (Arrighi, 1999: 277). Especially as an outcome of US military adventurism to some extent in Iraq and Afghanistan, there has been a growing movement towards re-centering the world economy in East Asia, particularly in China (Arrighi, 2007: 178). East Asian countries, especially China, have made significant economic strides. This situation cannot be denied, and Arrighi claims it is a threat to the US hegemony, which is facing a deterioration in some macroeconomic indicators (Arrighi and Silver, 1999: 273-274).

Arrighi (1994: 300-324) predicts an even quicker collapse of US hegemony because the financialization of the US economy is being actualized without any territorial cushion and has paved the way for macroeconomic deterioration. In the opinion of Arrighi, trade deficits and foreign debt are directly important determiners of the loss in manufacturing competitiveness of the US⁷⁹. Arrighi bases his argument on low investment rates of manufacturing in the US. Arrighi’s claims in question lean on a questionable comparison between British and US downfall

⁷⁸ For example, according to Mohan and Mawdsley (2007), the war on terror strategy that became official with the Bush Doctrine should be read as a method of increasing the hegemonic power of the US dollar and protecting the US resources and free market order through military means.

⁷⁹ But this refers to a debatable issue. In pursuit of the fall of the Bretton Woods system the decline of the American manufacturing sector came stage. But this circumstance can be interpreted as a strategic route of the US state to get over the pressures of international finance according to Konings (2005). This after a certain time fashioned a different role to the dollar that had the impact of consolidating the power of the US financial markets. The fact that states demanded to keep the great part of foreign currency reserves in dollars was because of the scale and fluency of US financial markets, and for this reason the international competition in manufacturing is plainly improper to set light to the supremacy of the US economy (Kiely, 2010: 229).

that nevertheless indicates a considerable subject; Arrighi claims that British hegemony in the nineteenth century unraveled when Britain stopped to be a competitive manufacturer and instead switched to unprofitable financial operations. Capital that could not obtain profitable manufacturing outlets at home overflowed into international markets. Arrighi specifies that:

“As in Britain’s case at a comparable stage of relative decline, escalating US current account deficits reflect deterioration in the competitive position of American business at home and abroad. And as in Britain’s case, though less successful, US capital has partially countered this deterioration by specializing in global financial intermediation. Unlike Britain, however, the US has no territorial empire from which to extract the resources needed to retain its politico-military pre-eminence in an increasingly competitive world” (Arrighi, 2007: 193).

But are this similarity and its results reflecting the truth? For example, although the US was the world's highest indebted country, its highest current account deficit was seen as a sign of the end of its hegemony. Is it so?

In the financialization process, the US economy has become an economy with high external deficits and high domestic and foreign debt, and household savings rates have dropped gradually (Husted, 1992; Cooper, 2001; Mann, 2002; Engel and Rogers, 2006). In the US, individual and corporate borrowings have increased rapidly since the 1980s. In this context, the increasing tendency of borrowing and the deterioration in income distribution have been the dynamics of the crisis that would be experienced in the following years. In the 1990s, in addition to the substantial reduction in savings and the rise in debt, personal consumption became the driving force of economic growth (Brenner, 2002: 301-303). If this case is evaluated in the context of factual data, household borrowing in the US corresponds to 50% of the Gross Domestic Product in 1980. It can be said that it reached 71% in 2000 and 100% in 2007. As a percentage of the Gross Domestic Product, the borrowing of the financial sector was 21%, 83%, and 116% in the years 1980, 2000, and 2007, respectively. As of 2010, the government debt, household debt, non-financial sectors debt, and financial institutions' debt were at 60%, 96%, 78%, and 56%, respectively; while total debt was about three times of Gross Domestic Product in the US (Karataş, 2011: 84).

Despite all these seemingly negative situations, the US still maintains its hegemonic power. The US seems to agonize over its modification from a creditor to a debtor nation. But US’s debt became an imperative ingredient of the infrastructure of the US-led international financial system, and ongoing debts also even indicate its success (Panitch and Gindin, 2004b: 23-26; Panitch and Konings, 2008: 3). Therefore, the negativities observed in some macroeconomic indicators should not be perceived as a hegemonic decline. For example, although the current account deficit of the US has dramatically increased since 1996 and is perceived as a harmful problem in the US economy, it provides some advantages to the US economy (Table 7).

Table 7. Global Current Account Balances (1996 to 2007).

Countries	Years			
	1996	2003	2006	2007
	<u>Billion dollars</u>			
Metropolis	36	-302	-608	-566
US	-118	-527	-812	-738
Japan	66	136	170	213
Other West	88	89	33	-40
Periphery	-85	228	690	733
Oil Exporters	39	109	411	404
China	7	46	250	361
Other Periphery*	-131	73	29	-32
Off the Record	49	74	-82	-167

Source: <https://knoema.com/atlas/ranks/Current-account-balance> (Date of Access: 21 November 2021) and Boratav, (2009: 11).

*The newly industrializing countries of Asia, listed among the advanced economies, are included in the other periphery countries in the table.

The US stands by the capital flows stemming from peripheral economies. Especially Japan, Asia, and oil exporters, particularly China, finance the current account deficit of the US economy by accepting government bonds and treasury bills and investing in stocks and private bonds of American companies⁸⁰. Meanwhile, they raise the stock market, real estate market, and bond prices in the US by boosting domestic demand and causing households' net savings to melt⁸¹. As indicated by Damas:

“The macroeconomic interaction that presents primarily between the US and China became obvious after the year 2002 when China began to have growing current account surpluses, and the excess supply from China satiated the excess consumption of US, functioned well until 2008” (Damas, 2014: 106; cited in Pereira and Sardo, 2022: 25).

The growing private and public deficit in the US has not changed for a long time, and thus the current account deficit problem⁸² is being strategically resolved through peripheral economies

⁸⁰ It is an important fact that the US current account deficit is financed by the rest of the world. Most of the credit is provided by East Asia, particularly China and Japan, and a certain amount by India and other developing countries. These countries actually pay US consumers to buy their exports. China's increase in exports led to a worsening of the US current account deficit. However, the fact that China has a large trade surplus has paved the way for China to accumulate significant foreign exchange reserves. China has allocated most of these reserves to the purchase of US Treasury bonds. Thus, China has become the largest creditor of the US. Financing the US current account deficit has allowed the US government to increase spending while reducing taxes. This situation led the US to focus more on Chinese exports. As a result, the increase in China's trade surpluses led to more US Treasury bond purchases. All these have opened the curtains of two mutually reinforcing processes, such as China's increasing exports to the US, China's increasing US public debt, and the continuous deepening of China's dependence on the US market and finance. Treasuries have become a tribute payment in which Chinese savings are converted into US consumption power (Hung, 2017: 644). These problems are partially included in Arrighi (2007: 192-193)'s analyses. However, Arrighi does not seem to have fully provided a solid theoretical explanation of the political and institutional relationship between production and finance. In this context, Arrighi's observations on the subject can only be characterized as untheorized empirical observations.

⁸¹ Paradoxically, socialist China facilitated the financing of the US attack on Iraq by accumulating reserves largely of US government bonds. Westerners and oil exporters of the Middle East contributed to the rise of the New York stock market by investing in stocks at the forefront, and the expansion of household consumption through the wealth effect (Boratav, 2009: 7).

⁸² In the US, especially during Reagan's presidency, increasing US military spendings contributed to the growth of the budget deficit and thus the current account deficit. On the other hand, a foreign trade deficit has emerged and the US economy has started to consume more than it can afford during this period. The US continued to close its growing deficit by borrowing from foreigners. While at the end of 1981, the US was the leading lender of the world with around

(Cooper, 2001; Hensman and Corregia, 2005; Frankel, 2006; Ivanova, 2010; Hung, 2013). Among the peripheral economies, China is the only country that provides continuous and large-scale savings surplus; moreover, it realizes this situation with a very high growth rate⁸³ (Davis, 2006; Hung, 2013). Other country groups within the periphery changed their positions over time, and oil exporters took on a very strategic function too, as the US foreign deficits persist in having around half of the total global deficit⁸⁴ (Boratav, 2009: 9). Amin (2003c)'s statements on the subject are noteworthy:

“The US lives a parasitic life in the world system to the detriment of its partners. The world produces, and the United States, which has no reserve funds, consumes. The advantage of the US stems from the fact that it is a predatory state that closes the deficit with loans from other countries either by consenting to them or by force. The US cannot give up this practice of asymmetrical liberalism because it is the only way to close its deficits. As a result, American prosperity is something achieved at the expense of stagnation in other countries”.

It is possible to assert that the disciplinary role of financialization gives the US a chance to place constraints on the macroeconomic policies of all nations in the system through the mechanism of balance-of-payments adjustment (Gill, 1991: 282). As a result, the US gets extraordinary opportunities to consolidate formal and informal aspects of its global power.

Since 1982, the US national economy has become increasingly dependent upon imports of foreign goods and capital that have not been drawn for productive investments but have served for high government spending and mass consumption⁸⁵. Those circumstances were enabled and sustained by the key currency status of the dollar, with another saying dollar hegemony, which offers the US the right of seigniorage-the privilege to profit from the use of the dollar as an international reserve, invoice, and vehicle currency as well as to accumulate debt in its currency (Ivanova, 2010: 93-94). Furthermore, the high-interest ambiance that emerged afterward the Volcker Shock in 1979 made the US the most suitable place for investment in the world, which enabled the US

140 billion dollar; by the end of 1987 it became the most indebted country in the world with a debt of approximately 400 billion dollars (Peterson, 1987). There is a clear contrast between the United States, the country with the highest debt in the world, and other debtor countries. The US has the ability to impose debt securities by enticing, persuading, or coercing other country leaders, central bank officials, and investors. On the other hand, other countries are also subjected to strict discipline by market forces and the US-led authorities of the world economy, especially the IMF. (For more detailed information, also see Boratav, 2009:8 the tables about the gross domestic savings and investments of the US, Japan and the industrialized and new industrialized countries).

⁸³ According to statistics, the share of European Union countries in world commodity trade did not change much between 1998 and 2003, while that of the US decreased and China's share increased by about 70%. In 2007, China's trade surplus increased by 47.7% comparing to 2006, exceeding \$ 262 billion. The foreign trade deficit of the US was 232.5 billion dollars for the same year. It is calculated that the deficit in the foreign trade of the European Union with China reached 134.3 billion dollars with an increase of 46.6% comparing to the previous year. China's foreign exchange reserves increased by 43% comparing to 2006 and reached 1.53 trillion dollars, and China's exports in 2007 increased by 25.7% valuing 1.2 trillion dollars while its imports increased by 20.8% valuing 955.8 billion dollars (Okur, 2015: 300). This size of economy put China in an important place in the international system and put it among the rule makers of the global market.

⁸⁴ For more detailed information see Schwartz (2019: 495) the table that demonstrates the Cumulative Current Account Deficits and Surpluses of countries.

⁸⁵ For further information see Ivanova (2010: 96-97) see the Table entitled US International Trade in Goods on Balance of Payments and Census Basis (1982 to 2008).

to attract great capital investments and indirectly reduce capital outflow from the country (Vasudevan, 2008 and 2009; Reyes, 2017; Lim, 2019). Cheaper imports, which increased significantly due to the overvalued dollars being caused by high-interest rates, also enabled the growth of the American economy in that period and provided the maintenance of the consumption-based structure in the economy (Gill, 1986a: 328-329).

Thus, the current account deficit is not an economic problem of the US. The US takes full advantage of the dollar as an international payment instrument. Thanks to the hegemonic position of the dollar, the US always manages to use the advantages of increasing capital accumulation and investments despite falling exports. It also uses imports to regulate the global economy's macroeconomic functioning by intervening to limit the impact of the economic slowdown in other markets (Panitch and Gindin, 2006: 34).

Contrary to what Arrighi has put forth, Panitch and Gindin present the exact type of assertion that financialization is an implication of the US hegemony. Panitch and Gindin (2019) also put forward that the US did not only reverse the decline of the early 1980s but also set standards for many countries worldwide, especially Europe and Japan, to do the same. Therefore, let us put aside the hegemonic decline in this period; the US added strength to its power⁸⁶ by closing to be invincible (Panitch and Gindin, 2019). They remarked as follows:

“Apart from being the main means of spreading American policy abroad through the liberalization of capital flows, financial markets also contributed to the renewal of the American empire in important ways. The American state has hardly used its power to gain favor in the financial markets. The strong interests of external central banks and private investors stemming from structural dependence on the US or the secure and well-earning attractiveness of the US financial markets played a major role in channeling funds to the US. As the capital markets everywhere became increasingly international, the US could take advantage of its deep and widespread financial markets, which added international financial services to its commodity trade. This is why the US trade deficit did not lead to a dollar crisis again” (Panitch and Gindin, 2019: 33-34).

Panitch and Gindin (2004a: 72) argue, "sustain the American economy's ability to have privileged access both to the world's savings and to cheaper goods" (i.e., the possibility to direct ever enhancing current account deficits financed by ever-broadening capital entry). The reason the Americans can take advantage of this cure-all, Panitch and Gindin continue, is that neoliberal globalization brings almost all world economies to the same place and accordingly constrains the

⁸⁶ Panitch and Gindin (2004a) claim that US hegemony has been arisen from its domination over finance, not manufacturing, for the past few decades. They state that the globalization of finance has incorporated the Americanization of finance, and the profounding and enhancement of financial markets have become more than ever essential to both the reproduction and universalization of the US's hegemonic power (Panitch and Gindin, 2005: 42). It is with an American empire that has been materially reinforced rather than eroded by its financialization. On the other hand, they contrast with Arrighi asserting that to “to suggest, as Arrighi does, that because the holders of American Treasury bills are now foremostly in Asia we are therefore witnessing a shift in the regional balance of power, it to confuse the distribution of assets with the distribution of power” (Panitch and Gindin, 2004a: 73).

inducement for competitors to prompt a crisis. Neoliberal globalization refers to "that a crisis of the dollar is not an American crisis that might be good for Europe or Asia, but a crisis of the system as a whole, involving severe dangers for all" (Panitch and Gindin, 2004a: 73). On the other hand, it is also suggested by Panitch and Konings (2008: 6-7) that it is required to rethink the aspects of the US's extraordinary power acquired through its privileged relationship with global finance thanks to the world currency position of the dollar. It is also claimed that the rise of finance does not scupper but supports US power (Panitch and Konings, 2008). Based on these explanations, the claims that the US went into a hegemonic decline, as defended by Arrighi, were falsified. Arrighi seems to exaggerate the US decline. The financial crisis that emerged in the US, which exploded in 2008⁸⁷ and swept the whole world, can be considered another development that seems to falsify Arrighi's thesis since Arrighi stated that the collapse of US hegemony would be inevitable after the 2008 crisis. In his words: "With the bursting of the housing bubble, what we are observing now is, quite clearly, the terminal crisis of US financial centrality and hegemony" (Arrighi, 2009b: 90). On the other hand, he stated, in the article which published after his death that "2008 financial collapse is one of the recent signs that this is the case, we are testifying *the end of the long twentieth century*" (Silver and Arrighi, 2011: 55-56). However, despite the passing years, it is difficult to say that this situation has occurred.

However, contrary to Arrighi, it can be argued that even though the 2008 economic crisis has left many adverse effects on the US and other countries, the US hegemony continues and will continue because the US economy is still the world's largest economy. In addition, the most dominant key currency role of the US dollar is continuing even though this crisis has cast doubt on its future (Amin, 2008; Beeson and Broome, 2010; Konings, 2010a; Norrlof, 2010; Scherrer, 2011; Voeten, 2011; Milan, 2012; Stokes, 2014; Costigan et al., 2017; Fettweis, 2017). As Vasudevan (2009: 301) highlights below:

"Paradoxically, the 2008 crisis has underscored the dollar's role as international money. Interest rates on short-term treasury bills have fallen to near zero, yet the global demand for treasury bills has been growing. As a result, the Federal Reserve was prepared to pour 630 billion dollars into global markets to ease international money markets in October 2008. The

⁸⁷ US-based Mortgage Crisis is considered the first mature crisis of financialized capitalism. As most researchers and theorists agree, this is the most serious crisis since the Great Depression in terms of its results (Bresser-Pereira, 2010a and b, Temin, 2010; Ohanian, 2010; Almunia et al., 2010; Spiegel, 2011). First of all, it is originated from the US, but due to the status and size of the US; however, it became a global problem. This crisis, which emerged in 2008 due to the rapid decline in demand in the US housing markets, appeared suddenly and not spontaneously, but at the end of a certain period (Detzer, 2014; Joachim et al., 2010). The crisis has resulted from the complete disconnection between the value of the assets accumulated in the financial markets and the outputs produced in the real sector (Yeldan, 2009: 12). There are also many opinions claiming the effects of an unsupervised financial sector and deregulation are involved in the emergence of this crisis (Dick, 2008; Roy and Kemme, 2012; Jeffers, 2013; Bentley, 2015; Orhangazi, 2015; Dufour and Orhangazi, 2016). However, regarding the main reasons behind this crisis can be summarized as the major losses faced by banks as a result of the non-return of subprime mortgage loans, deficiencies in the rating structure of credit rating agencies, and most importantly the phenomenon of unsupervised financialization (Benquet et al., 2019). Although this crisis started as a mortgage crisis and had the nature of a financial crisis, it quickly turned into a real and liquidity crisis. This is an important factor for the effects of the crisis to be shocking.

US also extended swap lines to South Korea, Singapore, Brazil, and Mexico to the tune of 30 billion dollars each to ease the dollar shortage”.

The crisis has affected many countries. Declining domestic investment rates in countries and current account deficits have created deep fear and brought about a strong desire to accumulate foreign exchange reserves. The safest way for these countries has been to invest their surplus funds in the world's largest economy with the most liquid capital markets. This situation paved the way for dollar hegemony to reach an extraordinary level. Therefore, the US overcame the crisis quickly through the unlimited financial power afforded by dollar hegemony⁸⁸.

For over a half-century, the US dollar has been the preponderant vehicle currency in international trade, not including primary commodities. The role of vehicle currency is comparatively restricted in international trade among developed countries. However, many developing countries have preferred the US dollar as the vehicle currency, and the US dollar has historically been preponderant in the trade of developing countries. Moreover, a significant part of world trade is being invoiced in the dollar and is the currency used in foreign-exchange transactions soon after the 2008 crisis (Table 8).

Payments by the dollar involved 42% of all foreign-exchange transactions, compared with 20% for the Euro, the second most widely traded currency. Moreover, the dollar is used to price many essential goods containing oil; in addition, it has a charge of more than %60 of the foreign-exchange reserves for which the currency composition is reported to the IMF, while the Euro accounts for about a quarter. Although the Euro is the second most important international currency, it has shown no sign of an emerging role in the international monetary system because its share of global reserves being included by the IMF's database has remained relatively constant since its introduction, more than a quarter of total official reserves. When measured at current exchange rates, it rose from 20% in 1999 to 31% at the end of 2009 (Kenen, 2011: 751). As also Cao emphasizes:

“Despite the havoc wreaked by the 2008 financial crisis, the world nonetheless continued to turn to the dollar because it seemed the US currency haven in a world of financial turbulence. Even in 2008, when the world was gripped by the most debilitating financial crisis in more than eighty years, the US federal government was still able to borrow at low-interest rates because foreigners believed the dollar to be a haven currency amidst a world of great turmoil” (Cao, 2016: 59).

⁸⁸ The US emerged from the 2008 crisis with the monetary expansion policies implemented by the FED, in other words, by injecting money into the market. These policies created a monetary tsunami in the world markets after the crisis. Portfolio investments that came to many developing countries quickly increased the value of these countries' currencies, creating bubbles in asset prices in the stock market. This situation has affected many countries that have enlarged their current account deficits by expanding their domestic demand by the support of the portfolio investment and easy loans and have tried to close these current account deficits with short-term debts. The US almost exported the crisis to these countries with the financial power it gained from the dollar's position as the world currency. Even today, most of the European Union countries are in a state of unemployment and economic recession. On the other hand, it is known as the world's developing countries India, Brasil, Indonesia, South Africa were affected in the same way.

Table 8. World Currency Composition of Official Foreign-Exchange Reserves (2009).

Category	Billions of US Dollar equivalents	Percentage of total allocated reserves
All Economies		
All currencies	8166	
<i>Allocated Reserves</i>	4563	
US dollars	2837	62.2
Euros	1246	27.3
Other currencies	479	10.5
<i>Unallocated Reserves</i>	3602	-
Advanced Economies		
All currencies	2775	-
<i>Allocated Reserves</i>	2775	-
US dollars	1586	65.4
Euros	602	24.8
Other currencies	69	9.7
<i>Unallocated Reserves</i>	350	-
Emerging and Developing Economies		
All currencies	5391	-
<i>Allocated Reserves</i>	2138	-
US dollars	1251	58.5
Euros	647	30.3
Other currencies	242	11.3
<i>Unallocated Reserves</i>	3252	-
Of which China	2399	-

Source: International Monetary Fund (2010) and Kenen, 2011: 751.

Even if the US economy is faced with a severe crisis, the fact that other country's Central Banks keep the dollar as reserve money and even buy US bonds with some of its reserves is proof of the financial power of the US⁸⁹. This circumstance can be illustrated by citing Konings (2005: 200), "with the prevailing status of the dollar, the vast majority of economies essentially claimed to keep the stack of foreign currency reserves in dollars." Regarding the response to the 2008 crisis for the "North-American Empire," the claim of Serrano (2008: 164) is remarkable: "the 2008 crisis did not hurt the dollar as a global currency". On the other hand, it is also reported Konings (2010a: 57) that "financialization does not wear away the US power; rather, it makes convenient to the American state the marvelous vacancy for maneuver it utilizes and the astounding leverage it directs." Therefore, according to the author, the North American empire still would have the power to impact or dominate the main strategic factors required to dominate the international system. In these contexts, it is possible to point out that Arrighi neglects to look closer at the

⁸⁹ Nobody knows how much US dollars are circulating in the world and nobody can measure the value of the unrequited dollar. In the world, there is a so-called \$ 600 trillion money circulation in most stock exchanges, 90% of which is money without virtual equivalent. According to World Bank 2014/15 data, the world's national product is 78 trillion dollars in total and America's national product is 22% of it. This order, which is based on unrequited money printing, triggers chaos and financial terrorism in the world. It is not considered a crime when the state prints the unrequited money. People are punished with inflation. America is the country that prints the most free money and does not want to know how much of these coins are in circulation (Tokalak, 2017: 95).

generation of the institutional power of the US by means of finance (Konings and Panitch, 2008; Panitch and Gindin 2004a, 2004b, 2019).

It should also be added that the economic recovery programs implemented to cope with the crisis have reinforced the sociopolitical and socioeconomic power of the US capitalist class, which implies one of the strongest pillars of hegemony. As Van der Pijl points out:

“The recovery programs implemented to deal with the crisis have been successful. The programs became the expression of the sociopolitical power of the capitalist class engaged in the money trade. Indeed, as written by François Chesnais, "the success of the programs allowed them (capitalist class) about maintenance of their dominance." At the same time, liberal monetary policies continued to be implemented after the surviving banks were bailed out. An estimated \$25 trillion of extra liquidity was poured into world markets based on the obvious and previously abandoned systemic neoliberal arguments that quantitative easing will lead banks to lend to the real economy. These dollars only served the current welfare of the American upper class. More than \$5 trillion has been distributed to the American upper classes through the stock dividend and share repurchases in the US alone. As a result, as Thomas Piketty puts it, there has been "an oligarchic type of disintegration, that is, an expression and concretion of a process in which rich countries are owned by their billionaires." In this process, the Western center, particularly the US, maintains this centrality, where financial capital is dominant” (Van der Pijl, 2018: 1030).

In light of all this information, one can observe that, unlike Arrighi’s interpretations, the central role of the US in world capitalism does not go into a terminal crisis; on the contrary, its central role gets stronger (Albo et al., 2010). The fact is that the international capital returned to the US after the crisis. Consequently, this crisis has remained the world's crisis rather than the terminal crisis of US hegemony. Furthermore, this crisis is managed by the successful expansion of the US through the incorporation of new economic world powers, but not by the future hegemon candidates.

However, from Arrighi's standpoint, a new candidate for hegemony is on the way, and this candidate is China. The US’s tendency toward financialization in the late 1970s and further the failure of the New American Century project paves the way for the decline of its economy⁹⁰ (Arrighi, 2007: 261). Although its foundations have relied on 9/11 and the invasion of Iraq, this process has been underlined even more after the crisis. Those signs of progress promote the ascent of China as the center of the global market economy, which would probably be the ultimate winner in the war on terror (Arrighi, 2007: 8). In the next chapter, the question of whether China would be a hegemon candidate of the international system as Arrighi advocates will be tried to answer.

⁹⁰ In the words of Arrighi (2007: 261): “The new imperialist of the Project for a New American Century presumably signalizes the disgraceful end of the sixty-year length endeavor of the US to become the regulating hub of a international system”

CONCLUSION-III

A series of changes in the international system between 1875-1945 caused the erosion of British hegemony and resulted in the transfer of world hegemony to the US. Following the Second World War, in accordance with the international conjuncture, the US tried to create an international economic system in which protectionist tendencies were at the forefront. Accordingly, it introduced a dollar-based regime, supported by its various institutions, made a structural change in both monetary and social relations of production, and became a hegemonic power.

The US had to reconstruct the institutional infrastructure to ensure the continuity of its hegemony and capitalism on a global scale, which was destroyed due to war. In this context, it was imperative to set a broad agenda for prompting actions to institutionalize economic policies and to plan the post-war economic order through the Bretton Woods system and Keynesian economic policies. The establishment and development of institutions such as the United Nations, the IMF, and the World Bank underlie the US's success. The US has been at the center of military, political, and economic developments and had the edge over most other nations in terms of technology and military power owing to its military-industrial complex and massive transnational corporations (Gill, 1986b: 207). Therefore, it can be said that the US, unlike the previous hegemonic powers, emphasizes international cooperation and organization to establish its hegemony on solid foundations from the beginning.

The US has sought new models that would ensure the continuity of its hegemony in the international system since, besides establishing hegemony in the international system, it is necessary to maintain this order and find models that would constantly reproduce it. As Stuart Hall (2011: 727-728) gives cues to us: "No project achieves hegemony as a completed project. It is a process, not a state of being. No victories are permanent or final. Hegemony constantly has to be worked on, maintained, renewed, and revised. Excluded social forces, whose consent has not been won, whose interests have not been considered, form the basis of counter-movements, resistance, alternative strategies, and visions, and the struggle over a hegemonic system starts anew". Thus, it would not be possible to elucidate the policy choices hitherto without thoroughly including the American ideologies and objectives in the investigation. The US brought neoliberal economic policies to the agenda in this context, and these policies are being followed up to eliminate the incongruity between the process of capital accumulation and the post-war hegemonic blocs. The reorganization of the social faces of production has been coupled with initiatives to set up a new historical bloc. It should also be noted that the most central principle of neoliberal economic policies is financialization which hinges on the complete liberalization of the

circulation of capital in monetary form. These signs of progress can be evaluated as traces of the rising of a new regime of accumulation.

The financialization process refers to a period in which alternative international monetary arrangements were made; thus the reserve currency position of the US dollar in global markets has gradually strengthened⁹¹. Finally, the sphere influence of financial capital has expanded thanks to the floating exchange rates.

Contrary to what Arrighi argued, financialization did not strain the US hegemony. However, it enabled its financial domination to increase globally, which is supported by various data indicating that many countries have become outstanding financiers of the US's large current account deficit over the past few decades. Therefore, the increasing current account deficit and foreign debt of the US do not constitute the slightest problem for the US; on the contrary, it reinforces its financial dominance. Of course, the US owes this to the dollar hegemony that increases its effectiveness thanks to its financialization and numerous advantages. The US would maintain these advantages and positions similarly if the system continues progressing. The emergence of finance in the US has not been escorted with a flight of capital to an upcoming center of power, but an inflow of capital from the rest of the world, especially from the periphery countries to the US. This prompted Panitch and Gindin (2004a and b) to claim that Arrighi bewilders Asian countries' ownership of US treasury bills with a structural turn in power distribution.

After the collapse of the Soviet Union in 1991, a new world order started to emerge. There is a period in which neoliberal capitalist globalization and financial capital begin to accelerate globally. Transportation, communication, and internet technology advancements have also helped this situation. The globalization of capitalism has brought with it the internationalization and transnationalization of elements of capitalism, such as the state, class, capital, social structure, and regime of accumulation, mode of production⁹². Transnationalization of all these elements has paved the way for opening the world to the free movement of capital, goods, and services. Arrighi has mainly focused on inter-state relations, supposing states to be unitary actors by failing to theorize the concatenated changes in social forces within and across nations. On the other hand,

⁹¹ Following the collapse of the Bretton Woods System the rules of the game of the international monetary system has changed. When it felt tightened and that other nations preferred to keep dollars after the gold window was shutted down which is kind of implication of that the US still dominated exceptional economic power.

⁹² In the words of Gill and Law (1989: 477): "Neoliberal globalization furthermore covers class and intra-class relations, comprising the mode of life and composition of the labour force, its political organization, the labour process (in its technical, organizational and human aspects), and legal regulation of work. It additionally contains forms of regulation interrelating the scope of markets and the freedom of enterprise at both national and global levels, which for this reason widely surrounds the forms of socio-economic reproduction which together createthe conditions of presence of economic development in a certain historical era or epoch".

there is neither static nor uniformity in capitalism and the international capitalist system (Gill and Law, 1989: 490); since the nation-state continues its existence by getting stronger through other factions and forms and broadly penetrating the entire world system⁹³. Nation-states are still in the game to create the strategy and take the initiatives to back the national political and economic expediencies, in particular as devices of consumption, production, and capital accumulation. Alongside the nation-state, these new forms and factions are thought to promote the US hegemony. Therefore, understanding the role of those forms and fractions in question and the configuration of international and transnational interests of the US alongside domestic interests is essential.

Hegemony on the global scale is a form of class rule and not primarily a relationship between states in the international system, as Arrighi's world-system theory suggests. As stated by Cox (1983: 171): "The hegemonic concept of world order is founded not only upon the regulation of interstate conflict but also upon a globally-conceived civil society, i.e., the mode of production on a global extent which brings about links among social classes of the countries encompassed by it."

The September 11 events are also a turning point for the international system. The Bush administration has made some strides not only to start the War on Terror but also to take new steps that would make its economy breathe (Arrighi, 2007: 94). The seizure of Middle Eastern oil started to bring its military power to the forefront to spread the neoliberal economic order. The events of September 11 provided a legitimate ground for the US in this sense, and the US used this opportunity to the full. Meanwhile, monetized as a competitor against the dollar, the Euro was also an incredibly disappointing story. The global economic crisis that started in the US real estate market in 2008 and spread rapidly to the markets of developed and developing countries is an issue that needs to be evaluated separately from what Arrighi described as the terminal crisis of US hegemony. The US got rid of the 2008 crisis through the expansionary monetary policies implemented by the FED, in other words, by injecting money into the markets. These policies created a monetary tsunami in the world markets afterward the crisis. Portfolio investments that came to many developing countries rapidly increased the value of these countries' currencies by creating bubbles in asset prices in the stock market. This situation has affected many countries that have enlarged their current account deficits by expanding their domestic demand. Through the support of the portfolio investment achievement of short-term debts was realized easily. Close

⁹³ It is remarkable what Gill and Law said on the subject: "Broadening scope of the market in the 1980s and probably during the 1990s, together with particular changes in technology and communications, contributes to the emerging structural power of internationally mobile capital. On the contrary, the state as an institutional and social entity also makes the goods and services which it supplies to capitalists and the institutional autonomy it enjoys" (Gill and Law, 1989: 480).

down of the current account deficits through short-term debts was also feasible. The US almost exported the crisis to these countries with the financial power it gained from the dollar's position. Thus, the US has come up with a robust financial system again. It can be said that Arrighi's inference about the 2008 crisis does not reflect the facts. The primary frailty of his analysis is that he de-emphasizes the modern state's economic powers to get through economic crises. This is because he considers interventions on the side of nation-states to be extremely bounded by the antinomies related to the capital accumulation process that leads to the persistent problem of the falling rate of profit. Further, in his last book, *Adam Smith in Beijing*, Arrighi put forward many views and theories that emerging market economies, especially China, would replace the US after the 2008 crisis. In this context, the issue of whether China would replace the US as a hegemonic power will be discussed in detail in the next chapter.

CHAPTER-IV: THE END OF US HEGEMONY-RISE OF CHINESE HEGEMONY?

China's rise over the past two decades has been remarkable (Brooks and Wohlforth, 2016). This became one of the most popular research themes in the social science field; China's long-term historical path and economic resurgence continued to provoke world-system researchers' concern. China is one of the few developing countries whose economic and political weights have increased over the last few decades. Its economy is now the world's largest one, and its military capabilities have also expanded, albeit not to the level of challenging the U.S. (Champion and Leung, 2018). Thus, many ideas are being developed that China may become the world's new super and hegemonic power in the future (Ikeda, 2003; Arrighi, 2007, 2008 and 2009c; Du Boff, 2003; Foot, 2006; Layne, 2008, 2009, 2012a and b, 2018; Campbell, 2008; Yılmaz, 2010; Clark, 2011; Shor, 2012; Fusaro, 2017; Mastanduno, 2019; Foot, 2020).

It has become widespread to use expressions such as the *awakening of the giant* and the *rise of a new superpower* in the literature about China, which has ascended by activating its socioeconomic, historical, and cultural potential, especially after its integration into the capitalist system. The literature is full of various theses regarding why and how China rose. When the theses are evaluated in general, it can be seen that factors such as the change in the mentality of the rulers, geopolitical transformation, exact and influential industrialization policies, and economic transformations are effectual in the rise of China (Garnaut et al., 2018).

However, here, the theses put forward by Arrighi will be discussed. By the way, it should also be noted that in *The Long Twentieth Century*, Arrighi (1994: 355-356) asserted that Japan might

become a hegemonic candidate for the future⁹⁴, which can be characterized as a significant drawback of his theory of financialization⁹⁵ (Hardt and Negri, 2001: 238). Since in *Adam Smith in Beijing*, Arrighi proposed that China might suddenly become the next hegemony. In another expression, Arrighi regards the ascendancy of China as the harbinger of the coming of a new systemic cycle of accumulation. Arrighi presented a different systematic framework from the traditional sight of world-systems perspective by illustrating a new economic model developed in East Asia over the longtime and by characterizing China as a rising hegemonic state in the international capitalist system (Ru, 2020: 260). Arrighi frequently refers to Adam Smith to promote his claim that China controlled the global economy to an important degree before the Industrial Revolution⁹⁶. Arrighi is primarily interested in China's long-term distinctive development by disclosing the roots and determinatives of the Chinese mode of production.

Arrighi suddenly became the authentic proclamation for scholars, theorists, and political consultants who imagine the collapse of the US hegemony with his last book, *Adam Smith in Beijing*, published not long before his death in 2009, and in which he also included his views about Chinese and the East Asian emancipation from the Western dominance. As is stressed in the previous chapter, the war on terror, ongoing deficits, and the financial crisis of 2008 have aggravated the crisis of US hegemony, which is now in a terminal crisis, according to Arrighi (2007: 8-10, 185). Arrighi meets the resurrection of China as it erodes western hegemony and, more particularly, the US-led hegemony, which has contributed to consolidating the subordinate

⁹⁴ Arrighi chewed over the Japan in the 1990s; it was outlined as the central Eastern actor throughout a period of collapsing US hegemony. As having mentioned he characterizes the systemic accumulation cycle's first phase of material expansion and productive investment is followed by a second phase of financial expansion, speculation and economic collapse. For the US, the 1970s crisis of productive investment predicted financial expansion during the 1980s, which is a sure sign that hegemonic rule over world capitalism was declining. Arrighi putted forward that Japan would continue the next long cycle of capital accumulation (Hardt and Negri, 2001: 238). In his words: "The phase of Venice was traced by the Genoese, then by the Dutch, the British and the US, and maybe the next the Japanese" (Arrighi, 1994: 364). Arrighi mentions detailly in *The Long Twentieth Century* about the Japan's sequence at world system which was on the verge of replacing the US as the world hegemon according to him. By the way, Arrighi (1994: 335-356) defines the Japanese capitalist class as new leaders of systemic processes of capital accumulation. However Japan was afterwards, right now, very much a fragment of what he calls the Western capitalist archipelago in the East (Arrighi, 1994: 78). China, by that time on the ascent when Arrighi published his another book, *Adam Smith in Beijing* was defined by Arrighi as an operator of different market policies and creating a different pattern of growth, which having termed by Arrighi as non-capitalist. Apparently, Arrighi has claimed that the Chinese century is upon us.

⁹⁵ It is also crucial to state that in the postscript to the second edition of *The Long Twentieth Century* published in 2010, Arrighi remarks, "an East Asian-centered world market society appears today a far more likely outcome of present transformations of the global political economy than it did fifteen years ago. China has emerged as an increasingly credible alternative to US leadership in the US region and beyond" (Arrighi, 2010; cited in Gulick, 2011: 5). But on the other hand Arrighi stated contrastingly that the US is still dominant, either economically, militarily or politically, but it refers to the case *dominance without hegemony*. He highlighted that it does not imply that China is close to turn out to be hegemonic, or that the next circumstance in which there is a more equality among the nations (De Carvalho and De Amorim, 2007: 23).

⁹⁶ Adam Smith expressed admiration about the China in 1776 when the British Industrial Revolution was initiated his *An Inquiry into the Nature and Causes of the Wealth of Nations* that "China has been long one of the wealthiest, that is, one of the most productive, greatest planted, most industrious, and most densely populated countries in world" (ch. 8), and "China is a much wealthier country than any area of Europe, and the gap between the cost of living in China and in Europe is extremely wide" (ch. 11, pt. 3) (Cited in Deng, 2006: 3).

stance of most of the developing world in the international system. One exceptional regional case of this subordination has been East Asia, where labor-intensive and energy-saving industrious reformations bearded US hegemony in the last few decades (Arrighi, 2007: 366-368). Arrighi predicts that the rise of Chinese-driven East Asia will make this region the central twenty-first-century headquarters of a restructured world economy and society. Arrighi refers to some dynamics and implications while describing the rise of China:

“China's rise has important implications. China is neither a vassal of the United States like Japan and Taiwan nor a simple city-state like Hong Kong and Singapore. Equally important is the fact that US wealth and power depend on imports of cheap Chinese goods and China's purchase of US Treasury bills, even if the military power it has attained does not rival that of the United States, and the growth of the manufacturing industry is still based on its exports to the US market. More importantly, China is increasingly replacing the United States as the main driver of trade and economic expansion in East Asia and other regions” (Arrighi, 2008: 22).

Is it possible to characterize China as a non-capitalist market society or capitalism with Chinese characteristics? Second, what are China's economic power and weaknesses and its probable orbit? Third, as Arrighi argues, are there significant implications for the rise of China? Finally, is China on the way to replacing the US in the international system as the primary driver of trade and economic expansion in East Asia and other regions? To answer all these questions correctly, it is necessary to explain the path to China's rise and compare China and the US in terms of hegemonic power components.

4.1. COMPARING HEGEMONIC POWER COMPONENTS OF THE US AND CHINA

China is one of the most economically important countries, although an increased number of developing countries have been witnessed over the past few decades. China is standing out as the main driver of the new world. Its influence has extended to East Asia, Central Asia, South Asia, Latin America, and Africa in the last few decades (Dunford and Qi, 2020: 3).

Arrighi (2007: 277-308) recognized China as the great driver and the probable victor of the current hegemonic succession. To clarify the rise of China, Arrighi (2007) investigated the cases of the *Industrious Revolution* (2007: 33, 365-368) or the *treaty port network*⁹⁷ effectuated roughly five centuries ago by reinterpreting Adam Smith. Arrighi (2007) believes China's economic model

⁹⁷ Ru (2020: 266) asserts that Arrighi (2007: 321-322) focused attention to the contribution of the Chinese people in the improvement of Southeast Asia's maritime network, but showed little interest to the alterations of Southeast Asia's trade system driven by Western states, such as Portugal's trade monopoly by means of the Cartaz system or the method the Dutch East India Company resorted to its military power to restrain the part undertaken by local merchants. See also Kim, 2012 for more detailed information.

differs from the Westernized development model⁹⁸ (See also Ikeda, 1996; Selden, 2015; Sugihara, 2003). He pointed out the thesis that China, as well as most of East Asia, passed through an industrious revolution “as a market-led development that had no natural disposition to bring about capital and energy intensive developmental trajectory cultivated by Britain” (Arrighi, 2007: 33). Instead, Arrighi claimed that China had a true developmental path, different from the labor-saving mechanisms or techniques of Western society; by employing a great labor force, Chinese society advanced labor-intensive strategies⁹⁹ and inward-oriented growth model eventually combined with the development model of West. These positivities paved the way for the Smithian market-based economy. Persistent overaccumulation has engendered the phenomenon of cutthroat competition among Chinese capitalists, which beats a path for downward pressures on the rate of profit.

On the other hand, the unique role of the collectively owned Town and Village Enterprises in the economy and the high level of state control in many sectors have brought positive effects in ensuring rapid and effective economic development (Arrighi, 2007: 359). Arrighi (2007) points out that these mechanisms played a crucial role in China’s economic progress. Another prominent characteristic of China’s development process was an overseas network and related enterprises that relied on high-quality but low-cost Chinese laborers. It is proposed by Arrighi (2007: 32) that China’s chasing of a labor-intensive system was an element that took a crucial part in twentieth-century China’s economic achievements.

The year 1978 was a turning point for China that the Chinese economy, under the leadership of Deng Xiaoping, was opened to the global capitalist market with a socialist spirit which was enough to arouse the interest of many social scientists across the world (Wu-Beyens, 1992; Xie

⁹⁸ Arrighi (1994: 248- 249) proposed that China’s process of capitalist integration realized under the leadership of the Britain hegemony in the 1770s. In pursuit of the abolition of the British East Indian Company’s monopoly in Indian trade (1813), the company made an effort to generate another monopoly in Chinese trade, while running away the prevailing matter of trade instabilities between Britain and China (the silver-tea trade) (Ru, 2020: 261). The British East Asian Company’s opium trade taken an important part in advancing a trade monopoly and coming through trade deficits (Ru, 2020: 261). The British East India Company-driven mercantile activities changed the silver-tea trade into the tea-opium trades (Ru, 2020: 261). As a result of structural changes in international trade between Britain and China, Britain found it simple to pass through the Chinese market, while China started to involve into the Britain-led transnational commercial system (Ru, 2020: 261). But according to Ru (2020: 261) Arrighi did not give the satisfactory, logical or convincing answers and detailed investigation concerning the questions that why the Chinese empire get into the capitalist world economy and how it became a part of the capitalist world economy. On the other hand, he did not illuminate in which aspects China’s capitalist integration was associated or dissociated with China’s Smithian style of economic development. Also, Arrighi regarded the capitalist world economy’s extension into China (namely the opium trade under Britain hegemony), he laid more stress on the interior reasons (the regional Dynamics of East Asia and Industrious Revolution) when he boiled down the longtime development trajectory of China for the last five hundred years (Ru, 2020: 267). As a result, he fell down to shed light on China’s complex pattern of economic development, in particular associated with the capitalist mode of production. For detailed interpretation about China’s capitalist integration to the world economy (see Basu, 1979; Hobson, 2004; Yeung, 2004).

⁹⁹ Those strategies about China’s developmental path named by Sugihara (2003: 84) the “Industrious Revolution”.

and Costa, 1993; Zhang et al., 2006; Appel 2014)¹⁰⁰. In the opinion of Arrighi, the possibility of a long Chinese century puts forward a very different world market. Arrighi (2007: 389) expects that the emergence of a Chinese market economy would acquire a piece of knowledge from the past to distinguish itself from capitalism in some aspects: *self-centered market-based development, accumulation without dispossession*¹⁰¹, *mobilization of human instead of non-human resources and government through mass participation in forming policies* (Bieler and Morton, 2018: 162). Arrighi argues that our most sanguine expectation about the future rests on the probability of Chinese global leadership being attached to these tenets, asserting that the rise of the Asian market economy may evolve to operate fairer than capitalism. Arrighi reemphasized that China is not capitalist¹⁰² despite the emergence of a capitalist class and capitalist enterprises after its integration into the capitalist world economy¹⁰³:

“The capitalist character of market-based development is not determined by the presence of capitalist institutions and dispositions but by the relation of state power to capital. Add as many capitalists as you like to a market economy, but unless the state has been subordinated to their class interest, the market economy remains non-capitalist” (Arrighi, 2007: 331–332).

¹⁰⁰ Deng Xiaoping wanted to put China on a new capitalist path, in contrast to the revolutionary path of Mao Zedong, who was president between 1949 and 1976. For this purpose, he put forward a policy known as reform and opening up. In the early 1980s, Xiaoping set three goals. The first of these is to oppose hegemony and to protect world peace. The second is the reunification of China with Taiwan and the necessary steps for Chinese modernization. Third, and most importantly, modernization is the basis of all these goals. Xiaoping introduced the theory of peace and development in the 1980s, emphasizing the problems of the North-South divide rather than the East-West difference (Arrighi, 2007: 42). According to Xiaoping, China's own inadequate economic development posed a threat (Pekcan, 2019: 17).

¹⁰¹ Arrighi (2007: 361-368) qualifies the developmental trajectory of China as *accumulation without dispossession*, by depicting a case in which domestic markets thrive, reproduction costs diminish, and the labour force is bump up by rural development and industrialization that do not oust people from the land. Arrighi has been criticized by Chase-Dunn (2010: 47-48) for disregarding the integration of Chinese farmers into the world market as real wage workers, and also by Panitch (2010: 84) for not taking into account the rise of unequal class relations within town and village enterprises. Walker (2010) also found fault with Arrighi because of his negligence about the extension of speculative real estate markets in Chinese cities (Walker, 2010).

¹⁰² Arrighi's claim that China should be regarded as a non-capitalist market society hinges on weak foundations theoretically and empirically (Gürel and Taylan, 2019). Theoretically Arrighi's argumentation is based on two debatable assumptions, in another saying that the Chinese state follows the national interest and is not capitalist since the capitalist class has not burdened its desire on it. Second because the rural keeps to have land user rights, it is not actually a proletariat dispossessed of its means of production. The conception of national interest is an ideological misleading. States are formationally biased for the benefit of powerful classes of society, despite a certain autonomy and set of general functions not consistently reducible to demands of serving particular class interests. Arrighi claims that the capitalist character of market-based development is not qualified by the existence of capitalist institutions and dispositions but by the relation of state power to capital. But he does not prove this by means of the any in-depth analysis of the Chinese state and its present functions. The second claim is not demonstrated by an empirically or experimentally based investigation of how a process of proletarianisation is practically actualizing. Starting from the 1990s, there has been massive private appropriation of public properties, involving former state owned enterprises and town and village enterprises. The control of different activities and organizations about manufacturing units has occur, besides massive urbanisation: the population living in cities has risen from 18% in 1978 to close to 50% in 2021. An urban land market has emerged following rapidly increasing land prices. Although rural land user rights were vague in 2000s, and there is no private land ownership, transfer of contracts for land use with the contract of local authorities was facilitated, as was the state seizure of land with compensation which paved the way for a considerable change of ownership of farmland for urban expansion.

¹⁰³ As opposed to Arrighi's suppositions, some theorists vigorously claimed that China was most adhered to capitalist rules, at least after the 1978 (For detailed information see Harvey, 2005; Panitch, 2010). Especially Panitch (2010) inquires that is characterization of China as non-capitalist is truly sound? But some note that China is still have the features of the socialist countries, although it has come open to foreign capital, taking into account that economy is managed by five year plans of execution (See Breslin, 2003; Zhang, 2011).

Arrighi (2007: 16, 24) characterizes China's performance as a modern mixed economy originating from two development models. Arrighi thinks that China has integrated the basic principles of socialism and capitalism as visualized by Smith¹⁰⁴. China's developmental path is a kind of expression of the hybridization between the Smithian developmental trajectory and capitalist development (Ru, 2020: 263).

The breakthroughs made by China in the last forty years are the substantial determinants of the remarkable transformation of the world economy and politics. The growth rate of the Chinese economy in this period was more than twice those of the world and OECD average, and China's share in world production increased from approximately 1.8% to 15% in 1980 and 2016, respectively (The Global Economy, 2019). China was the tenth-largest economy in the world in 1978 and ranked second in 2010; it became an excellent engine for the world economy. In Hung (2009)'s words, China's late twentieth-century economic boom is featured by its transformation towards becoming the "workshop of the world." While China's share of the global economy was 4 percent in 2000, it jumped to 18 percent in 2021¹⁰⁵. China has achieved an unprecedented and exceptional feat in economic history¹⁰⁶.

China has made significant economic developments, which took place upon the liberalization of trade and finance. Especially trade has played an essential role in China's development strategy, which occurred through its transition from a planned economy towards a market-oriented economy. In the world market, Chinese-originated export goods reached rates of 1%, 15%, and 30% in the years 1982, 1990, and 2000, respectively, and there were enormous increases in direct capital investments between those years¹⁰⁷.

¹⁰⁴ Smith and his economic views continued to be associated with the invisible hand phenomenon to a large extent. However, Arrighi opposed the identification of Smith with this concept and the way this concept was perceived. According to Arrighi it is possible to mention about the Smith's dictum for the required "existence of a strong state" (Arrighi 2007, 43) instead of believing in the self-regulating market mechanism. It is through this dictum; the presence and essentialness of the state, that he pays attention to investigate the macro-historical experience of the Chinese economy.

¹⁰⁵ For detailed information visit <https://news.cgtn.com/news/2022-05-12/China-s-share-of-global-economy-rises-to-over-18-official-19YjAuT9jMI/index.html> (Date of Access: December 1, 2022).

¹⁰⁶ By 2010, China was the world's second producer economy, the leading exporter which realized important progresses technologically and with regard to foreign direct investments also. But these seemingly fascinating statistics contain actual weaknesses as well. China continues to be so dependent on foreign trade. Its total exports/imports reached %53.2 compared to 24.4 for US in 2011. Its large imports of intermediate and capital goods from the US have made China a pivotal regional centre. Moreover its high growth rates have been relied on very high levels of savings and accordingly investments, not on important improvements in productivity (which taking everything into account) comparable to US. Similar to its dependency on foreign direct investment, China's vigorous export sector leans greatly on foreign supply of key intermediary goods. The global production process has become divided up into plots across territorial frontiers, and a remarkable part of international trade makes necessary the interchange of intermediate goods and constituents. Since the 2000s, China has promoted various industries and is now the second largest supply center point of value added trade in the world, succeeding the US, by dint of its stupendous trade capacity. But that does not betoken entire accomplishment in industrial advancement throughout global value chains (Liu and Tsai, 2021: 255).

¹⁰⁷ For more information visit <https://tradingeconomics.com/china/exports> (Date of Access, 24 August 2021).

The rapid growth of the Chinese economy since 1978 was largely the result of high investment rates¹⁰⁸ (Zhang, 2001; Houkai, 2002; Jun, 2003; Tang et al., 2008; Qin et al., 2006). Arrighi (2007: 351) attached importance to the investment rates by considering lines of world systems which characterized him as an economic renaissance¹⁰⁹ of China due to the broadening stature of the country in the world economy (Arrighi, 2007: 1). Investment ratio was around 40 percent of the Gross National Product for most years, recently rose to 45 percent and approached to 50 percent in 2010-2011 as a result of the stimulus package being put into practice following the 2008 crisis (Yu, 2005: 12). Such extremely high investment was likewise possible thanks to the high domestic savings rates, and domestic savings hovered around 40 percent of the Gross National Income, providing the necessary funds for China's economic growth, along with foreign investments. In 2011, the average Chinese family saved 25.3 percent of their disposable income, and it was only 6.4 percent for the US in 2002; this enormous savings of Chinese families has recently played a key role in financing the country's rise, coupled with high levels of corporate savings¹¹⁰ (Jacques, 2016: 186).

The advanced and intelligent economic strategy of the Chinese Government was very successful. It resulted in tremendous economic growth, with the per capita income rising from \$ 339 in 1990 to over \$ 4,000 in 2010. In a short time, China has become the center of global production. While China produced less than 3% of global production in 1990, its share increased to over 25% by 2015 (James, 2019: 4). While it manufactures two-thirds of the world's copiers, shoes, toys, and microwave ovens, half of the DVD players, digital cameras and textiles; one-third of DVD ROM drives and desktop computers; and a quarter of mobile phones, televisions, and auto music players in the first half of the 2000s; China has started to produce approximately 80% of air conditioners, 70% of mobile phones and 60% of shoes in the world afterward the 2010 (Prestowitz, 2006: 74; Bacon, 2015:1). Thus, in 2011, China became the world's largest producer country. In the past, China's comparative advantage mainly lay in low-tech production, where it could exploit the large

¹⁰⁸ In the post-1978 period, economic integration started to accelerate, and investments in the mainland continued to increase through Hong Kong, especially from the free zones and encouraged foreign capital investments. After China became a member of the World Trade Organization in 2001 and signed liberalization agreements with other Asian major economies, its share of world trade has increased substantially. This process was also felt in growth rates, and a steady growth rate of approximately 9% was achieved each year.

¹⁰⁹ The stipulations for renaissance, Arrighi (2007) claimed, have been consisting after a long and gradual rebellion in opposition the West's hegemony in the world economy, with marks of social and economic empowerment beginning to collect product almost in every part of the East Asia besides China.

¹¹⁰ While the ratio of total savings to GDP in China was between 35-40% from the beginning of the reforms until the early 2000s, it has increased significantly in the last decade and reached 52.7% in 2011. High savings are actually one of the most important components of the development model applied in Asian countries. The developed economies of this continent such as Japan, South Korea, and Taiwan also fed their industrialization processes with high savings rates. What makes China different from these countries is that savings stem not only from the household, but also from the public and private sectors. With these savings, investments in the country were financed and foreign exchange reserves, which provided a protection measure for the economy against external shocks, were brought to high levels (Atli, 2018: 292).

supply of cheap unskilled labor. Therefore it produced at the lowest price for the world market, or the Chinese price used to be known as the new global benchmark. However, China has regularly climbed the technology ladder (Assche and Gangnes, 2010; Brandt and Tuhn, 2016). As a result, *made in China* has become synonymous with several consumer products, which are mass-produced worldwide.

Although multinational corporations dominate the country's exports, domestic Chinese companies such as Haier, Konka, TCL, Lenovo, Huawei, Galanz, Tsingtao, Haier, and Geely have been very successful in areas such as electrical appliances, computers, televisions, and telecommunications¹¹¹. These companies have turned out to be major foreign investors and, in some circumstances, high-ranking Global Fortune 500 members in their own right (Gulick, 2011:6; Harris, 2005: 12-13). The big Chinese companies, promoted by the Go Global campaign initiated by the government at the beginning of the century, started to invest abroad and established some sub-companies overseas (Shenkar, 2006: 114). China's foreign investments are also an important indicator that shows China has started to sell technology as a new phenomenon (Yao and Wang, 2014). Economic data demonstrates that China's growth success would continue by depending on its superiority in labor-intensive production and the production and export of sophisticated knowledge-capital-intensive products being developed and would develop further over time (Felipe et al., 2013). As Dunford and Qi stress:

“As a result of successful industrial upgrading in China and inadequate productive investment in the US, China has made significant relative progress in some of the technologies that will lead the next industrial revolution. These technologies include robotics, artificial intelligence, nano-technology, quantum computing, biotechnology, the Internet of Things, 3D printing, and autonomous vehicles. A consequence is that US corporations may not control some of the leading sectors of a new industrial age, starting with 5G wireless telecommunications. The emergence of new industries and new geographical centers of development are characteristics of past economic change and, in the end, led to the accommodation of new industrial nations in reformed world systems. However, the US is determined to continue to dominate all critical technologies and aims to prevent China from making industrial progress and finding markets. Examples include US restrictions on Huawei, the call by the US Congress for an embargo to wreck COMAC's C919, and the hostility to Made in China 2025¹¹²” (Dunford and Qi, 2020: 3).

In light of this information and developments, it can be suggested that China has made incredible economic progress; but it is still far from completing its transformation in every sense. China has already become one of the world's largest economies in terms of Gross National Product.

¹¹¹ In *The Long Twentieth Century* Arrighi largely spoke of the manufacturing and sourcing networks anchored by Japan-based transnational corporations which driven the East-Asian economies. In the wake of Japan's protracted stagnation accelerated by the collapse of the Tokyo real estate market nearly two decades ago, the keiretsu's vanishing superiority became evident, and Arrighi started to pay attention to the state-owned enterprises especially in Adam Smith in Beijing (Gulick, 2011: 6).

¹¹² The Wall Street-Treasury-IMF complex has increasingly been disturbed by the global expansion of Chinese investments and loans, which enabled poor countries to access capital without having to comply with the neoliberal conditions imposed by the World Bank in exchange for loans.

However, this is primarily a result of the size of China's population rather than its economic development. Arrighi evaluated the development of China since 1978, primarily as the incarnation of Adam Smith's market economy imagination and secondly as confirmation of Smith's prophecy about a good way of thinking about China¹¹³. From Arrighi's sight, China's accomplishment ratifies the Smithian thought of a non-capitalist market economy in which the expansion of the market is not the end but the mechanism to ensure beneficence as much as possible for the maximum number of people. According to Arrighi (2007: 69-98), Smith talked about the functional role of the state in overcoming the sociopolitical and socioeconomic issues related to the inception of the commercial revolution- the division and specialization of labor eventuating in their intellectual incapableness and the *harmony of egoisms* topic associated with the wealth and power dynamic within the society.

He discussed that China had a longtime Smithian economic rise determined by the exchange of goods in the market hinged on peace and natural techniques- a power balance between capitalists and state (Arrighi, 2007: 10). The tasks of the state to generate and reproduce the requirements for the presence of the market, secondly to transform the market into a functional device of the state and eventually, to coordinate the market to support and prevent its economically, socially or politically unpleasant results (Arrighi 2007: 43). Arrighi has positive thinking in *Adam Smith in Beijing* that an Asian era led by China delivers greater equality among the world's civilizations as visualized by Adam Smith¹¹⁴ (Arrighi, 2007: 4). As he emphasized, Smith lefts no doubt that

¹¹³ Arrighi's view is that China's recent emergence on the world system indicates Adam Smith's classical sight in the classic *Wealth of Nations* that free market fundamentalism is not the only procedure to improve the economic destinies of a country. China traced a natural path of development relied widely on agricultural and then industrial production for a domestic market (Arrighi, 2007: 333-336). Trading with other nations was of second-degree importance, although overseas trading networks between China and naval Asia can be observed from the thirteenth century onwards and conduced to economic growth that reached a top in the late eighteenth century. This model contradict with the professedly artificial route pursued by centre European nations who advocated international movement of commercial capital and long distance trade. Both Smith and Arrighi comprehend that these paths are not separate. For this reason in China's history, besides today, non-capitalist market economics concur with capitalist market obligations. In another saying, its accomplishment in the current world economy, which called as its modernisation, can not be clarified by its having traced a simply Western course to modernity.

¹¹⁴ Actually, Smith in his *Wealth of Nations* did not appraise China as an impoverished, underdeveloped country. Smith stressed that China as has been long one of the wealthy, that is, one of the most productive, best planted, most industrious, and most densely populated countries in world (Schumacher, 2016: 775, 2020: 6). He noted a good network of roads and navigable canals which answered the purpose of communications between provinces of the large Celestial Empire (Rosenberg, 1960: 66). Acknowledging a relative stagnation of China at the earlier time attained level, Smith degraded the problems of China to a lack of good laws capable of triggering the growth of division of labour and therefore, wealth (Hawley, 2014: 373-375). From his line of sight, it would be adequate to serve out the with the capacity to develop existing home market joined the foreign market of all the rest of the world-particularly if any substantial part of this trade was kept going in Chinese ships-could scarce collapse to enhance very much the manufacturers of China, and to advance very much the productive powers of its manufacturing industry. By a more developed navigation, the Chinese would inherently acquire a knowledge of the art of utilizing and installing themselves all the different machines taken advantage of in other countries, besides the other advancements of art and industry which are applicated in all the different regions of the world (Butler, 2012: 51). For this reason, the expansion of foreign trade, on which Smith accentuated, would beat a path for China in achieving welfare (Arrighi, 2007: 69). In terms of Arrighi (2007: 47-49, 166)'s thought, Smith would be very satisfied to sight how China started enriching while encouraging the free trade. Neither the past practice of China in the twentieth century nor the structural changes in the Western economies, which eased the Chinese export growth in the late twentieth century, nor the visible hand of the

he was in favor of *trade liberalization*. But, he was firmly against anything resembling the shock therapies, minimal government interventions, and self-regulating markets of the 1980s and 1990s (Arrighi, 2007: 361). Policy reforms of state-owned enterprises are mostly tagged along with great privatization and deregulation. In China, however, deregulation and privatization were more distinct and gradualist than in other countries that have adhered to neoliberal recipes (Arrighi, 2007:356). The accomplishment of the policy reforms was widely owing to the internationalization of Chinese state-owned enterprises to contest with foreign multinationals (Arrighi, 2007: 356). Moreover, militarism, industrialism, and capitalism described the distinctive features of the western developmental path (Arrighi, 2007: 335-336). This was not available in East Asia and China, especially not because China was unable to do so but because it was reluctant to do so.

Further, he describes China's economic development strategies as *a socially more equitable and ecologically more sustainable development path*¹¹⁵ carried out by the existence of the *developmental state*; in his words, "Capitalism only triumphs when it becomes identified with the state, when it is the state" (Braudel, 1977: 64-65; cited in Arrighi, 2007: 10, 92). In his words, again, "The Chinese ascent can be regarded as the indication of that greater equality and mutual respect among peoples of European and non-European descent" (Arrighi, 2007: 379). China would have developed, sustained, and contributed to worldwide healthcare, education, and welfare (Arrighi, 2007: 16). But the situation is not so optimistic. The Chinese economy is heavily dependent on foreign trade¹¹⁶, which makes China extremely vulnerable to external events (Narayan, 2006; Petri, 2006; Shi and Zhang, 2009; Song, 2017; Matura, 2019; Nye, 2020). China's changing economic structure and stable growth targets require changes in its economic strategies. Issues such as currency policy, adverse effects of state capitalism¹¹⁷, the efficiency of investments,

Chinese developmental state that functioned frequently in equilibrium and at the same time as complement to invisible hand of the global market were considered in Arrighi (2007: 48)'s elucidation of the recent Chinese accomplishment. Finally, it is essential to pay attention that Arrighi automatically degraded the system of capitalist economy only to its West-centred, liberal form just like the neoliberal advocates did. Meanwhile, the twentieth century's facts and events yielded us the instances of state capitalism, when the state, represented by managerial and economic bureaucracy, succeeded the role of private entrepreneurs's class due to the social frailties.

¹¹⁵ It should be noted that not all World-systems theorists anticipate a spectacular future to take part China's emergence in modern capitalism. For instance Li (2010) claimed that if global market status confronted with an economic downswing or if global environmental regulations are consolidated China will not be able to maintain its economic success. This is because, Li regards as true that China's bright era was carried off by taking advantage excessively on an export-driven economic system, utilizing a great cheap labour force, and wearing out ecological resources (For more information see also Wen, 2005).

¹¹⁶ China is increasingly dependent on the rest of the world for the large amount of raw materials needed for its economic growth (Gonzalez-Vicente, 2012; Jenkins, 2012; Mancheri, 2015; Rabe et al., 2017; Andersson, 2020). China ranks first in copper demand in the world. It also ranks second for iron ore and third for aluminum demands. China receives about half of the world's coal, steel, and cotton supply and China is the second most energy consuming country in the world, after the US. Approximately 70 percent of the energy is derived from coal in China; therefore, China used more coal than the total consumption of the US, India and Russia in 2005.

¹¹⁷ China's capitalism is a kind of unification of from up to down, state-coordinated actions, and the bottom to up, profit-oriented operations of entrepreneurs (See McNally, 2012). It is claimed by Whyte (2010) that Chinese economic

consumption, income inequality¹¹⁸, and populational¹¹⁹ and environmental problems¹²⁰ should be discussed.

Table 9. Gross Domestic Product and Per Capita Income of the US and China. [USD]

Years	China		US	
	GDP	Per Capita Income	GDP	Per Capita Income
1960	59.72 billion	90	543.3 billion	3.007
1970	92.6 billion	113	1.073 trillion	5.234
1980	191.1 billion	307	2.857 trillion	12.575
1990	360.9 billion	347	5.963 trillion	23.640
2000	1.211 trillion	951	10.25 trillion	36.800
2010	6.087 trillion	4.500	14.99 trillion	48.900
2019	14.4 trillion	10.262	21.43 trillion	55.809
2021	17.7 trillion	12.554	22.99 trillion	58.955

Source: World Bank World Macroeconomic Data (1960-2021).

A comparative analysis of the US versus China might help understand their hegemonic potential. Although China seems to have surpassed the US in terms of economic size, it is still far behind the US in per capita income (Table 9)¹²¹. This means there is no significant difference in total

system posed grave concerns with regard to widening socioeconomic inequality. State developmentalism alleviated the adverse effects of free market-oriented practices to some extent. However the problems such as the establishing infrastructure in underdeveloped domains, burden of the rural taxes, the gap between urban and rural incomes still exist.¹¹⁸ In his studies of global income inequality, Arrighi note that throughout the last few decades, China's fast economic growth and accordingly its fastly growing GDP per capita figure is the only compensating power to what would otherwise be a severely deteriorating global income inequality portrayal (Arrighi, 2002: 81-83). But that is not the case. Excessively rapid economic growth has converted China from an egalitarian society to one of the most unequal societies in the world in a very short time period (Nolan, 2004: 15). China's Gini coefficient increased from 0.30 in 1978 to 0.50 in 2009 and it was anticipated that China would come across sociopolitical chaos (Gustafsson et. al. 2008). As of 2016, this ratio has decreased to 0.39, and in this sense, it can be said the social state expenditures put into practice have contributed to a certain extent in reducing inequalities. But, anyway, this situation is another cost of Chinese development. It is the unbalanced distribution of household income, or in other words, a marked increase in the difference between rich and poor in the country. China is a constantly developing country with the Chinese economic policy model acquired from the West but synthesized with the management and organization methods continuing with its own state tradition (Aktaş, 2019: 77). As a result of development, it should adopt the ability to respond to the expansion of the middle income class and its demands as well as to eliminate regional income inequalities and to develop the potential to produce effective policies against international economic and political crises (Knight, 2014; Han et al., 2016; Shu and Xiong, 2018). It is also mentionable that many Chinese people put faith in that those who have great social position and are wealthy today get their wealth and position by making use of the corruption, nepotism, and unjustnesses of the present system. This mistrust in the socioeconomic and sociopolitical system was expected to open a road to the crippling of China's political power (Kahn, 2006). Moreover, there are other studies advocates that given China's countless post-socialist reforms that were substantially achieved with a great sacrifice of peasants (For more information see Potter, 1983).

¹¹⁹ The population that makes China strong seems to be its weakness in near future if population dynamics continue as it is today. China would begin to face demographic problems due to the delayed effects of the one child policy that was enforced in the twentieth century (Banister, 1998; Callahan, 2005; Beckley, 2011; Roy, 2020). Chinese population is aging very rapidly and some estimates indicate that the population growth would reverse after 2030. The Chinese express their concern that their country is getting old without being rich (Nye, 2016: 53).

¹²⁰ The biggest cost of China's rapid rise is on the environment. In the course of time, the rise of China would undoubtedly suffer from the greatest damage made to the environment during the rapid development period. Economic growth, especially in the post-Cold War period, made China the country emitting the highest annual greenhouse gas in the world.

¹²¹ The US Gross Domestic Product stands at \$ 14.99 trillion even in the midst of a devastating recession (2010 data). On the other hand, China's Gross Domestic Product in the same year was 6.08 trillion dollars. China is still far behind the US in terms of Gross Domestic Product per capita (\$ 48,900 versus \$ 4,500) and labor productivity, as it has a population four times greater than that of the US. As Arrighi and many other theorists argued, China could be the world's largest economy in the mid-21st century. But if it fails to increase its innovation capacity significantly, it would be considered a middle-tier country in terms of productivity. It can be deduced from this that being the largest economy in the world cannot always be the most productive economy in the world. The economic productivity of a society

output, and the US has a more sophisticated economy versus the size of the Chinese workforce. Therefore, to understand the hierarchical structure of the world economy, per capita income is taken into account rather than total national income.

It is a fact that the US no longer commands the global economy as it did during the first two decades after the Second World War. However, it is still the greatest economic power in the world. For example, in manufacturing, China ousted the US from so many areas by becoming the number one producer of steel and exporter of four-fifths of all textile products and two-thirds of the world's copy machines, DVD players, and microwave ovens in the world; yet, a significant part of this manufacturing is still possessed by foreign companies, including US firms such as General Motors (Shor, 2012: 158).

Many firms in the US capture an extreme share of global profits and robust intellectual property rights (patent, copyright brand, and trademark) (Drahos and Braithwaite, 2004; Schwartz, 2019). Thus, the US firms have the features of monopoly or near monopoly power in both global and local commodity chains being constructed by them.

The profits of US firms are considerably larger than those of leading Chinese and German firms (Tables 10 and 11). In addition, the annual Forbes Global 2000 lists the 2000 largest firms in the world with respect to an index combining sales, profits, market capitalization, and assets (Schwartz, 2019: 508).

Table 10. Relative Shares of Total Profits by the Forbes Global 2000, between 2005 and 2017, Shares of Global GDP of 2016 and their Ratios.

Countries	% Shares of Forbes Global 2000 profits, 2005-2017	% Shares of global GDP, 2016 ^a	The ratio of profit share to global GDP share
Germany	3.6	4.4	0.82
Japan	6.7	6.2	1.08
China (ex-Hong Kong)	10.6	14.1	0.76
China plus Hong Kong ^b	12.7	14.5	0.88
United States	33.9	23.3	1.45

Source: <https://www.imf.org/external/datamapper/datasets/WEO> (Date of Access: 13 December 2021). Schwartz, 2019: 508.

^aMost recent non-estimated data.

^bNot all Hong Kong, domiciled firms are Chinese-owned, so this row may overestimate the share shown in column 1.

In both the hard (physical) and soft (intangible, including brands) parts of the new economy referring to the new production areas, US firms capture large shares of sectoral profits, as well as getting substantial shares from declining sectors such as oil and chemicals of the Old Economy

depends on the composition and quality of human capabilities in that society. In addition, the performance of the human capital market, which determines how effectively human skills are used, is the determining factor here. It is clear that China has great shortcomings in this regard.

while non-US firms were having robust shares of profits in older sectors such as the auto industry (Table 11). Significantly higher profits of American firms in new production areas that generate high profits are indications of continuing the US's hegemony in production and competition. This indicates its material capabilities further.

Table 11. Shares of Cumulative Total Profits in the Forbes Global 2000, between 2005 and 2017 over Selected Countries and Sectors^{ab}.[%]

Countries	Old Economy		
	Autos/trucks	Oil	Chemicals ^c
China	6.6	10.2	0.6
Germany	30.7	0.9	18.6
Japan	34.5	18.3	8.6
Korea	8.9	5.8	5.2
United States	4.7	27.4	26.9
Sector share of all Forbes Global 2000 profits	3.6	12.0	2.7
	New Economy-Branded Goods		
	Beverages	Hotels	Branded Consumer
Belgium	14.1	14.9	10.8
Germany	0	2.2	7.8
Japan	3.7	5.1	4.8
United Kingdom	14.0	11.6	8.5
United States	42.7	60.0	61.1
Sector share of all Forbes Global 2000 profits	1.6	0.3	1.4
	New Economy-Tech hardware/software, biotech, and pharmaceuticals		
	Bio-pharma	Tech-hardware	Tech-software
Germany	2.0	0.4	7.2
Japan	5.8	0.6	5.3
Switzerland	18.1	4.0	8.1
United Kingdom	12.0	10.6	0.4
United States	48.3	73.8	70.5
Sector share of all Forbes Global 2000 profits	4.3	7.2	2.7

Source: Schwartz, 2019: 510.

^aSectors based on Forbes characterizations.

^bEach cell represents the country's share of profits for those sectors of total Forbes Global 2000 profits.

^cSectors included: Specialized chemicals and diversified chemicals.

Moreover, China's trade (export-import) activities and growth are greatly dependent on the demand of major Western capitalist countries, especially the US (Shi and Zhang, 2009). The best part of China's exports to center capitalist markets are produced as foreign brands by foreign-owned companies as part of cross-national production chains; China takes in just a small portion of the yield¹²² (see Gulick, 2011: 17; Harvey, 2005: 124; Panitch, 2010: 82). Arrighi (2007: 4) asserts that the emergence of China may mean "an eventual equalization of power between the conquering west and the conquered non-West." China would threaten the economic hegemony of

¹²² Tabb gives an example that proves this: "iPods are Made in China, but are really just put together and tested there. \$3.70 of the value of the iPod stays in China. Apple gets \$80 per unit in gross profit" (Tabb, 2008: 5; cited in Gulick, 2011: 17).

the US concerning the worldwide economic value share and the US's dependency on Chinese exports and credits. But this claim is disputable. It can be pointed out that China has the role of the seller, and the US has the buyer role in their commercial relationship. This proves that if the US stopped demanding goods from China, the Chinese economy would be challenged because the US has the technological capacity to produce almost all the goods it imports from China. China is technologically dependent in most high-value-added sectors, and upwards of half the value of its high-technology exports is generated by completely foreign-owned enterprises (Harris, 2005: 12), and China's crossroad ventures in the automobile, passenger aircraft, computer chip, and solar energy sectors base widely on imported innovations or feature designs outdated by global standards (Roberts and Engardio, 2009: 40-42; cited in Gulick, 2011: 18). As also Parisot asserts about China's technological dependency on the US and West:

“China's entry into world capitalism has depended upon the Chinese state capitulating to certain policy norms set by the West. China's capitalist development, for instance, has been dependent on loosening up certain aspects of state control. In certain ways, China's growth has been dependent on integration into the American Empire. Most significantly, China's 2001 entry into the World Trade Organization has limited its ability to control foreign capital. Panitch and Gindin, for example, note that trade as a percentage of Chinese GDP went from 43% pre-WTO to 68% by 2007. While China's trade-to-GDP ratio has increased, and the country has continued to soak up large amounts of foreign investment, its ability to move up the value-added chain remains limited. It has been estimated that 88% of China's high-technology exports come from foreign-owned firms. From this perspective, China appears less an independent power than a dependent node on broader regional and globalized economic relations” (Parisot, 2013: 1163).

The trade wars, which brought a new dimension to Sino-American relations, should be outlined briefly. On November 8, 2016, Donald J. Trump, an ultra-conservative right-wing Republican from the Republican Party, won the elections with the nationalist, populist, and protectionist slogans *Make America Great Again* and *America First*¹²³. Trump has mainly focused on unfair

¹²³ The rising protectionism in the world economy and some trends in national economy thought have brought up some question marks about Robinson's discussion of transnational capitalism. It has been discussed whether there is a globalization trend in the world economy and whether this case is a state of fragmentation. Rising protectionism and neo-mercantilist tendencies were frequently brought to the agenda in the US through the policies implemented during the Trump administration. According to Robinson, who evaluates Trump as a member of the transnational capital class, transnational capital is satisfied with Trump's economic steps. However, he was concerned about Trump's neo-fascist tendencies and style of politics (Robinson 2019c: 176). For example, Trump's promise to solve the crisis in the US economy with protectionist policies and his practices in this direction can be examined. Trump's protectionist tariff policy in the steel industry has been one of the most discussed decisions. The application of high tariffs in the field of steel has been met with great objections by the capitalists who produce based on cheap steel imports in the US. However, Robinson (2019c: 177-178) argued that the primary purpose of this policy was to calm the anger created by the crisis in the working class (Robinson 2019c: 177-178). Therefore, while Trump suspended his classmates' short-term concrete economic interests, he acted to protect US capitalism from a possible working-class uprising. This can be related to Trump's attempt to minimize the reaction to the consequences of neoliberal policies, such as the growing impoverishment of the US working class and the threat of greater unemployment, by channeling it to conservative-fascist ideologies and movements (Robinson, 2019c: 177-178). On the other hand, it is stated that there are sharp differences in terms of discourses and actions in the policies implemented by Trump. It is argued that Trump's protectionist economic policies and restrictions on foreign trade, which worry some segments of the capital, do not go beyond being elements of his populist rhetoric and that Trump continues to implement the policies specified following the main principles of neoliberalism (Hallin, 2019; Lachmann, 2019; Wraight, 2019). Trump has implemented many new laws and practices that relieve investors and pave the way for capital, especially the tax law he passed in 2018

trade practices and immigration issues in foreign policy. In his speeches before the presidential elections, Trump insisted that the People's Republic of China regularly pursues *illegal and unfair trade practices*. He has repeatedly stated that if elected as president, he would follow strict, harsh, and sanctioning policies against China (Wraight, 2019). Trump's announcement of a 10% additional customs duty on aluminum exports and 25% on steel exports to China through a declaration he published on his Twitter account indicated that the trade war between the two countries had officially started¹²⁴. Those affairs can be interpreted as the dark side of US-led capitalism. As Xiong argues:

“Trade has become the US’s effective tool to manipulate the world economy and trade and to carry forward its hegemonism. Both in the multilateral trading system and the case of bilateral trade, the US fully mobilizes its trade weapons to sanction friends or foes. It usually utilizes trade to encourage its allies, for example, to offer trading preferences to increase imports from allies; or to use economic blockade, sanctions, embargoes, or retaliations to suppress or punish its rivals or enemies. Moreover, the US takes advantage of the chance of trade to expand its external influence to implement its objectives of hegemonism and power politics” (Cited in Yong and Pauly, 2013: 1174-1175).

The US is compelled to embrace neo-mercantilist policies against China to compete for trade, finance, and foreign direct investment and acquire power, skills, capital, and technology sources. This may consolidate its structural power since the US possesses much to the division of the world into many states in the international capitalist system. It is already clear that the US used trade as a weapon to direct the world economy and production from the past to the present. There is competition between the US and China regarding military, economic, and social parameters and trade. Economic growth, financial developments, infrastructure expenditures, education, and health breakthroughs in both countries are apparent. However, it can be said that the US is far ahead of China in many ways. The US can still prevent the rise of China and reverse the situation (Kissinger, 2015: 626).

(Antonio, 2019: 285-291), such as removing restrictions that impose costs on companies or bind companies to environmental issues (Cozzolino, 2018; Kiely, 2020). Therefore, it does not seem possible to say that Trump's policies, when cleared of his populist and fascist rhetoric, depart from the general tendencies of neoliberalism or bring a completely different policy alternative to the agenda. Robinson described Trumpism as an attempt to restore the legitimacy of the neoliberal state, which contains some contradictions (Robinson, 2019c: 176). From Robinson's (2019: 176-178) perspective, Trump has specified his policies to prevent the anger prompted by the crisis in the US society from turning towards the capitalist system through an essentially neoliberal but also authoritarian and fascist rhetoric. Therefore, it does not seem possible to consider the policies determined on this axis in discussions on the rise of protectionist tendencies and the phenomenon of neomercantilism in the world economy.

¹²⁴ In fact, the reason for the additional taxes on steel and aluminum exports was related to technology, which is the main goal of the US administration. The Trump administration was deeply disturbed by the rapid climb of China's technology ladder in production and in fact, Huawei, one of the largest Chinese technology companies making significant contributions to the transition to 5G technology made nearly 17 million more sales than large US technology company Apple did. In line with the instructions Trump gave on this context, giant technology companies such as Google, Qualcomm, Xilinx and Intel announced they had suspended their relations with Huawei, thus opening a new curtain in the trade wars between the two countries (Karamurtlu, 2020: 73). This case frankly demonstrated the concern of US about forfeiting its vantages for China in the world technological 5G run. By then, US President Donald Trump burdened a commercial block on corporations and entities regarded perilous, claiming national security objectives to preserve US market from Chinese and international rivalry. This case is a great example of how the US still has potentiality to build a barrier on Chinese technology evolution (De Carvalho and Senhoras, 2020: 14).

Over the past few decades, some scholars explained their dubiety about the collapse of the US hegemony by claiming that the US has mastery over the structural power, which centers upon the material and normative aspects of power (Gill and Law, 1988; Konings, 2010; Panitch and Konings, 2008; Strange, 1987, 1990, 2006). A classical study in this context is Susan Strange's study, "The Persistent "myth" of lost hegemony" (Strange, 1987: 564), according to which, in the competitive game played between nations since the end of the twentieth century, "it is not relational power - described in conventional realist textbooks as the power of X to catch Y to do something it would not otherwise do - but structural power that counts." Therefore, the author claims that it is the structural power that the US still decisively maintains its hegemony. Four basic dimensions foreshadow her argument: *security, finance, production, and knowledge*. Security is related to US's control and impression over international security, and the US controls a powerful force of missiles carrying nuclear warheads, comparable only to the Russian forces. As for the production dimension, the US continues to dominate the world's production style of goods and services. Finance is about the US's preponderance over the supply and availability of credit denominated in dollars. Finally, knowledge is associated with the US's superiority and influence over the technological system and also its ability to control the acquisition, communication, and storage of knowledge and information on a global scale.

Cox (2007) also has an attractive field of vision. Comparing the US with the former hegemonic powers, he discovered many resemblances that promote the use of the term US hegemony. According to him, military and material capabilities and structural power sources prove the presence and persistence of the US hegemony. Moreover, Cox rejects the Chinese potential rise after US's corrosion; despite he does not illustrate how this country has displayed its support of the US position in Asia (Mendes, 2018: 446).

All this information seems to refute Arrighi's thesis that China would rise to a hegemonic position in the future. However, to make this interpretation literally, the economic and non-economic factors that ensure the continuity of the US hegemony that prevents China from becoming hegemonic in the international system will be examined in detail in the following sections¹²⁵.

¹²⁵ Another issue worth mentioning is domination without hegemony. From Arrighi's point of view, terminal crises do not necessarily bring about the end of hegemony. Any hegemonic state can maintain its dominance even after experiencing a terminal crisis. Arrighi describes such a situation as *dominance without hegemony* (Arrighi, 2005: 32; 2007: 150-151, Chapter 9). From Arrighi's perspective, the Bush administration's response to the September 11 events exacerbated the terminal crisis of US hegemony and triggered the emergence of a state of dominance without hegemony (Arrighi, 2007). The most important unintended consequence of the Iraq adventure has been the consolidation of the tendency to shift the center of the world economy back to East Asia, particularly to the China. China's increasing power in the international system has been the net outcome of the US initiative to turn its leadership into domination without hegemony. But unlike Arrighi, we think that the US still perpetuates its position as a hegemonic power. China's economic ascendancy not be matched by US's military, economic, technological, institutional power or the cultural and ideological impact of the US. In our view, it is improbable that a new hegemonic system will be formed around the China. Being a hegemonic power means not only being the most powerful country of global capitalism, but also

4.1.1. The “Myth” of the End of US Hegemony

4.1.2. Superiority of the US in Finance, Money, Military, and Technology

Before discussing the role of finance and financial factors in US hegemony, it would be more informative to start with a thought put forward by Robert Wade:

“Suppose you are an aspiring Roman empire in a modern world of sovereign states, international markets, and capitalist economies. In such a world, you must carry out your actions through consent rather than coercion so that others think your superiority is the normal result of common sense and fair and reasonable institutional arrangements without frequently resorting to your military power. What kind of system would you create if you were aiming to create an international market rules framework to protect your interests?” (Wade, 2003: 77).

In this context, Wade emphasized the international financial architecture that was instrumental in the US's creation of an international market framework in line with its interests and continued as follows:

“This architecture does not have a gold standard; instead, the currency of the hegemon functions as the main international reserve currency. Again, the financial markets of the hegemon are dominant in the international financial arena, and there is a worldwide integrated private capital market where there are no barriers to entry or exit. This whole structure is supervised by a fleet of international organizations that appear to be partnerships of member states and are said to be based on the principle of multilateralism, but prevent decisions that you set and dislike, and is supported by a huge army that allows you to preserve your hegemony through repression. The world financial architecture allows you to finance an overwhelming military power at the cost of nothing” (Wade, 2003: 77-78).

Here Wade talks about the critical role of finance in functioning US hegemony. In conclusion:

“International economic architecture allows your people to consume much more than they produce. Your businesses and your capital can enter and exit other markets very quickly to maximize your short-term earnings. Moreover, technology secures net streams from rental

undertaking the global protection of global capitalism and supporting this situation with both consent and coercion. For example, while all armies in the world are border guards, the American army is the protector of world capitalism rather than American territory. American army (serves in various regions and countries of the World (Cypher, 2016; Posen, 2003). In addition, its wide intelligence network, political-diplomatic engagements, alliance systems starting from Latin America and extending to Europe, the Middle East and Far East, Australia-New Zealand, its weight in the World Bank and the IMF still continues (Peet, 2009; Wade, 2002). The fact that the dollar is still the main international exchange and reserve currency places the United States at the center of the international capitalist system (Norrlöf, 2014; Vasudevan, 2009). The dominance is practiced through material methods which includes economic and military tools mainly that implies coercion. But the US still continue to making all the other states, social classes of groups discern US's values and choices as natural norms, which are claimed to turn to good purpose for everyone but essentially, and implicitly, give voice to the interests of the ruling class and its strategic will to control and dominate through its cultural influence. Gramsci (1971) refers to domination, or rule, carried out by ideological and cultural devices while defining the cultural hegemony. Deducing that any state can have the proficiency to catch power over social institutions, and by this way affecting the everyday thoughts, ideas, expectations, and behavior of the of the rest of world by managing the normative ideas, values, and faiths that transform into the conception of the world of a society. US cultural hegemony bases partially on how well media, government, art, language, and other featured institutions fashionable credences and organize exercises that encourage individualism and consumerism. Culturally, hegemony also is founded through language, imposed by the hegemonic state, which then became the official source of information and communication for the people of the society of the ruled state (Borden, 2014; Wagnleitner, 1999). Studying on language and power, Andrea Mayr (2008) states, as a praxis of power, hegemony actuates predominantly by means of the language. English is still spoken in many countries of the world, and English is still a world language which play a key role in the permanence of the US hegemony. All these issues mentioned will be discussed in detail. And it will be also touched on that contrary to Arrighi's views, there is no dominance without hegemony case in the international capitalist system.

rates for decades to come, thus increasing the incentives for your firms to make new inventions, reinforcing your geostrategic dominance over other states thanks to market forces not subject to any political power. What is better is that our social scientists explain that behind all this, an unplanned and unmediated globalization process is causing all states, including yours, to lose power to the market. You would not want others to think that globalization, which proceeds within the framework you have built, reduces the possibilities of everyone else while increasing your ability to have both a large army and a thriving civil sector” (Wade, 2003: 78-82).

Undoubtedly, all these ideas fit perfectly with the US hegemony. Finance supports the international economic architecture of the US and, thus, its political and military architecture. The US has reinforced the role of the dollar as an international reserve currency with the financial architecture it has built. However, it is undeniable that today's transnational structures and institutions serve the particular interests of American capitalism (Strange, 2006; Vasudevan, 2008 and 2009; Norrlof, 2014; Costigan et al., 2017; Winecoff, 2020).

Financial factors undoubtedly affect a country's hegemonic position and, therefore, the international balance of power. Financial power¹²⁶ provides resources for diplomacy and intelligence activities, which are essential for countries increasing their influence in the international system (Strange, 1990). In addition, financial power provides resources for Research & Development and education expenditures and supports scientific and technological developments.

Table 12. Economic, Scientific, Technological, and Military Statistics of the Countries (2007)

	China	US	Russia	UK	France	Germany	India	Japan
GDP (Trillion Dollars)	3.550	14.470	1.300	3.106	2.661	3.426	1.217	4.580
R&D Expenditures (PPP) (Billion Dollars)	86.8	343.8	20.2	35.6	41.4	66.7	19.44	138.8
Science and Engineering Articles	41.596	205.320	14.412	45.572	30.309	44.145	14.608	55.471
Science and Engineering Articles Citations	296.272	1.821,542	434.317	507.839	266,668	393.551	983.717	261.940
R&D Researchers	1.223,756	1.387,882	464.357	183.535	204.484	282.062	117.528	709.691
Patent Applications	5.456	52.280	507	5.553	6.370	18.134	686	27.731
Military Spending (Billion Dollars)	58.3	54.7	35.4	59.7	53.6	36.9	24.2	43.6

¹²⁶ In the US, global financial markets function like a massive circulation system that absorbs capital into central financial institutions and markets, then, pumps into the periphery directly or indirectly through multinational corporations in the form of loans and portfolio investments. As long as the system is strong, it affects all local markets. Many local capital flows into US international financial capital.

Nuclear Weapons Numbers	200	10.104	16.000	200	350	0	60	0
Military Personnel (1000s)	2.255	1.438	1.037	196	259	284	1.325	238

Source: The World Bank Data Indicators, 2007¹²⁷.

Some important economic, scientific, technological, and military indicators, in which the ongoing hegemonic position of the US in the international system is reflected in terms of international power balances, are given in Tables 12 and 13. For example, concerning Purchasing Power Parity, the US is far ahead of other countries in terms of Gross Domestic Product, Research and Development expenditure, Science and Engineering articles, Science and Engineering articles citations, patent applications, military spending, and military research and development expenditures. There is notable competition between the US and China in the scientific and technological domains. However, for all that, the US maintains its feature as the world's innovation hub with an investment in research and development of \$581.5 billion and a share of 28% of the world total, followed by China with %22¹²⁸.

Table 13. Economic, Scientific, Technological and Military Statistics of the Countries (2019).

Indicators	Countries							
	China	US	Russia	United Kingdom	France	Germany	India	Japan
GDP (Trillion Dollars)	14.280	21.370	1.693	2.879	2.729	3.888	2.832	5.123
R&D Expenditures (PPP) (Billion Dollars)	468.062	581.553	41.505	53.952	68.440	141.299	-	171.293
Science and Engineering Articles	528.263	422.808	81.579	97.681	66.352	104.396	135.788	98.793
Science and Engineering Articles Citations	544.310	582.779	42.097	207.745	104.040	167.682	101.838	83.421
R&D Researchers	1.307.100	4.412.400	2.784.300	4.603.300	4.715.300	5.211.900	252.700	5.331.200
Patent Applications	1.542.002	597.141	37.957	20.941	16.222	67.898	50.055	313.567
Military Spending (Billion Dollars)	261	732	65.1	48.7	50.1	49.3	71.1	47.6

Source: The World Bank Data Indicators, 2019.

¹²⁷ For more information: <https://data.worldbank.org/indicator> (Date of Access: November 24, 2021).

¹²⁸ For more detailed figures visit: <https://nces.nsf.gov/pubs/nsb20225> (Date of Access: December 1, 2022).

The US has permanently attached importance to the maintenance of its military power across the world. As Callinicos states:

“The US will seek to ensure that all the emerging great powers are included in the international system as constructive actors and stakeholders. On the other hand, it will ensure that no foreign power reaches a power that can dictate the conditions of regional and global security. It will seek to prevent aggression and threats from deterring any military rival from developing destructive or other capabilities that would enable it to establish regional hegemony or engage in hostile actions against the United States or its friendly countries. Unless deterrence succeeds, the US will not allow an enemy power to achieve its strategic and operational goals” (Callinicos, 2009: 407).

The US continues its military policies in this direction. As a result, the US is a superpower in the defense industry and spends more money than other countries. The US has the world's largest military expenditures, and its spending accounts for more than the sum of those of the following ten countries (Table 14).

Table 14. Military Expenditures of Some Countries

Countries	Years	
	2007	2021
	<u>Billion USD</u>	
US	546.786	778.0
England	59.705	59.200
China	58.265	252.0
France	53.579	52.700
Japan	43.557	49.100
Germany	36.929	52.800
Russia	35.369	61.700
Saudi Arabia	33.793	57.500
Italy	33.086	28.900
India	24.249	72.900
South Korea	22.623	45.700
Canada	15.155	20.800
Australia	15.097	27.500
Israel	12.233	21.700
Turkey	11.066	17.700

Source: SIPRI (2008-2020). *SIPRI Yearbook 2008-2021*, London: Oxford University Press.

Besides its large military expenditures, the US has the most prominent companies active in the defense industry. Thirteen of the 20 largest companies in the global security and defense industry are US companies is another indicator that proves the continuation of the US's hegemonic position (Table 15).

Table 15. The Largest Arm Manufacturer Companies and Revenues (2007-2021).

Companies	Country / Territory	Years	
		2007	2021
		<u>Billion USD</u>	
Lockheed Martin	US	38.513	60.340
Boeing	US	32.080	33.420
BAE Systems	England	29.800	26.020
Northrop Grumman	US	24.597	29.880
General Dynamics	US	21.520	26.390
Raytheon	US	19.800	41.850
L-3 Harris Technologies	US	11.239	17.000

Source: Özkan, 2009: 63; SIPRI Yearbook (2019). London: Oxford University Press.

The US finances and maintains its military dominance at the global level through its vibrant, dynamic, and productive economy. It has internalized economic vitality and productivity as a general principle. At this point, it does not seem possible for any country to surpass the US anytime soon (Hung, 2017: 641).

In addition to being prosperous in raw materials and capital, hegemonic power should have control over world markets and financial institutions and should have a comparative advantage in terms of the most advanced technology and goods being produced via this technology (Rappert, 1996; Carmel, 1997; Drezner, 2001; Harris, 2003; Keiber, 2015). Conscious of this, the US determines and increases its global power with its technological capacity. It has increased welfare by continuously integrating scientific and technological systems with production systems. In the future, it is expected to continue its superiority in technology. The US remains at the forefront of digital competitiveness and information technology power¹²⁹. In addition, the potential for future readiness in the context of these powers always seems to exist. Besides the US, the Scandinavian countries come to the fore here. On the other hand, China seems to maintain its backward position.

American dollar affects the entire world economy, which is one of the most crucial pillars of the US hegemony (Hensman and Corregia, 2005; Vasudevan, 2009; Milan, 2012; Norrlof, 2014; Costigan et al., 2017; Schwartz, 2019; Brown, 2020). In addition to being a common exchange tool that ensures the functioning of international trade worldwide, the use of the US dollar as a common currency in recording and interpreting international financial data is the biggest indication of being a global currency. Thanks to the dollar's position in the world economy, the US has made cheap imports, taken low-interest debt, have low inflation and low-interest rates, and relatively high employment opportunities, despite some macroeconomic problems. Therefore, the most critical factor that enables the US to control the global system and protect its hegemony is the dollar's future as the world's key currency, perhaps even more important than its unrivaled military power. Dollar hegemony has been part and parcel of American economic and military powers (Cao, 2016: 57). As Soydal notes:

The US benefits from the fact that the dollar, its national currency, is the world's reserve currency. In other words, it benefits from seigniorage right. In other words, it can pay its debt to other countries by printing dollars. That is, the world's Gross National Product is \$ 72 trillion. The Gross National Product of the US is 20 trillion dollars. It is seen that the US has a serious 25% share in the world cake. However, a US company, Apple's nearly 650 billion dollars worth is almost equal to Turkey's Gross National Product (820 billion dollars). Also, knowledge, intellectual capital, the information are indicators that show the power of the United States in the international capitalist system. At the center of the sphere is the US, which is the center of knowledge, finance, technology, and know-how, and this system can

¹²⁹ For more information about the digital competitiveness and power of the US see Country-level digital competitiveness rankings worldwide as of 2021. Access Link: <https://www.statista.com/statistics/1042743/worldwide-digital-competitiveness-rankings-by-country/> (Date of Access: March 30, 2022).

be named Sphere-US. For the US, the most crucial pillar of this system is dollar hegemony (Soydal, 2013).

Countries continue to keep the reserves the most as dollar reserves.¹³⁰ The introduction of the Euro in the last two decades has not changed much in the reserves, as also mentioned in the previous chapter. The dollar continues to dominate in all respects. Developing countries keep most of their export revenues as dollar reserves due to the pricing and selling of the primary inputs of industrial production, especially oil. In addition, countries that have lifted restrictions on financial capital are under threat of sudden outflow of foreign capital, which may cause rapid depreciation of the domestic currencies and the sudden increase in prices of goods purchased from abroad and interest rates in money markets due to the depreciation. As mentioned before, the successive financial crises in developing economies in the 1990s are entirely related to this situation. The central banks of countries that face such a threat are keeping US dollar reserves and trying to mitigate the effects of the crisis by releasing these reserves to the market when there is an outflow of money. However, it is unclear what reserve size would remedy this threat. The financial crises of the 1990s demonstrated the insufficiency of current dollar reserves. For this reason, developing countries increase their dollar reserves day by day, and central banks buy US treasury bills with these rapidly increasing dollar reserves. Therefore, almost every country in the world offers cheap borrowing opportunities to the US treasury.

In a system in which such mechanisms operate, while all countries in the world earn US dollars by producing and selling commodities, the American economy can get the dollar without selling anything. Moreover, although the US does this by borrowing, it does not have to produce and sell any commodities to pay off those debts; since there are always countries and investors ready to provide cheap financing to the American economy.

For those reasons, the US dollar continues to rule international trade and foreign exchange markets. This situation continues to underline its monetary and financial hegemony and strengthens its other aspects.

4.1.3. Advantages of the US regarding cultural power elements

Cultural power is one of the most important pillars when discussing the U.S.'s hegemonic position in the international system. The concept of cultural power has a strategic base since it facilitates the inclusion of all social layers in the field of hegemony. Culture plays a generative part in consisting and stabilizing the socioeconomic and sociopolitical relations on which neoliberal

¹³⁰ In order to see the Currency Composition of Official Foreign Exchange Reserves and World Currency Quarterly Composition of Official Foreign Exchange Reserves from 1965 to 2020 see IMF; https://en.wikipedia.org/wiki/Reserve_currency (accessed November 27, 2021).Taskinsoy, 2020b.

hegemony depends, and it is possible to claim that the US culture and values affect the world. For example, American popular culture, American style of commerce, and consumerism spread worldwide after the Second World War and accelerated the democratization of Europe. On the other hand, the US is dominant all over the world in terms of English as a world language and education and administrative skills, as well as movies, popular music, the internet, and famous brands (Gordon, 1992; Borden, 2014; Glynn and Cupples, 2015; Ordorika and Lyold, 2015). In this context, US's wide-ranging cultural sovereignty has no analogy or example.

Hollywood has become the most critical cultural partner of the US hegemonic politics and for the rest of the world, which creates popular images and reflects the modern Western lifestyle through the propagation of the American lifestyle, values, and symbols. By entertaining people, Hollywood is taking money from their pockets and changing how people perceive the world. As Yıldırım states:

“Hollywood, one of the most important tools of imperialism, is a tool for the US administration to establish its superiority by introducing its policies to the world regarding economic, legal, and marketing methods. One of the most important indicators of this is the close relationship in Hollywood, especially between the producers and management of large companies and the institutions of the US administration. Hence, today's global capitalism also shapes Hollywood's economic, political, social, and cultural context. This context, both industrially and contextually, causes Hollywood to create films that reproduce the dominant structure” (Yıldırım, 2018: 75-76).

Hollywood first created the American dream, reflected in the movies as the source of power, splendor, freedom, and wealth. The world has been persuaded to pursue this dream and is guided by American foreign policy priorities. As Özkan points out:

“All Hollywood movies shot under the direction of the Pentagon have a tribute to American power. The movies explicitly or implicitly emphasize that America is a great and influential country. The number of such films is increasing or decreasing according to the political conjuncture around the world. For example, when protests against the Vietnam War increased, it is striking that the element of patriotism came to the fore in Hollywood films. It used the cinema sector of the US very effectively, especially during the Cold War. Anti-communism was depicted in the films; even if it was a love movie, the anger towards communism was given, and capitalism was praised. After Reagan's presidency, who is also a Hollywood actor, the number of such movies exploded. Hollywood movies have a vital role in popularizing, accepting, and increasing the influence of American foreign policy. The Pentagon has discovered the power of the film industry to influence, enchant and direct people and has skillfully used it for many years. It continues to use” (Özkan, 2006: 39).

Hollywood has close contact with the US administration, and the films generally emerge in a form in line with the spirit of the political process that aims to strengthen the American identity and perception. In return, the US administration supports Hollywood, especially in military facilities¹³¹. When the images of the “Wild West”, “Cold War movies”, "Patriot," "Million

¹³¹ Robinson (2018)'s views on the subject are remarkable. The author argued that the global global police state continues to use the culture industry and its associated ideological apparatuses at full throttle to impose the continuation of US hegemony in the international capitalist system. In this context, the mass media and entertainment industries have become involved in the global police state. He stated that the cultural industries strengthen the global police state

Dollar Baby," "Crash," and "Apocalypto" released following the September 11 attacks are watched carefully, the traces of various concerns (allegedly) of the US administration such as family, patriotism, and pacifism can be observed easily (Silindir, 2009: 134). Moreover, concepts such as democracy¹³² and the values of personal freedom¹³³, frequently expressed in American popular culture, education, and foreign policy, strengthen the US hegemony in all areas and mainly affect the young population in the world. People of different nationalities, groups, and religions acquire their common identity through popular culture, and their differences are erased by adopting the American lifestyle. Regarding this issue, Hollywood films and stars, famous American singers, and athletes contribute to the positive image of the US. The US has established its global cultural hegemony by disseminating its social values and ideology to other countries, mainly through Hollywood, with its attractions and media outlets.

In addition, especially the mass media and digital media technologies, which come out through changes caused by digital communication and media powers, play a vital role in the maintenance of the US hegemony (Altheide, 1984; Bennett and Strange, 2011; Glyn and Cupples, 2015; Andrews, 2016). They greatly impact the US's continuing economic, military, and political powers. They also influence the determination of foreign policy. Moreover, the US is gradually reinforcing its hegemony through social media, especially in the last ten years. Thanks to the innovations of the US communications technologies, it has managed to pull key nations of Asia and Europe into their ideological orbit without resorting to brute force (Fattor, 2017: 210). As Fattor states:

“As expected from a state that relies on media power in maintaining the world order, the US did not remain unresponsive to the changes caused by digital communication. Many experienced American foreign policy management members understood that the way to destroy enemy networks and penetrate the world of thought of people interested in the appeal of radical technologies and terrorism is to take advantage of America's communication opportunities. Immediately after the September 11 attacks, the Bush administration diplomats overtook local government officials, preferring to call public diplomacy, allocating nearly \$ 10 billion to a nation's direct public speaking program as government allowance. With the election of Obama in 2008, some changes occurred in the foreign policy of the US. These changes coincided with two important developments: The first is the chaos created by the financial collapse (an event that shook the reputation of the neoliberal approach in many peoples around the world and revealed the inadequacies of globalization). The second is the spread of social media to the masses, perhaps the most important pillar of the digital media revolution. Networks such as Facebook, Twitter, and sites like Wikipedia were potential

by glorifying militarization and legitimizing the authoritarianism of the international capitalist system. For example, the US military and intelligence agencies influenced more than 800 major movies and 1,000 television shows from 2005 to 2016, turning Hollywood into a powerful propaganda machine for war and repression (Robinson, 2018: 87).

¹³² A formal democratic system is in the interest of capitalism. But capitalism works best when fundamental decisions are made by the elite and the masses are purged of politics. This is also the case in the US. However, it is not reflected (McChesney, 1999: 3).

¹³³ Likewise, when the US started to take over the torch for international leadership, it added a new dimension to the international system. As a nation founded on the idea of free and representative government, it identified its rise with the spread of freedom and democracy, and offered these forces as the assurance of bringing justice and lasting peace that the world had not yet attained (Kissinger, 2016: 393).

quantum leaps of soft power that would solve the marketing failures of the recent past. Users of social networking sites can create their content to the extent of their ability to share news and visuals and entertain themselves and each other during this process. There is no longer any need for intensive market research on what kind of content people want because sites like Facebook and Youtube openly show users' opinions and preferences to anyone who follows their blogs, videos, and likes. For the US, social media not only entertains millions who want to show themselves but is also effective in overcoming the oppressive tendencies of authoritarian governments in regions such as China and the Middle East, strengthening excluded groups, and further spreading freedom around the world. Bringing these countries to freedom of expression not only spreads globalization but also serves US interests" (Fattor, 2017: 271-275).

Another issue that can be addressed within the scope of cultural power is the American education system. The American higher education system is considered the best in the world, and American universities have further enhanced their academic reputations over their rivals in the United Kingdom, Continental Europe, and Japan over the past few decades. For example, a study conducted by Shanghai Jiao Tong University found that 17 of the top 20 universities are in the US¹³⁴.

The US education system has become a powerful mechanism for the socialization of foreign elites while attracting young people from all around the world (Wagnleitner, 1999; Jay, 2003; Ordorika and Lyold, 2015). Students studying in the US have gotten to know and better understand American political, economic, and cultural life. They have strengthened the US hegemony by spreading American thoughts, values, and lifestyles to their communities.

"The US has far more top-ranked universities than any country in the world. According to the US News and World Report, 181 of the 750 best global universities are in the US. Here are the top nine countries; 2. China (57), 3. United Kingdom (55), 4. Germany (50), Italy (38), 6. France (30), 7. Canada (26), 8. Australia (26), 9. Spain (25), 10. Japan (24)" (Taskinsoy, 2020c).

Furthermore, Americans win more Nobel Prizes than citizens of any other country, and they publish more scientific articles in peer-reviewed journals. These achievements further increase the cultural power of the US across the world.

Another feature that determines and best reflects a country's global image is the frequency of use of its national language by other countries since Language is an important phenomenon in the international system with its political, social, and cultural dimensions. It provides excellent opportunities to a hegemonic country regarding the issues such as the specification of cultural policy, continuity of consent, and legitimacy. The English Language is accepted as an international language and is widely taught and spoken worldwide. It can be considered one of the most critical factors contributing to the continuity of US hegemony (Aalbers, 2004; Scollon, 2004; Stiftel and Mukhopadhyay, 2007; Modiano, 2011; Macedo et al., 2015). Since language

¹³⁴ For more information see: <http://www.shanghairanking.com/Academic-Ranking-of-World-Universities-2019-Press-Release.html> (Access Date: 24/03/2021).

cannot be separated from culture, society, and the history of the people who speak it, English Language has played a crucial role in the worldwide adoption of American social and cultural values. Ives (2011: 256-257) underlines the dominance of English as a language of power and source and points out that English began to be called a global language in the 1950s. Many people in the world express their opinions in the US-spoken language to make a trade, get an education, or at least communicate. All these contribute to the perpetuation of the US hegemony. As also Jacques brings forward:

“Many factors dominate the preference for English as a world language. First, the enormous amount of personal and social capital that has so far been invested all over the world in learning and using of English is a strong reason for the continuation and spread of English. Second, English has established itself as the dominant language of the global media, whose influence and infiltration would likely continue to grow. Third, the global importance of the US makes English the leading language in international business, from science to the internet and diplomacy. Finally, as a means of conveying and promoting the values and norms of a culture, the Anglo-Saxon world has great entrenched interests in the continuation of English as the universal common language, providing it with considerable economic, political, and cultural benefits” (Jacques, 2016: 139).

However, it can be said that the role of Asiatic languages has started to increase rapidly, especially with the emergence of Asia as a new power center in the last 20 years. Especially the languages of China are developing as the languages being used worldwide. The opening of Chinese language departments in universities in almost every country of the world, the spread of Chinese course centers, and the development of special programs resting on Chinese languages by the world's leading internet-software companies prove that. Chinese state administrators give particular importance to using the Chinese language in import and export and international political relations. It involves a rivalry against British domination, which is the cultural-political representative of the West as being the epicenter of the Asian continent. However, it should be noted that this competition is not at a level that would extinguish the global hegemony of English.

In all those contexts, it is possible to set forth that a hegemon country may impose its power and authority on the international system not only by economic, military, and political resources but also by spreading and developing its culture throughout the world. Moreover, cultural power can sometimes be even more effective than economic and military powers in the continuity of the US hegemony since culture extrudes an attractive wide-ranging ideology of the US to other parts of the world; in this way, it consolidates its intellectual and moral leadership throughout the world. The points being emphasized by Akner are quite thought-provoking at this point:

“America today is a superpower, not only because it produces the most powerful weapons or the greatest economic power, but because American culture permeates the entire planet. Levis, Apple, Nike, Disney, Coca-Cola, Pepsi, McDonald's, Jazz, Rhythm Blues, Rock' N Roll, and Hip Hop affect civilizations more than any nuclear bomb or economic power. They are given coke with a credit card, three-dimensional widescreen televisions, and some potato chips. Then we set out to watch this revel. America has always known a culture struggle with this kind of propaganda, words, images” (Akner, 2014: 44).

The US has achieved these for a long time, one of the points that Arrighi overlooks.

It should also be noted that cultural power elements such as media, education, language, and institutions have usually been under national control. Numerous higher education centers, alongside telecommunication, radio, and television companies, have historically been in the public sector. However, thanks to the technological improvements in the last few decades, such as satellites and cable links for information processing, those sectors will probably grow over national borders. Transnational hegemony of the US also has consolidated through those advancements:

“Economies of scale in the production of television programs have put Western-especially American media corporations at a competitive advantage to such a degree that, as one of the editors of IQS has reminded us, the soap operas *Dynasty* and *Dallas* were shown in 108 countries in 1988. The importance of such scale economies may increase with the growth of satellite broadcasting. The cost of constructing and launching satellites is so great that they are often shared through business consortia, a trend developing in other sectors. Satellite stations can broadcast to several countries simultaneously, breaking down national attempts to control foreign media access and output. In this context, transnational media companies have significant market power over their national competitors, the power which is likely to increase if, as seems likely, more and more nations turn to the widespread use of English as either their first or second language. With the growth of English as the major international means of communication in higher education, the scope for transnational corporations is also immense- particularly if one considers that the major research universities and institutes in the US already operate in several countries. The scope for these trends to develop is widened by a movement towards a more internationally competitive market in both higher education and the media” (Gill and Law, 1989: 489-490).

Signs of progress highlighted by Gill and Law present the proponents of the transnational hegemony of the US in terms of cultural aspects. Through that, the US has some opportunities to promote policies to reshape the international capitalist system in line with its interests. Unfortunately, Arrighi also disregarded these advancements.

4.1.4. Institutional power of the US: International Institutions and Organizations & Multinational Corporations

One of the essential pillars of US hegemony is international institutions, organizations, and multinational corporations. Afterward the Second World War, the US started dominating the world economy and initiated the foundation of many international organizations and institutions. They took measures to reinforce this dominance in their working and decision-making procedures. Following the period in question, the international system was shaped by international institutions and organizations such as the IMF, World Bank, NATO, and the World Trade Organization, all of those function in favor of American interests. Through those international institutions, the US exercised successful domination over world liquidity through the 1950s and 1960s (Arrighi, 1994: 72). These properties also formed a domain for an important and ever-enhancing proportion of world trade to be absorbed within and directed by larger vertically

integrated transnational corporations (Arrighi, 1994: 72). International institutions and organizations support the worldwide expansion of hegemony. Thus, the hegemon state can take the consent of other states and maintain its leadership while marketing its interests to the world as if they are universal interests. International institutions and organizations apply the rules facilitating the spread of the hegemonic world order, ideologically legitimize the rules of the international order, make cooperation between the elites of the periphery countries and the core countries, and try to prevent any anti-hegemonic views (Cox, 1983: 172). Also, they promoted US superiority in particular regions of the world during the Cold War (Cox, 1981). In Van der Pijl's words:

“International institutions are particularly suitable channels for the pursuit of hegemony by the transnational bourgeoisie (as well as channels along which it may branch out by co-opting and socializing Third World elites), their actual functioning cannot be allowed to acquire Hobbesian traits if they are to remain compatible with the two pillars of the capitalist system, the free movement of capital and unimpaired national sovereignty for the advanced capitalist states” (Van der Pijl, 1989b: 25).

International institutions associated with the dual processes can be called the *internationalization of the state* and its social counterpart, the *internationalization of civil society* in Gill's (1990: 296) words. While the fundamental significance of the international policies of states is still to be found primarily at the domestic level, the process is getting tendentially internationalized. Accordingly, what is implied here is a range of processes that assist in creating and partly configuring political and socio-economic changes transforming the world (Gill, 1990: 296). The state and civil society internationalization paved the way for the transnationalization of the state and the ruling capitalist class.

At this point, it would also be beneficial to include Robinson's views. According to Robinson, the transnational state has emerged in the age of neoliberal globalization, affecting the world in many aspects for the last few decades¹³⁵. Robinson states that the transnational state consists of

¹³⁵ It should be noted here that nation-states are still existing. According to Robinson, nation-states agglomerated with the transnational state by becoming a fraction of it (Robinson, 2001). The formation of the transnational state required the reorganization of the state in each nation. The reorganization of nation-states simultaneously paved the way for the rise of transnational economic and political institutions. The transformation of nation-states and the rise of transnational institutions cannot be considered as independent processes. Radical changes have occurred in the functions of nation-states following the neoliberal globalization. Nation-states have turned into a device which ensures the implementation of policies created by transnational institutions rather than setting national agendas and policies. The reduction in the role of nation states on determination of economic and political policies is an indication that the transnational state and capital have established authority over nation states (Robinson, 2001). Nation states have become stronger on the contrary being in distinct in economic and political fields. Thus, the processes described as deregulation are almost a myth. Nation states have been captured and reshaped by the interests of global capital and the transnational capitalist classes. Hardt and Negri (2001) have brought clarification to this case in their book *Empire*. It has argued by them that a different and new form of sovereignty has emerged in the international system. A device which can be described as a power network has created this form of domination which includes transnational institutions, nation states, transnational capital, large capitalist firms, and transnational capitalist class elements emerging with the transformation of the capitalist accumulation logic following the globalization process. The new global order created by this power network cannot be fully comprehended by means of the concept of imperialism. Because this new global order is about

institutions and practices which protect, defend, and promote the hegemony of the transnational bourgeoisie. Robinson argues that transnational economic and political institutions and transnational powers have transformed the transnational state device. He underlines that the transnational state is stratified and polycentric, and its transnational organization takes economic and political forms (Robinson, 2001: 165-166). He notes that the economic forms of these transnational organizations are the international institutions and organizations such as IMF, World Bank, and World Trade Organization¹³⁶.

Robinson attaches great importance to international institutions and organizations, representing the transnational state's economic forms and organizational structure. He recognizes that the transnational state has no transnational military device and does not directly rely on coercion. However, the transnational state, international institutions, and organizations have much more effective weapons. Moreover, the transnational state does not work directly on behalf of the US state but on behalf of transnational capital in the world from Robinson's sight. However, it is a fact that the residence of the global capitalist empire is Washington (Robinson, 2004: 140).

Robinson (2004: 19- 68) emphasizes that some advancements prove that capitalism has achieved the transnational stage. The propagation of multinational and transnational corporations on a global scale, the expansion of foreign direct investments, the enhancement in international mergers and acquisitions, and the rapid growth of transnational strategic alliances between companies are the main ones of them (Şenalp and Şenalp, 2009: 197). As stated in a United Nations report in 1988:

“Despite a considerable slow-down in world economic growth and increased instability in key economic parameters, the process of transnationalization has maintained a steady pace over the past decade. But there have been significant changes in its nature. The most remarkable changes are the rise of Japan and the West European countries as the major home countries; the emergence of the United States as a major host country, partly at the expense of the developing countries; rapid growth of small and medium-sized transnational corporations; the emergence of corporate clusters or galaxies; a significant reduction in the role of transnational banks in international financial intermediation, and a dramatic upsurge of the share of services in foreign direct investments” (United Nations, 1988: 50; cited in Gill and Law, 1989: 482).

empire. But it cannot be directly associated with imperialism. Hardt and Negri argue sovereignty having taken a new form, which consisting of a set of national and international institutions united under a single logic. Today's international system contains representations of the transition from imperialism to empire. It is also being possible to observing the reflections of the transition from the nation state to the institutional and political regulation of the global market by various devices. According to Hardt and Negri, imperialism refers to the unfinished process of global expansion of capital. On the other hand, it involves the formal subordination of labor. The concept of empire, on the other hand, refers to the diffusion of capital towards the global scale, and further the creation of a world market at this point. As a result of this situation, the process of real subordination of labor has been completed.

¹³⁶ In addition to them, the widespread network formed by some formal and informal boss organizations, think tanks and research institutes, such as Bilderberg Meetings, Trilateral Commission, Foreign Relations Council, European Industrialists' Round Table, World Economic Forum should not be overlooked. whose numbers and influences are growing, should not be overlooked whose numbers and effects are enhancing day by day. It is possible to commentate all of these as a natural result of the formation of a transnational capitalist class. (Şenalp and Şenalp, 2008: 73).

It is crucial to state that the new imperialism theorists have criticized Robinson's thoughts on the emergence of the transnational state (Harvey, 2003; Lacher, 2005; Cammack, 2009; Sakellariopoulos, 2018). According to the new imperialism theorists, the division of the world into nation-states is vital for international capital mobility. They contended that the internationalization and transnationalization of production have deeply rebuilt-but not abraded the role of the nation-state. They claim that Robinson (2004: 10) is misleading in asserting that a movement realizes from a world to a global economy. According to them, Robinson (2004) implies that in the previous world economy, nation-states interceded the territorialities between a world of different national economies and articulated modes of production; now, they do not. This substantially wrong suggestion results from coming in sight merely at the supposed objection between national and transnational fractions of capital and neglecting for the time the critical mission that national states still take an active role in consolidating the hegemony of capital over labor within their territories. The structural power of capital is possible only with an appropriate political world order which allows capital to move from one nation-state to another. New imperialism theorists consider that the transnational state endangers the political basis of the institutional power of transnational capital. The new imperialism theory also deals with global international institutions in different contexts. Robinson's approach characterizes the IMF, World Bank, World Trade Organization and regional banks, the G-7, and G-22, UN, OECD, EU, NAFTA, ASEA, and APEC as global governance institutions of the transnational state. He argues that these institutions serve the interests of the transnational capitalist class. However, those who defend the new imperialism approach think it is more accurate to conceptualize these institutions and organizations as international assistances and pillars of the US hegemony. According to them, the models that maintain US hegemony have institutionalized and reproduced due to globalization and new institutions of globalization.

It is necessary to mention the multinational corporations which profoundly affect the world, and they are one of the strongest pillars of US hegemony (Gill, 1986a, and b; Strange, 1987; Gill and Law, 1989 and 1993; Carroll and Carson, 2003; Robinson, 2005; Nayak and Malone, 2009; Whelan et al., 2009; Jenkins, 2013). Multinational corporations also benefited from the blessings of US hegemony and increased the tendency of US capital to be centralized and concentrated in the international arena. A multinational corporation can be defined as an organization with branches and affiliated companies in more than one national sphere of influence (Hirst and Thompson, 2007: 15). Many multinational corporations in the US can directly engage with governments of other countries through their foreign ministries. General Motors, General Electric, Microsoft, Mobil Oil, Texaco, Shell, and Ford Motor are leading companies in this field. As Panitch and Gindin state:

“By 2007, the top three or four global companies in a wide range of fields such as hardware and equipment, software and computers, aviation/military, petroleum-related equipment and services, fourteen of the top sixteen global companies in healthcare equipment and services were American. Four of the top five companies among global media outlets and two of the top three companies in the pharmaceutical, industrial transportation, industrial equipment, and fixed-line communications segments were American. Five of the six top companies in the general retailing industry were American. Among them, Walmart is one of the most strategically important companies in the world, using its computerized information system. It is wrong to view these US multinationals as transnational rather than international. The United States controlled partners and headquarters, two-thirds global employment and capital expenditure, and 85 percent of research and development spending. More than 70 percent of the value of the goods and services they produced came from their operations in the US. For the most internationalized US manufacturing multinational corporations, General Electric, Ford, IBM, and Procter & Gamble, while more than 50 percent of their sales and employment were outside the US, the most important locations were in the US, with their foreign operations dispersed across many different countries” (Panitch and Gindin, 2019: 286).

Table 16. The World’s 20 Biggest Multinational Corporations’ Profits (2021, billion USD).

Rank	Name	Country	Sales	Profit	Assets	Market Value
1	ICBC	China	190.5	45.8	4.914.7	249.5
2	JPMorgan Chase	US	136.2	40.4	\$3.689.3	464.8
3	Berkshire Hathaway	US	245.5	\$42.5	\$873.7	624.4
4	China Construction Bank	China	173.5	39.3	4.301.7	210.4
5	Saudi Arabian Oil Company (Saudi Aramco)	Saudi Arabia	229.7	49.3	\$510.3	1.897.2
6	Apple	US	294	63.9	354.1	2.252.3
7	Bank of America	US	98.8	17.9	2.832.2	336.3
8	Ping An Insurance Group	China	169.1	20.8	1.453.8	211.2
9	Agricultural Bank of China	China	153.9	31.3	4.159.9	140.1
10	Amazon	US	386.1	21.3	321.2	1.711.8
11	Samsung Electronics	South Korea	200.7	22.1	348.2	510.5
12	Toyota Motor	Japan	249.4	14.3	561.9	219.2
13	Alphabet	US	182.4	40.3	319.6	1.538.9
14	Bank of China	China	134	27.9	3.731.4	116.7
15	Microsoft	US	153.3	51.3	304.1	1.966.6
16	Citigroup	US	84.4	17.1	2.314.3	151.2
17	Volkswagen Group	Germany	254.1	9.5	646.4	147.2
18	Walmart	US	559.2	13.5	252.5	396.1
19	Wells Fargo	US	85.9	7.4	1,959.5	181.5
20	Verizon Communications	US	128.3	17.8	316.5	241.3

Source: <https://www.forbes.com/lists/global2000/#7ab2b8cd5ac0> (Date of Access, March 29, 2022).

The US maintains its superiority over multinational corporations in the world¹³⁷. Moreover, the origins of the largest twenty transnational corporations in terms of revenue are in the US (Table 16).

¹³⁷ Liu and Tsai (2021: 236) asserts that the determinant of the growth process and the altering structure of the world economy have forged constructional limitations on China’s ability to advance powerful multinational corporations which delimitates its economic influence in an age which such corporations take upon a crucial role in the world economy. To prove their claim they embrace Cox (1981, 1983, 1987)’s broader understanding of hegemony as encompassing structural power, besides the ability to create consent and exercise leadership in the world political economy.

Multinational corporations have increased their activities and importance worldwide to extraordinary levels in connection with the dollar's international position and the US's nuclear superiority, according to Gilpin (1975: 140). Thus, they became one of the cornerstones of American domination.

US multinational corporations have surrounded the world, and it looks like they would continue to do so. Amin (2010: 118) calls them the tools of *generalized, financialized, and globalized oligopoly late capitalism*. Van der Pijl (1993b) also mentioned the internationalization of the political projects of different ruling capitalist groups following the transnational expansion of the state, capital, and production through multinational corporations. Transnational reconstruction of capitalism in the globalization period has paved the way for the disclosure of new capital and labor social powers. By the side of the transnational managerial class¹³⁸, other ingredients of productive capital containing small and medium-sized businesses and transnational corporations which taking action as purveyors and vendors and import-export businesses as much as elements of financial capital have been encouraging this internationalization of production¹³⁹ (Bieler and Morton, 2004: 95). Arrighi asserts that the propagation of transnational business organizations, corporations, and communities has speeded up, which disrupted the US hegemony. This circumstance would continue to form systemic change through a general, though not universal, weakening of states (Arrighi, 1999b: 278). In fact, according to Arrighi (2000: 453), far from being the appropriate means of state power, transnational corporations soon became the most critical limitations of this power. According to him, the eruptive expansion of the transnational corporations signalizes a determinative milestone about the decline of the US's state power by indicating the dissociation of territorial domination. It also indicates the possibly terminal stage of the US hegemony. In his words of him: "withering away of the modern system of territorial states as the primary locus of world power, the internalization of world-scale processes of production and exchange within the organizational domains of transnational corporations and the resurgence of world financial markets have created a pressure to relocate state authority" (Arrighi, 1994: 73-74).

¹³⁸ Şenalp and Şenalp (2008: 74) stated in this sense, the formation of a transnational class is being specific to the capitalist class solely for now. They declared a global transnational proletariat as a class has not yet formed. The working class is still confined to its national borders. In the neoliberal period of globalization, labor mobility remained extremely limited in the face of the unlimited mobility of capital. Cross-border mobility of labor is only possible through illegal or migrant workers.

¹³⁹ It is not possible to interpret the internationalization and transnationalization of production only in the context of the increase in the activities of transnational or multinational companies. The internationalization and transnationalization of production should also be considered as the restructuring, fragmentation, and worldwide decentralization of production processes. The production of new global technologies accelerates this process. However, it is not enough by itself. In addition, new capitalist production organizations and institutions should be formed.

Arrighi highlights the distinctions between transnational corporations and the small number of joint stock companies in the British era, such as the British East India Company, besides Britain's small and medium-sized enterprises dealing with trade. Not only is the number of transnational corporations much more extensive than that of states, but they are also detached from states, not being the devices of states. Arrighi emphasizes that their growth has unintentionally weakened the Western states and British hegemony (Arrighi, 1999: 127-128). According to him, these corporations ultimately developed a dynamic of their own, which sometimes kicked back the US's hegemonic power for two fundamental causes. First, these corporations function on a definitely business rationale and suspend much of their liquid assets to offshore markets when they experience crises. Second, European and East Asian corporations contested American performance, turned into multinationals, and reduced the regulatory capacity of the US or any other state even more (Arrighi and Silver, 1999: 146- 148).

As we stated a few times in the former chapters, approaching the concept of hegemony from a realist or neorealist perspective would not give correct results. For this reason, in addition to transnational corporations' economic and commercial effects, it is also necessary to pay regard to their political, cultural, ideological, and institutional effects.

Transnational corporations carry out commercial activities and intensely affect societies' lives, political mechanisms, and cultures. They naturally aim to make money, but they also play an important role in promoting American culture and values. For example, the operation of American transnational corporations in countries including China and Russia cannot be described as an economic phenomenon alone (Rugman, 2008). Their political, social, and cultural aspects also have great importance. The US carries out a project to Americanize the world through its transnational corporations; the Americanization of the world gains momentum as countries break from their culture and values and submit to American-style living and American values.

On the other hand, transnational corporations accelerate the internationalization and transnationalization of the production process, especially in the US and other central capitalist countries. The internationalization of capital is a concept that should be defined as a social relation. Therefore, it requires an examination of the internationalization of the social cycle of capital. It can be argued that Arrighi does not consider processes such as the internationalization and transnationalization of production and capital in terms of their spatial and historical aspects. In Arrighi's world system approach, capital is discussed in terms of accumulation. This form of accumulation (real or financial) determines hegemonic power. However, capital should be handled with its spatial and historical aspects since it determines the production relations and

processes of the period it belongs to. It would be helpful to refer to Harvey's definition of capital on the subject:

“Capital is not a thing or an institution but a circulation process between production and realization. As this ever-expanding and accumulating process changes the forms and dimensions of circulation, it reshapes the social relations of production incessantly” (Harvey, 1975: 332; cited in Oğuz, 2006: 154).

Gill and Law (1989: 479) also points out that “capital as a social relation depends on the power of the state to define, shape and participate in a regime of accumulation.” Although Arrighi admits to the alteration of capital in terms of its forms and circulations in the historical process, he does not seem to have focused sufficiently on modifying the social relations of production generated by capital. Whereas the reproduction of capital as a social relation by changing its circulation form and extent involves the reproduction of social classes and class struggles (Poulantzas, 1975). The international change in social relations of production has also laid the groundwork for many formations, such as the transnational class, the transnational state, the transnational institution, and the transnational corporations. All these concepts constitute the most functional pillars of the US hegemony.

It is a deducible fact that the US is behind most international institutions, organizations, and transnational corporations. Through their policies being imposed on the world, the interests of the US are always protected. For example, while talking about the structural adjustment plans brought to the agenda for underdeveloped or developing countries, it can be said that it is actually about enabling transnational corporations to enter and exit countries as they wish. Countries, which want to borrow, have to accept neoliberal policies to shape their economic and political institutions under the supervision of international financial and rating institutions such as the IMF and the World Bank and take on new roles assigned to them in the international division of labor. All of them serve the hegemonic interests of the US in various fields. These are issues that have not been adequately studied and evaluated by Arrighi.

4.2. CHINA'S STATUS FOR GLOBAL HEGEMONY: LACK OF POWER ELEMENTS

It is recalled that the concept of hegemony is the position of any state to have the ability and power to change the rules and norms of the international system in terms of its motivation and desires, which can be realized by having power in various aspects. The US is still the top country in the world regarding overall aspects of global power. Military, political, economic, and cultural powers represent the basic dimensions of any state's power. On a global scale, for any state to have domination over other states, in other words, to become a global hegemon, it must be strong in all four dimensions because each of them is interconnected (Table 17).

Table 17. Aspects of the Hegemonic Power.

Aspect of power	Way of having power	The way power is expressed	The means of expressing power
Military	Military technology, expertise	Physical coercion (Threat)	Army, physical coercion, and control formations (Terrorist Organizations)
Political	Corporate Organizational Skills, Expertise	Political Sanction (Threat), Reward (Promise)	Diplomacy, Intelligence Organizations
Economic	Economic Technology, Expertise	Economic Sanction (Threat), Reward (Promise)	Diplomacy, Economic Forcing, and Control Formation (Economic and Financial Institutions)
Cultural	Discursive Superiority and Manipulation Skill	Mental Control	Mental Control Formation (Media, Think Tanks, Academy)

Source: Tatliyer, 2018: 38.

US hegemony continues from a realistic perspective. It can be stated that the US has a technical and geostrategic superiority in terms of military capacity comparing China (Table 18). Indeed, the US has more than 800 military bases in various regions, making more military investments than the rest of the world.

Table 18. Military Strength the Comparison of the US and China (2021)

	Total Population	Military Budget	Reserve Personnel	Active Personnel	Tanks	Armored Fighting Vehicles	Total Aircraft
US	331.449.281	738 billion \$(3.42 percent of GDP)	849.450	1.385.727	6.612	41.237	12.930
China	1.444.390.177	252 billion \$(1.7 percent of GDP)	8.000.000	2.185.000	5.750	14.130	4.630

Source: <https://www.forbes.com/lists/global2000/#7ab2b8cd5ac0> (Date of Access March 29, 2022).

The US is still experiencing significant technological development, and there are many views stating that the US's hegemony continues through technological developments (Guillen, 2019; Yilmaz, 2008; Brooks and Wohlforth, 2016). This situation reflects in the patent application numbers.

It is clear that China is trying to catch up with the US in innovation and technology, and China has made significant progress in this regard. With regard to the Global Innovation Index, the global innovation rankings of 126 countries being arranged in terms of international patent applications and scientific publishing activities by INSEAD and the World Intellectual Property

Organization and its Information Partners under the cooperation of Cornell University, China has risen to the 25th place in rankings of 2016, while the US ranking fourth. Then, China showed substantial advancement within three years and ranked 14th in 2019, while the US ranked third (Şişman, 2020: 113). China has made significant strides in science, technology, and innovation, noticeable in international patent applications and scientific publishing activities. However, the US is still far ahead of China in all those matters. As Nye states¹⁴⁰:

“China has significant technological achievements. However, it relied heavily on imitating foreign technologies more than domestic inventions. China prides itself on its title as the largest factory center in the world, and China-based patents are overgrowing, surpassing those of other developed countries. However, most patents obtained in China are of little importance in the entire industrial chain. China is weaker in science and technological innovation than the US. While the trade volume appears in the Chinese statistics, the added value appears more in the US data” (Nye, 2016: 51-52).

Regarding purchasing power parity, which expresses a rate of exchange that equalizes the purchasing power of different currencies by eliminating the price level differences between countries, China has had the highest Gross Domestic Product for several years (Table 19). This means that China is the world's largest-producing economy. However, other issues on the subject need to be addressed

Table 19. List of Countries by GDP (PPP, US\$ trillion)

Year	Rank	Country	GDP in PPP	Year	Rank	Country	GDP in PPP
1980	1	US	2.903	2000	1	US	10.217
	11	China	311		2	China	3.659
1981	1	US	3.224	2001	1	US	10.565
	11	China	356		2	China	4.030
1982	1	US	3.351	2002	1	US	10.896
	10	China	408		2	China	4.437
1983	1	US	3,652	2003	1	US	11,457
	10	China	471		2	China	5.036
1984	1	US	4.029	2004	1	US	11.962
	9	China	556		2	China	5.487
1985	1	US	4.281	2005	1	US	12.912
	8	China	634		2	China	6.427
1986	1	US	4.492	2006	1	US	13.595
	8	China	698		2	China	7.321
1987	1	US	4.812	2007	1	US	14.306
	7	China	811		2	China	8.647
1988	1	US	5.124	2008	1	US	14.714
	6	China	918		2	China	10.050
1989	1	US	5,625	2009	1	US	14,537
	6	China	1,033		2	China	10,682
1990	1	US	5,914	2010	1	US	14,890
	5	China	1,104		2	China	12,224
1991	1	US	6,135	2011	1	US	15,442

¹⁴⁰ Nye (2011, 2016, 2020) disputes that China's economic confrontation with the US has been aggrandized. Nye's contemplation that the American Century will project into the twenty-first is relied on various aspects of economic capability, involving American leadership both in science and technology.

	4	China	1,234		2	China	13,664
1992	1	US	6,468	2012	1	US	16,029
	5	China	1,436		2	China	14,964
1993	1	US	6,835	2013	1	US	16,621
	4	China	1,691		2	China	16,498
1994	1	US	7,283	2014	1	China	17,841
	3	China	1,973		2	US	17,217
1995	1	US	7,509	2015	1	China	19,328
	3	China	2,139		2	US	17,875
1996	1	US	7,936	2016	1	China	20,901
	3	China	2,422		2	US	18,481
1997	1	US	8,452	2017	1	China	22,942
	3	China	2,716		2	US	19,301
1998	1	US	9,005	2018	1	China	24,872
	3	China	3,010		2	US	20,232
1999	1	US	9,560	2019	1	China	27,065
	2	China	3,287		2	US	21,241
2020	1	China	24,191	2021	1	China	27,071
	2	US	20,893		2	US	22,939

Source: Source of data: IMF; Statistics Times, Taskinsoy, 2020a: 8. (<https://statisticstimes.com/economy/projected-world-gdp-ranking.php>). Date of Access: March 29, 2022.

China is still far behind the US in terms of per capita income, which is a measure of a country's true prosperity and power (Table 19). Even if China's total Gross Domestic Product exceeds that of the US, the two economies would be equivalent in volume but not equal in composition and scope. Per capita income provides a better criterion of the extent of an economy, and China's per capita income is well below the American level. It would take decades for China to catch the US up. Of course, total size is an essential aspect of economic power. Having a sizeable attractive market and being the largest trading partner of many countries is an important source of influence (Nye, 2016: 50). However, this does not mean that China has reached US power. The US reflected its superiority in per capita income to its economic size and foreign direct investments. Furthermore, when the two countries are compared in terms of military spending, considering the population factor, it is striking that the US has two and a half times more military spending than China¹⁴¹.

¹⁴¹ China's population is approximately about four times the population of the US. However, this means that China's diverse natural resources and per capita economic output account for only a small fraction of the US's per capita output. Even if China's total economic output surpasses the US in a few years, China's population and workforce are expected to decline in the coming decades (Chen, 2021; Yang, 2019). As a result, it is possible to talk about forecasts that China will probably never be able to establish an overwhelming economic advantage over the US and that China's per capita economic output will peak at about half the US level (Liu and Tsai, 2021; Rajah and Leng, 2022; Roy, 2020). Since per capita economic output is highly correlated with the level of technological development, China's relatively low per capita output implies that China's overall military strength will remain lower than that of the US military in the coming years (Beckley 2018; Liu and Tsai, 2021).

Table 20. The Comparison of the United States and China (2021).

Indicators	US	China
Unemployment rate %	5.3	3,96
Real GDP Growth (Annual Percent Change)	5.7	8.1
GDP (Trillion Dollars)	22.99	17.7
GDP Per Capita, Current Prices (USD Per Capita)	69.738	12.554
Inflation rate %	4.7	0.9
Export (millions of \$)	\$2.123.410	4.163.759,67
Import (millions of \$)	2.407.543	2.055.590
Foreign Direct Investment (Billions of \$)	253	249
Population	332.915.073	1.412.600

Source: IMF and World Bank Database.

With respect to the World Bank data, the Gross Domestic Product of the US is still relatively high compared to China and other countries (Tables 20 and 21). The sum of the gross domestic products of the countries such as China, India, Russia, and other European countries that are shown as rivals to the US is almost only at the level of the gross domestic product of the US. On the other hand, China's Gross Domestic Product, which is closest to the production of the US, is coming up to two-thirds of the US.

Table 21. Gross Domestic Products of the Several Countries (2021).

Countries	GDP (Nominal) Trillions of Dollars	Share of global GDP %
United States	23	24.2
China	17.7	17.8
Japan	5.2	5.38
Germany	4.23	4.46
India	2.85	3.10
Russia	1.709	1.74
United Kingdom	3.44	3.27
Brazil	1.620	1.73
France	2.69	3.10
Italy	1.92	2.23

Source: International Monetary Fund World Economic Outlook (October - 2021).

The average American is about six times more prosperous than the average Chinese (Tables 20 and 22). Per capita, the national income of European states is over 30.000 dollars. Although India is considered among the countries that made a breakthrough in recent years, its national income per capita is far behind other states. However, only Gross National Income and per capita income data might be misleading. When these data are compared with general economic data, it would be possible to have better information about the relevant states' economic, political, and financial powers. One of the disadvantages of China is its financial position. Although China has a significant portion of the American global debt, the US dollar is still a reserve and payment instrument worldwide (Hung, 2013).

Table 22. Per Capita Income of Various Countries (2021).

Countries	Per capita income USD
United States	69.375
China	12.551
Japan	44.395
Germany	50.788
India	1.900
Russia	11.497
United Kingdom	46.200
Brazil	7.741
France	45.028
Italy	35.585

Source: World Bank, World Development Indicators Database.

Almost all of the foreign debt of the US is shared between China and Japan, indicating the financial and commercial interaction between these three states. This reveals the difficulty of collecting the receivables and converting them into investments for these states¹⁴². It does not seem easy for China's creation to be used in reserves and payments that would be accepted in the world.

China has tried to increase its financial power by encouraging the use of the yuan in export financing. Today, the yuan accounts for about 10 percent of global reserves. However, the dollar still accounts for nearly 70 percent of global reserves. The yuan's role in world markets may increase in the following years. However, it seems the yuan would not replace the dollar and has a long way to turn out to be a reserve currency in financial markets until China has improved deep domestic markets and the accompanying confidence-building legal structure that allows international markets to determine the exchange rate. As Nye points out:

“Size and scope do not always go hand in hand. In the 2020s, China will likely be the world's largest economy but not the most advanced. America's scope is understood from the depth of its financial markets. China is about one-eighth the size of the world. Yet, it is allowed to have only a small part” (Nye, 2016: 51).

The US is well ahead of China regarding its role and effectiveness in international institutions and organizations¹⁴³. These institutions and organizations continue the international order that operates under the leadership of the US. However, one may think and ask, “Would two new multilateral banks, *Asia Infrastructure Investment Bank* and *New Development Bank*, founded in

¹⁴² In order to see major foreign holders of US treasury securities visit Statista Access Link: <https://www.statista.com/statistics/246420/major-foreign-holders-of-us-treasury-debt/> Date of Access: March, 30 2022.

¹⁴³ In order to see the comparison of the China versus the US with regard to their powers in international organizations based on the data see Yağcı (2016: 46). Visit also <https://www.imf.org/external/np/sec/memdir/members.aspx#total>; <https://www.imf.org/external/np/exr/facts/glance.htm>; <http://siteresources.worldbank.org/BODINT/Resources/2780271215524804501/IBRDCountryVotingTable.pdf>; http://www.adb.org/sites/default/files/page/30786/oi_appendix1.pdf. (Access Date: 26 November, 2021).

2014, determine global capital movements in the international system and become global governance actors?’’.

Firstly, when the structures of these banks are examined, the Asian Infrastructure Investment Bank is under the leadership of China and has 57 founding members. The Bank's authorization funds infrastructure and other related productive sectors in Asia. The New Development Bank, on the other hand, is being managed by countries such as Brazil, Russia, India, China, and South Africa and is designed to support infrastructure and sustainable development projects (Qobo and Soko, 2015; Suchodolski and Demeulemeester, 2018). China plays a vital role in both banks, which indicates that China supports the different traditions of both banks in the field of global financial governance rather than supporting a new model of multilateral development finance. Therefore, it can be argued that China would not create a model that appeals to the world, like the US, for the foundation of financial and institutional hegemony¹⁴⁴.

Some theorists have elucidated the foundation of the Asian Infrastructure and Investment Bank as a serious confrontation with US hegemony and the global reserve position of the US dollar (Gabusi, 2017; Rodrigues Vieira, 2018; Knoerich and Urdinez, 2019). The Asian Infrastructure and Investment Bank were first capitalized with 50 billion US dollar, which finally rose to 100 billion dollars, which would be critical to China's New Silk Road Project. Strategically, the New Silk Road Project would go into China's economic path to Central and South Asia countries. The region would be incorporated into enlarging China's economic and security infrastructure through extensive civil engineering projects. But, as Chossudovsky (2015) states:

“While the creation of BRICS has significant geopolitical implications, the AIIB, as well as the proposed BRICS Development Bank (NDB) and its Contingency Reserve Arrangement (CRA), are dollar-denominated entities. Unless coupled with a multi-currency system of trade and credit, they do not threaten dollar hegemony. Quite the opposite, they tend to sustain and extend dollar-denominated lending”.

Sovereign wealth funds of China also made many theorists think that China would become the world's next hegemonic power (See, 2009; Campbell, 2008; Lenihan, 2014). The US policymakers' concern about the investment strategies of China's dramatically growing state wealth funds and their willingness to invest in American financial assets can also be considered an indicator of China's expanding impact¹⁴⁵ (Monk, 2009: 452-460). However, the US's position

¹⁴⁴ Liu and Tsai (2021: 238) also points out that in global finance, Chinese state-owned banks rank top ten in capitalization, yet Anglo-American institutions definitely rule over the international financial system with their decision taking power gathered in New York and London.

¹⁴⁵ China has contributed significantly to the existing capital accumulation in its trade surplus. It centrally managed most of its trade surplus through sovereign wealth funds, the public mechanisms of the Bank of China and the Ministry of Finance (Thomas and Chen, 2011). Moreover, it is not possible to characterize China only as an important provider of foreign direct investment. China has also become an important center for portfolio investment worldwide. For example, the US capital and government bond holdings of the People's Bank of China, private investment, as well as the Sovereign Wealth Funds through China Investment Corporation, constitute a significant portion of China's foreign

as the center of global finance is perpetuating. “When global financial markets get nervous, US Treasuries remain the ultimate safe haven” (Blinder, 2013: 395).

Issues that Arrighi does not adequately address are the cultural and institutional elements that undertake crucial roles in the continuation of the hegemony. Arrighi explained the hegemonic changes mainly with the change in the form of capital accumulation. These are economic factors. However, in our world, clarifying hegemonic changes only with economic factors and processes is not always an approach that gives correct results.

Arrighi (2008) assumes that history repeats for hegemonic states in the international system and claims that the hegemon declines after reaching its peak. As a major global economic power, China is one of the world's largest manufacturers and exporters. Especially after 1978, although there were interruptions in some periods, China overgrew compared to previous years and significantly increased its production and foreign trade. However, it should be emphasized that making some positive developments regarding material elements cannot be interpreted as the transfer of hegemony. The US still dominates and controls the global economy, monetary regime, financial system, technology, communication, media, culture, and language; additionally, it has enormous military power.

In Brazil, a group of authors also disagreed with the ideas that support the decline of the US power; amongst them, one can excerpt Fiori (2007, 2008), Tavares (1985, 2004), and Serrano (2008). For example, Fiori (2008) claimed that the floating exchange rate system allows the US to control the monetary and financial systems in a broader domain than the gold standard. Further, the US has more sovereignty over technology and innovation, military power, production, and information control than any other country. Moreover, while criticizing Arrighi’s fatalistic previsions about the termination of the US hegemony and even the end of the modern world system, Fiori (2007) asserts that Arrighi fell because he paid attention to the hypothesis that the international system calls for a leader, or a hegemon, to ensure global governance and provide the stability of international system and markets. For this reason, according to Fiori, Arrighi is unsuccessful in clarifying why global clashes and competitive controversies among nations still realize, even with the existence of hegemons (Cited in Mendes, 2018: 446).

It should also be noted that hegemonic power has naturally changed and transformed within the historical flow because the elements that make up the power have changed quantitatively and qualitatively. For example, while having a large navy once was the most crucial factor in

capital. China's economic model points to a state-led system rather than a capitalist system based on liberal principles. State-owned companies make up eighty percent of the stock market value in China, working to generate profits and advance state interests. The estimated value of the sovereign wealth funds is approximately around the 3.25 trillion dollars according to the 2022 data (See Statista, 2022).

becoming a hegemonic power, today, the elements of being a hegemonic power are determined in a completely different context (Table 23). In this respect, it is essential to grasp the current period through new power paradigms. This is one of the points Arrighi skips.

Table 23. The Hegemon States and the Sources of Hegemonic Power.

Age	Hegemon State	Sources of Power
17th century	Netherlands	Trade, capital market, navy
19th century	Britain	Industry, liberal norms, navy, finance, and loans
20th century	United States	To be the center of economic, scientific, and technological leadership; culture, military power, liberal international regime, international institutions, transnational communication
21st century	United States	Technological leadership, military and economic size, soft power, the nodal point of the transnational communication network

Source: Nye, 2004b: 57; Silindir, 2009: 122.

In epitome, the breakthroughs made by China are confronted with realist logic¹⁴⁶. China's economic power cannot be denied, but its lack of other power sources and the general weakness of the international community are evident. Moreover, China is still far behind in terms of institutional, military, technological, political, and cultural foundations and would not carry it to the hegemonic position, at least soon, contrary to Arrighi's claims.

4.3. COVID-19 AND WORLD HEGEMONY: SHORT-TERM IMPLICATIONS

The years 2020 and 2021 have witnessed dramatic changes for both the US and the world due to the virus COVID-19 emerged in Wuhan, China, and spread all over the world as a pandemic by threatening lives and economies. The effects of COVID-19 have been so rapid that it deserves to be considered highly significant especially marking the beginning of a new era for the international system. The COVID-19 outbreak, declared a pandemic by the World Health Organization on March 12, 2020, is a shocking health problem, and its effects have been disseminated to different regions of the world. The global pandemic, which has infected more than 600 million people and killed more than six million, has caused a global health crisis under the effects of supply and demand shocks; therefore, it has become one of the most profound crises of capitalism. While there is much ambiguity about how the COVID-19 pandemic would thrive in the onward months and years, it is presumably to pave the way for a lasting influence that would be felt in international politics, mainly on international power and order. Since the international system is facing the most severe crisis after the serious financial and credit crisis

¹⁴⁶ The five characteristics of a great power were put forward by Waltz (1988; 1990 and 2004), one of the founders of neorealist theory. These are population and land resources, economic capacity, political stability and competence and military power. In terms of economic power and its capacity to exert influence in different parts of the world, China is at the forefront as a rising power. However, it is not enough to have only these five features in order to become hegemonic in the international system.

that broke out due to the September 11 events and the real estate bubble in 2008, which confirmed the global recession over the years (Di Cesare, 2020: 14). COVID-19 has brought to a standstill to the gears of the capitalist mode of production. The dissemination and speed of the disease have deeply shaken the health systems and economies of many countries, and this situation has intensified the discussions about the political structure, economic model, and social order concerning the post-pandemic. The adverse outcomes of the pandemic are versatile and not sole since they adhere to the acuteness of the widespread of the virus and the portrayal of the health, social and economic policies applicated in different countries (De Carvalho and Senhoras, 2020: 20). But, how the world would evolve during the pandemic afterward is unclear. There are more questions than answers speculating on the subject.

What kind of changes would the pandemic bring about? Is there a possibility that a multilateral international economic system would emerge? What kind of international division of labor would be made between developed and developing countries? How would labor relations evolve with the transition to the digital economy? How would geopolitical competition between the US and China affect the global economy and supply chain? Eventually, are we then bearing witness to the collapse of US hegemony in the world system and the rise of China in the quest of 2019, as Arrighi suggests in his prescient books *The Long Twentieth Century* and *Adam Smith in Beijing*? It is possible to assert that the pandemic has thus far been giving rise to remarkable outturns on human reality and the determinatives of the world economy and the current US hegemony, embracing a different conjuncture and a historical turning point that would transmute the international capitalist system. The core question that needs to be answered here is whether US hegemony would go into crisis and cause radical transformations in the international system because of the COVID-19 outbreak.

Regarding these issues and questions, first of all, the pandemic cannot be considered a health crisis only. This crisis has different characteristics from the crises that capitalism experienced in the past because it has radical economic, social, and political effects, as well as directly threatening human life. This multidimensional and deep crisis has unprecedentedly impacted global economies in the context of production, employment, labor-capital relations, and health systems. It has caused several incidents in the international area regarding migration, environment, social inequalities, dependency, and governance. This global pandemic signaled the pre-existing alarm bells in the world order-increasing inequality, insecurity of employment and livelihoods, the refugee crisis, and the emerging threat of climate change-making; these alarm bells are now explicit for all to hear.

The evolution of the international system would be related to how the COVID-19 crisis would be managed and resolved by actors. It can be said that the role of states in the international system may change, and some transformations may occur in certain areas. For example, more inward policies started to be implemented in many countries, travel bans were introduced, and export restrictions were applied. Thus, the barriers became more evident worldwide, and contradictions challenged neoliberal capitalism and its basic principles. As Ikenberry enounces:

“The liberal world order is in a state of collapse. This situation dates back to the pre-pandemic, and Trump's statements in 2016 also support this. The new era is a period of competition between powers, and an anarchic order is emerging from the perspective of realists and institutional liberals. Hegemonic struggles, power transfer debates, security competition, efforts to expand their sphere of influence, and nationalism on the rise, the economic and social debris caused by COVID-19 are factors that would accelerate the end of the global order. However, if the US clings to the liberal order it has built after the crisis of 1929, seeks ways to improve it, and embraces multilateralism, openness, and democracy, it would not lose its hegemony” (Ikenberry, 2020: 133-134).

The COVID-19 pandemic can be considered a development that reveals the crisis of neoliberalism. Negativities such as the inequalities between and within the countries, the reduction of wages, difficulties in accessing healthy food and health services by the liquidation of the social state, and the cessation of production significantly have led to the growth of the pandemic and the loss of millions of lives. However, if the short-term evaluation is made, there seems to be no development regarding creating another kind of capital accumulation model. In this context, it can be expected that neoliberal policies would continue to be implemented by authoritarian governments to save the day.

The pandemic has paved the way for the re-questioning of many social relations and policies at the global level. The pandemic is taking place more severely in countries such as the US and the United Kingdom, where the unchangeable laws of brutal capitalism are in effect. This has opened up the policies on privatizing the health sector and protecting public health. Curfews and the cessation of real production have emerged as processes that gradually deepen the labor-capital conflict. It can be said that the COVID-19 pandemic has triggered the current divisions in the world based on income level, age, gender, and ethnic groups. The pandemic affected certain segments more regarding the risk of contracting the disease and its economic effects. The political and ideological frameworks, which would put forward their reactions and demands, can also be regarded as a phenomenon to determine the long-term future of the international system. Since this pandemic has uncovered the immense trouble of neoliberal globalization and global governance inefficacy, some events prove this. For instance, the US-led international capitalist system is falling into chaos by this time amongst the *Black Lives Matter* protests that broke out following the murder of George Floyd, despite the COVID-19-related social distancing cautions. The Black Lives Matter protests may have strengthened the polarization of the US society at

extraordinary levels, which can beat a path for a civil war in the long term (Andrews, 2020; Murji and Picker, 2021; Townsend and McMahon, 2021). This situation might undoubtedly pave the way for social, economic, political, institutional, and class transformations. The COVID-19 pandemic has also tested the countries' health systems and revealed the shortcomings of almost all countries, with a few exceptions, such as China, Cuba, South Korea, and Germany. It has created several problems, especially in countries with the weakest public health services. Despite the economic, technological, industrial, military, political, institutional, scientific, and cultural powers of the developed central western capitalist states, it has been revealed that their health systems are not strong enough to overwhelm the pandemic. Since the privatization and public liquidation of healthcare services as a requirement of neoliberal economic policies ensures the dominance of the private sector logic (Altnörs, 2020: 112). The countries listed above are exceptions. The inadequacy of the health systems has emerged in developed western countries, and alliance relations between ideologies, political parties, ruling elites, and states have been questioned on a much larger scale. It has been noticed that the understanding of the free market is not a panacea for the economies.

Before the coronavirus pandemic, especially throughout 2019, economic activities around the world tended to slow down. As a result, world real GDP growth in 2019 was 23% below the average of the last ten years and a contraction of around 3.5% in the global Gross Domestic Product realized for 2020. The main drivers of this were the contraction in the automotive industry and the ongoing technology and trade wars between the US and China. Thus, at the end of 2019, the economies of Italy, Germany, Britain, Singapore, South Korea, and Turkey seemed in the recession like many other economies; but the pandemic has turned this recession trend into an unprecedented crisis in history (Altnörs, 2020: 114). So naturally, countries with relatively strong economies would get rid of this crisis.

The most emphasized issue in the scenarios regarding the post-corona period is how the hegemonic struggle between China and the US would end. In terms of global leadership and international reputation, the pandemic can be seen as an opportunity for China in certain aspects. Despite accusations such as disinformation, even deliberate spreading of the pandemic, and some errors in managing the pandemic, China has used the fight against disease as a starting point to reshape its foreign policy and gain a different place in the international system. Although China is the country of origin of the pandemic, it has taken the pandemic under control in a short time and provided information, experience, and medical support to other states. The success of China in controlling the pandemic at home, giving medical support abroad, and cooperating globally for a worldwide solution and cooperation with international institutions and organizations, especially

the World Health Organization, have brought to the minds the possibility of China is going to become a world hegemon in the future¹⁴⁷.

The position of China in the world medical arena is increasing as the world's largest producer of medical supplies. Although China's production of high-tech medical equipment is much lesser than those of the countries like Germany and the US, it is the undeniable market leader for medical supplies, providing 43 percent of global imports of protective medical equipment (Brown, 2020). Indeed, combatting the COVID-19 outbreak requires significant quantities of testing swabs, protective masks, surgical gowns, and hand sanitizer, of which China is the world's leading producer. Moreover, since the outbreak, and despite the internal shutdown, China has upped its production of the N95 mask, producing 116 million masks per day, roughly 12 times more than it was producing before (Ren, 2020).

It is expected that China will continue its vast geography rise during the pandemic. On the other hand, it is expected that the US would maintain its hegemonic position in the company with specific difficulties. The GDP of the US corresponds to 23 trillion dollars for the year 2021. However, its federal debt has exceeded 26 trillion dollars¹⁴⁸. This, in turn, may trigger tension areas in the domestic and social structure of the US and cause it to confront specific difficulties¹⁴⁹. However, it is difficult to assert that all these affairs point out a hegemonic decline in the short term. It is also necessary to open parenthesis that the COVID-19 pandemic has accelerated the adaptation to the new technological improvements. Technology has revolutionized the international capitalist system, industrial and business models, ways of shopping, technology

¹⁴⁷These achievements of China in the medical field are obvious. But I think it is important to open a parenthesis to another issue right here. COVID-19 pandemic also upraises certain doubts about what one could name as medical imperialism and colonialism, in another saying, how core capitalist state's interests are improved in the field of medical and health services by means of the agency of international institutions, pharmaceutical monopolies, international financial institutions, international trade agreements, and international health organizations (Skuster et. al. 2020; Fofana, 2021; Majesur, 2021). One major way of medical imperialism and colonialism is the impact of robust pharmaceutical companies such as Pfizer, Johnson and Johnson, Astra Zeneca, Novartis, AbbVie. In the event that COVID-19, those companies as being component of one of the most profitable industries in the world economy, have managed their research through the agency of the great financial assistance giving by governments. The Trump administration initiated Operation Warp Speed to give 10 billion dollar in funding for private sector attempts at cultivating COVID-19 vaccines (<https://www.statnews.com/2021/03/02/trump-administration-quietly-spent-billions-in-hospital-funds-on-operation-warp-speed/>, Date of Access, 22 December, 2021). 2.5 billion dollar of this funding provided to Moderna. Biontech also utilized the German government's support, worth at least 445 million dollar, in addition to 118 million in loans presented by the European Investment Bank (<https://www.bloomberg.com/news/articles/2020-09-15/biontech-gets-445-million-in-german-funding-for-covid-vaccine>, Date of Access: 22 December, 2021). Astra Zeneca's vaccine research was significantly underpinned by Oxford University and public funding.

¹⁴⁸ For more information visit <https://www.bbc.com/turkce/haberler-dunya-52542897>. (Date of Access, 24 August 2021).

¹⁴⁹ It is crucial to touch on that Liu and Tsai (2021: 261) claims that over the course of the COVID-19 pandemic, the US Federal Reserve functioned as the global lender of last resort, by that means indicating proceeded superiority in international financial system. The tough transatlantic financial system based on Wall Street and the City of London gives extra structural difficulties for China to undertake hegemonic position in finance.

usage, communication, the Internet, social media, etc. Afterward the start of the pandemic, businesses quickly launched and advanced their digitalization endeavors.

Further, the pandemic conditions have paved the way for an enormous enhancement in e-commerce involving online grocery shopping and the extensive use of digital media and entertainment products and services¹⁵⁰. Mainly, Big Tech has accumulated vast power and wealth. It would be worth noting that the major Big Tech actors are Alphabet, Apple, Amazon, Microsoft, Facebook, Tesla, and Nvidia. They made a 3.4 trillion dollar profit in the first year of the pandemic (Levy, 2020). Unsurprisingly, seven of the world's top ten companies are digital technology companies, and the top five digital monopolies are US-based: Microsoft, Apple, Amazon, Alphabet, and Facebook.

In a nutshell, the COVID-19 pandemic may cause neoliberalism to be questioned since the market-oriented solutions of neoliberalism remain dysfunctional in an atmosphere where uncertainties have increased¹⁵¹. China and the East Asian countries, which are relatively free from neoliberal practices to a certain extent, have struggled with the pandemic with successful interventions. It can be suggested that the US has some difficulties in this regard and is incapable of producing medical masks. On the other hand, under the leadership of China, new supply chains and trade routes, such as the New Silk Road, would radically change the role of world trade. However, it is not easy to interpret all these effects on the international system's architecture in the long term. It is a fact that the pandemic had adverse effects on the world economy and brought great turmoil, but it would not generate an immediate terminal crisis for the US hegemony. Up to

¹⁵⁰ Today, the entire global economy and society benefit greatly from the applications of the fourth industrial revolution technologies driven by artificial intelligence and big data analysis and accordingly developing transnationalization and financialization. When the concept of digitalization is considered together with the phenomena such as transnationalization and financialization, it can be seen that the concepts have brought capitalism to a more dynamic and changing dimension in each passing day. Robinson (2020) has put on notice that in the time of the pandemic we are able to observe the increasing speed of digital reconstruction which can be expected to result in a prominent enhancement of reduced-labour or labourless digital services involving all types of new telework regulations, drone delivery, cashless commerce, digitalized finance, medical and legal services operated by largely automatic equipment and remote teaching including instruction recorded in advance (McLaren, 2022: 125-126; Robinson and Baker, 2019: 381). For the transnational capitalist class, the new technologies brought about by digitalization have played a key role in the construction of a new transnational warfare, social control and repression systems, as well as a global police state. It has also served as a weapon in the war of transnational capital against the global working class. Robinson (2020) also remarks that the post-pandemic global economy will incorporate now a more quick and extensive application of digitalization to every sight of global society, comprising war and repression.

¹⁵¹ The adverse impacts of the COVID-19 pandemic have led to the emergence of some views argue that the neoliberal paradigm has collapsed, which is the ideology of free market capitalism. After the crisis brought about by the pandemic, many economies seem to have underlined the state apparatus even more. Gabor (2021) actually addressed this situation as the new investment path of global finance and named it the Wall Street Consensus. The Wall Street Consensus is a new and global initiative as the product of the turbulent period capitalism has been in since the 2008 financial crisis, and the Covid-19 pandemic has removed the barriers to the implementation of the Wall Street Consensus (Gabor, 2021; cited in Eren and Şimşek, 2022: 355-356). The rise of the state, the revival of state-owned companies and the increase in their numbers can be regarded as a recipe for salvation from the crisis environment of the global financial system. But it takes time to estimate whether it would lay the foundations for the beginning of a new era of prosperity in the long run. On the other hand, it is early to speculate on whether it can bring a solution to the expanding inequality and distribution injustices around the world.

the present, there is no guidepost of a substantial preponderant distortion of the US hegemony. With another saying, there is no development yet that the pandemic would bring along the transition of hegemony to China. Conceivably, anyone could claim that the pandemic may have the potential to precipitate different emerging world hegemonic power in the long term.

CONCLUSION-IV

In this chapter, the issue of whether China would be the future hegemonic power of the world is summarized from Arrighi's perspective as detailed in his book, *Adam Smith in Beijing*. One of the most advanced and original perspectives of Arrighi's investigations in his book *Adam Smith in Beijing* is based on his proposal of a rising world-market society¹⁵² through greater equality among the world's civilizations, which he speaks out through an intensive and elaborate perusal of Adam Smith. However, it should also be noted that at the end of *The Long Twentieth Century*, the question is asked about which country would move as the hegemonic state during the next stage. In Arrighi's (1994: 355-356)'s opinion, the collapse of the US is just around the corner, and he proposes Japan as a new hegemonic power thanks to its sovereignty over the world's liquid assets (Hardt and Negri, 2001: 238). However, after putting aside his views about Japan, he switched these to China abruptly and strangely, which represents a somewhat contradictory circumstance. It is crucial to state also that in the postscript to the second edition of *The Long Twentieth Century*, Arrighi confesses his former overlooks: "When I wrote *The Long Twentieth Century*, I was not fully aware of the extent and implications of the resurgence of China at the center of the East Asian political economy" (Arrighi, 2010; cited in Gulick, 2011: 7). Thus, despite the original contributions to shedding new light on the historical capitalism of China and the future of the international capitalist system, Arrighi's theory was still in a dilemma in certain respects.

Arrighi talked about the dynamics of the world's global production, trade, finance, services, and information networks shifting to the east over the past few decades in *Adam Smith in Beijing*. In recent years, the most prominent country in these matters has been China. So much so that Arrighi argued that China would overtake the US in the context of all these parameters, especially afterward the 2008 crisis, and rise to a hegemonic position in the international system.

¹⁵² Arrighi regards the development of market society in China as a result of the differences among the East Asian and Europe-centered systems before their unification in the 19th century, and as a corollary of the Chinese Revolution. His debate of Adam Smith's concepts of societal control over finance capital is quirky, but I think that he is unclear in respect of what are the powers that can countervail the power of finance capital.

China is not enough to be a hegemon or a dominant power and has severe problems in front of it. On the other hand, it still has curbs in economic, military, political, institutional, cultural, social, ideological, and technological conditions to preponderate over the US. Furthermore, it still economically depends on the US. On the other hand, the US maintains its leading position in the international system in military, ideological, cultural, technological, political, and institutional terms. With another saying, the US subsists as a central definer of the international system through its hegemonic status, primarily due to its potentiality on those terms.

Arrighi tried to explain hegemonic changes with changes in the form of capital accumulation. However, from our point of view, this explanation would be insufficient to explain the hegemonic order and possible hegemonic changes in today's world. Because when Arrighi explained hegemony through the change in the form of capital accumulation in a country's economy, he predominantly deals with the economic basis of the work. Therefore, one might conclude that hegemony is merely an economic phenomenon. His words, "If China does emerge, as I think it will, as a new center of the global economy, its role will be fundamentally different from that of former hegemons. If China is going to be hegemonic, it will be hegemonic in very distinct ways from the others. For one thing, military power will be much less crucial than cultural and economic, power-especially economic power. They have to come up with the economic card far more than the US ever did, the British, or the Dutch" (Arrighi, 2009b: 89) confirms this case.

Economic power is substantial for any country's rise, traditionally grasped as industrial output, trade volume, and gross domestic product, which are closely related to well-known discourse about China's ascendancy. However, as we have explained in detail, hegemony is an inclusive and holistic concept determined by many intertwined phenomena, and at the same time, it determines many phenomena and vice versa. In other words, there are many economic, political, social, cultural, institutional, ideological, military, and technological factors specifying hegemony, which are also specified by hegemony. All these factors provide the continuity of hegemony by creating the elements of coercion and consent. Now, ignoring all those factors and claiming hegemonic change occurs only by the change in how a country accumulates capital seems to cause insufficient and deficient clarification of hegemonic change. From Arrighi's sight, hegemonic power is taken as given in the form of capital accumulation and accumulated material capabilities rather than emerging from social processes. However, the term hegemony should be understood in the context of the social classes and actions in a historically particular structural context.

China's rise as a global power competing with the US in every aspect in the long term remains uncertain. For the short term, though China appears to be the economic rival of the US, the US is

far ahead of China in terms of military, institutional, ideological, technological, and cultural parameters. Considering that hegemony is the combination of all these parameters, as constantly emphasized, contrary to what Arrighi defends, it seems pretty difficult for China to take the place of the US. It should also be emphasized that the COVID-19 pandemic can be considered the carrier responsible for the versatile destabilization of the world economy; however, it does not signify an immediate terminal crisis of the US hegemony, at least for the short term.

GENERAL CONCLUSION

Capitalism is a historical system that has occasionally overcome accumulation bottlenecks in line with a cyclical process in which it changes the pattern of capital accumulation. Arrighi (1994) contemplates the basis of capitalism with regard to a world system ordered by a capitalist hegemon since the capitalist world system can be figured out cyclically as the rise and fall of successive hegemonies. Arrighi acts from the idea that as the pattern of capital accumulation of hegemonic power changes, the hegemonic power and, therefore, the world order would also change. The books *The Long Twentieth Century and Adam Smith in Beijing* and also articles of him are presenting especially radiant and different interpretations of the development of capitalism in the historical flow from certain aspects, which provide clear and brave clarifications of the evolution and transformation of the modern world system in the early twenty-first century. It is a fact that Arrighi handed down a very momentous legacy for elucidating power dynamics in the international political economy and creating the modern world system.

In Arrighi's interpretation, the history of international capitalist relations of production connotes the history of chains of hegemonies. What is decisive here is the interstate struggles and their form and intensity. According to Arrighi, through the hegemonies of the Netherlands, Britain, and the US, the territorial scope of capitalist production relations has expanded, and its nature has changed each time within the historical flow. Herein Arrighi improves the primary notion of his theoretical heritage, *systemic cycles of accumulation*, by moving forward an original interpretation of the history and determinatives of world capitalism as a sequence of hegemonic episodes. Hinging his outcomes on the historical and comparative analysis of systemic cycles of accumulation, Arrighi dealt with the dialectical advancements arising from finance-led accumulation by incessantly turning around capital processes.

Arrighi associates financialization with weakening the vitality of real production, hence the weakening of hegemonic power. The real production sector loses its former power as financialization strengthens. The rise and decline of hegemonies are profoundly related to the sequence of long economic cycles of material and financial expansion, respectively. It is hard to discern how this description fits within the cyclical development he suggested.

Arrighi has revealed that in various periods of world economic history, countries have experienced very similar processes in this context. Accordingly, economic orders in which trade was dominant were observed in Italy in the fifteenth century and the Netherlands in the seventeenth century. All those countries emerged due to their previous economic superiorities in the maturity stages of their developments. Then, they primarily turned to money trade and gained

the dominant power in this field. Based on this, the financial density in present-day Anglo-Saxon countries has emerged, in turn, as the indicator of the economic maturity of Britain and the US, the dominant economic powers in the twenty and twenty-first centuries, respectively. In the late nineteenth century, the US began to signal that it was beginning to replace Britain as the hegemonic leader. But it was afterward the Second World War the US developed the structures and ideas that allowed it to rise to a genuinely hegemonic position.

The classical period of US hegemony adopted organized capitalism based on Keynesian economic policies and the Bretton Woods regime in the economic context. Later, the US adopted liberal capitalism, including neoliberal economic policies, and imposed them on the world. However, some structural problems started to take effect in the mid-1960s that necessitated the change of capital accumulation style as a requirement of the search for profit, which is an indispensable element of the capitalist system. This change also had to be designed as a new model to ensure the continuity of US hegemony; therefore, neoliberalism and its most meaningful principle, the expansion of finance, was required to recreate US-led global capitalism. Thus, financialization has emerged as a response to a change in conditions of stagnating accumulation and competition, which refers to a new phase in the international capitalist system.

The world economies faced major financial crises as financialization began to take root in the 1970s, and this process accelerated in the following years. At least 15 major financial turmoils have been experienced. Moreover, the intensities of the turmoils and the problems which they created on a global scale have deepened. The typical features of all crises are that they have occurred in money and foreign exchange markets, stock markets, banking systems, and portfolio investment movements. The US has enjoyed these negativities thanks to the dollar hegemony and institutional structuring enhanced in the financialization process.

It can be argued that Arrighi's approach tries to explain the hegemonic changes primarily by taking into account the quantitative increase in the circulation of commodities and ignoring the qualitative changes in the field of production. But, it should be noted that hegemonic transitions are not regarded as linear processes. In this context, an economic deterministic structure considers quantitative developments. As pointed out by Knafo and Teschke (2014: 25), economic deterministic ontology degrades history to abstract inferencing of social development. The capitalist world system has branched out quantitatively and qualitatively- the system makes headway. In this respect, Arrighi's self-repeating model makes a sorry show account for the genuine processing of the capitalist mode of production.

Furthermore, US hegemony is multidimensional; the military power of the US still prevails, as it does not allow any state to restructure the international economy by using political force. In

addition, the US is still the largest national economy and the powerhouse of world demand. Although monetary policy cannot function dominantly and unilaterally, the dollar is still the tool of world trade. Multidimensionality is not about the fact that hegemony consists of only economic and military aspects; it is directly related to factors such as high productivity in crucial sectors, technological superiority, having a decisive weight in world trade and money, and political and cultural influence worldwide.

Over time, naturally, new power centers have emerged in the world, not only in China but also BRIC(S) and European Union countries, especially Germany. Particularly in the past quarter century, countries from various regions of the world have begun to experience economic growth at rates that were once unimaginable. Although there were ups and downs, the overall trend was unquestionably upward. Despite the emergence of leading countries, new powers, and poles of cooperation, the US still ranks first because of its military capability that has not been seen in any other country so far and ongoing economic superiority thanks to the influence of the dollar and political power that is effective through the effect of these factors. All of them are undeniable realities. This situation also reinforced US's leading role in scientific and technological innovations.

Financialization is a process that reinforces the US hegemony, contrary to Arrighi's ideas. The developments of securitized markets created by financialization and the internationalization of American finance have provided many factors that would end up in favor of the US hegemony in a complex global economy. The US mobilized cheap credit in the world for the American economy, so the US made great direct capital investments and continued its military spending. International role and the position of the dollar given the centrality of the US economy for all other countries being integrated into international economic activity (e.g., the profundity and flexibility of its financial markets and its character as the world's unique largest market for consumer goods) (Gill, 1991: 290). The US still has the largest markets, US corporations are still prominent in high-technology, and "the US has the capability to dominate the supply and attainableness of credit denominated in dollars, and consequently to exert impact over the generation of credit in the international financial system regardless of the outcome" (See Konings and Panitch, 2008; Strange, 1987, Panitch and Gindin, 2013). Through those unlimited financial and economic powers, the US has also fed the other sources of its hegemony, including military, political, social, institutional, cultural, technological, and ideological aspects. At the same time, military, political, social, institutional, cultural, technological, and ideological aspects have fed each other and their economic sources. It is thought that there is a mutual interaction between all of them. On the other hand, the dollar's nature as the world currency and the functioning of the US treasury bills as the basic value of accounts is provided through financialization. In addition,

the dependence of the working classes on the ruling classes was expanded by drawing them into the pool of credit and debt.

Arrighi's mistake may have arisen from the fact that he also considers capitalism's financialization broadly from an economic perspective. However, the financialization of capitalism is not a phenomenon that can be evaluated solely from an economic point of view. The phenomenon has historical and social specificities and the differences it creates in these areas. Individual-society-state relations and interactions, especially the formation of social classes, can be examples of these differences. On the other hand, the role played by multinational corporations and international institutions and organizations, as well as the state, in eliminating the obstacles to the spread and development of financialized capitalism under the leadership of the US in both class relations and socio-political and sociocultural fields should not be denied. In his hegemonic analysis, Arrighi neglects the institutionalization of capitalism, which has come to the fore in the last few decades. International institutions and organizations, multinational corporations, civil society relations that bring social classes together, and the transnationalization of the state in the context of all these phenomena are developments that should be mentioned while elucidating the concept of hegemony today. Arrighi discussed financialization as a new stage of capitalist capital accumulation and as a response to the profitability crisis taking place in the real field. However, the financialization process that has come into being in the modern world economy in the last few decades should be considered as a process being directed by international institutions and multinational corporations and institutionalizes the capitalist system through these aspects, unlike the former financialization processes.

On the other hand, if capitalism is a system in which material and financial expansions progress by replacing each other, as Arrighi argues, this system redefines existing production, class, and social relations. Since financialization is an instance of not just a functional but also a class and, therefore, political category: it cannot be merely handled as a factor of production as it is in neoclassical economics in Gill's (1991: 282) words. As suggested by Arrighi, one aspect of financialization can also be defined as the shift of production from the real to the financial sphere. However, the production concept should be considered much more comprehensively than here. Neo-Gramscian theory can be recalled in this context. The concept of production includes the production of social relations, morality, institutions, policies, knowledge, goods, and services. Social forces lay the grounds for the foundation of hegemony and the evolution of the state forms. The evolution of the form of the state changes the world order. However, Arrighi did not dwell too much on these points.

On the other hand, in today's international system, the concept of hegemony cannot be contemplated traditionally merely in the context of the struggle between nation-states. The continually evolving social forces, state forms, and world order in the historical process do not make this possible. The nation-states have acquired an international and even transnational character. The actors in world history are transnational elites, classes, institutions, corporations, and capital, besides nation-states. Especially elite and class conflict recurrently transform the structure of the world system and thereby change the stipulations for the maintenance of hegemony. It is also impossible to grasp today's globalized capitalism without incorporating those transformations into the investigation. It can be argued that the theoretical framework and analysis level developed by Arrighi (1994: 10-11) regarding the concept of hegemony is incarcerated in interstate relations. In his opinion, inter-state competition has been a crucial ingredient of each stage of financial expansion (Arrighi, 1994: 9). Arrighi cogitates about the substance of capitalism in the sense of a world-system regulated by a capitalist hegemonic state and the hegemonic state turns into a notional straightjacket while he is trying to investigate the modern world. This enabled him to fall into a realist and neorealist understanding of hegemony. Both realism and neorealism suppose (consider) three fundamental and everlasting realities in international politics: the nature of man (as the Hobbesian restless desire for power); the nature of states (as fixed on the pursuit of national interest); and the nature of the state-system (as placing identical rational constraints on the pursuit of the national interests through the balance of power) (Brincat, 2016: 3). For both realism and neorealism, history is simply a repeated movement in which the future will on all occasions be analogous to the past. These sights, however, pave the way just for a fragmentary, one-sided, and partial aspect of the whole; since world order is not constant in the way realism and neorealism posit because of the relation between man, state, and state system, etc. Further, it is possible to assert that these things are also undergoing continuously complex transformations in the historical process. So, the notion of hegemony and its main determinators and components are also undergoing complex transformations in the historical process. However, Arrighi does not seem to reject the mechanistic conception of hegemony and the development of the international system through the conceived history.

The claims of Arrighi are highly controversial in terms of lightening the pre-capitalist economic systems with similar presumptions about capitalism. The economic and political conditions of the fifteenth century of Italy and the conditions of the twenty-first-century US are not the same, so the rules that specify their hegemonic periodization can not be the same¹⁵³. Capitalist dynamics are pretty substantial in interpreting global political dynamics, as capitalism is the phenomenon

¹⁵³ A historical objective gives a hint that the determinatives of being hegemonic power have evolved in the course of time.

that beats a path to hegemony. It is a fact that Arrighi tries to make clear the switchbacks and evolution of the capitalist system in the historical process within the scope of the notion of hegemony and hegemonic cycles. However, capitalism has been a system that has primarily re-created and renewed itself through various historical configurations since it is an evolutionary system. The capitalist system has generated different models and placed different instruments at its heart to maintain its functionality. Thus, the system tried to make toward its primary purpose: getting money from money and profit from profit. Of course, this order organized by the system has functioned in favor of the classes that own the means of production in societies. It should be expected that an author who relates the change of the capitalist system in the course of history with hegemonic cycles should not miss the evolution of the capitalist system, the concept of hegemony automatically, and the evolving dynamics of hegemonic cycles. Thus, it would not be convenient to scrutinize capitalism as a predetermined system. For instance, today, the central ideology that specifies the functioning of the international capitalist system is neoliberalism. Today's neoliberal order symbolizes a new capitalist stage hinges on Robinson's differentiation between a world economy and a global economy. In the world economy, nation-states are bound up with each other by trade and financial movements, while in the global economy, the production process merges in a way that relates to the whole world (Robinson, 2008: 25-27). The previous world economy was qualified by interactions between different national economies, in the current economy, production, and service chains are continuously more transnational in that they attach capitalists regardless of national borderlines.

As with some of the theorists talked over by now, maybe one of the biggest problems with Arrighi's analysis is the utilization of history as it makes up his model by oversimplification (Desai, 2007; Gulick, 2011; Hardt and Negri, 2001; Harvey, 2005; Panitch, 2010; Panitch and Gindin, 2019; Pereira and Sardo, 2022; Robinson, 2011; Ru, 2020; Walker, 2010). In short, the theoretical foundations on which Arrighi's periodization is based are also quite problematic (Konings and Panitch, 2008; Panitch and Gindin 2004a, 2004b, 2019). Indeed, although he could not establish any causal or historical relation to those countries' orientation towards financial activities, he considered financialization determinative of the hegemonic changes.

The world system continues to expand at an unprecedented rate. In the meantime, the determinants of hegemony have also changed. While economic and military powers characterized the concept of hegemony in the past, cultural, institutional, ideological, and technological facts have now been articulated. Unfortunately, these can be regarded as facts generally ignored by Arrighi.

Prediction of the future of the international system as much as possible can be extremely useful in understanding the complexity of the international system and the phenomenon of hegemony.

Arrighi has suddenly highlighted China's hegemonic rise. The rise of China is discussed in great detail in the literature. One of the most prominent debates on the subject is also shaped around whether the Beijing Consensus would replace the US-led international capitalist system that substantially relied on the basic policy recommendations of the Washington Consensus. There is an opinion that the Beijing Consensus is built on three principles: superiority in technological dynamism and innovation, confidence in a sustainable and equitable development model, and the pursuit of an autonomous foreign policy from Northern hegemony (Callick, 2007; Kiely, 2015; Li et al. 2010; Ramo, 2004). It is difficult to say anything definite about whether the Beijing Consensus implies the type of capitalism that would work on challenging the US-led neoliberal model (Ramo, 2004). But, we have the intention that it is not all precise that such kind of scenario would come to life. It is a fact that China is one of the great powers of the world with its fascinating growth over the last few decades, but becoming a hegemonic superpower in the world is a different issue. However, the US has a hegemonic history of more than 75 years, and it has continued to maintain its hegemony in the international system via its multidimensional pillars in the context of various models and policies being mentioned so far. It looks like it would probably continue to do soon.

Contrary to Arrighi's claims, financialization has reinforced the monetary and financial hegemony of the US as a process that underlines the US dollar hegemony. The financial and monetary hegemony of the US has also strengthened the political, social, cultural, institutional, ideological, technological, and military dimensions that constitute the other pillars of its hegemony. These dimensions have fostered the monetary and financial hegemony of the US. These two-way processes occur among all dimensions. As long as this cycle continues, it is anticipated that the US hegemony would continue for a long time. Since February 2020, the COVID-19 pandemic has been affecting an extremely severe multidirectional crisis with international economic, political, and social repercussions on numerous countries covering the US. The long-term effects of the pandemic are currently unpredictable. However, it is thought that there is no hegemonic change in the international capitalist system. Lastly, the Russian invasion of Ukraine began on the morning of 24 February 2022, which can be regarded as an expression of the clash of two great powers forming the world order (e.g., the United States and Russia). This incident has steered the US to concretize the elements of economic and military power. All those progress reminds us of Robinson's concepts (2019a and 2019b), such as the militarized accumulation or accumulation by repression used by him to characterize the fundamental dynamics of the *global police state*. In reality, there is an escalation of the militarization process, which includes the increase in the autonomy and power of the military in the US and many countries of the world (Robinson, 2019b: 28). Particularly, the US has adopted the authoritarian state line based on

military power elements for nearly 20 years. Nevertheless, now, there is a more dire picture than the authoritarian state. The authoritarian state regime is articulated with fascism. Robinson (2019b: 19) states that the global police state is intertwined with 21st-century fascism. The global police state is a mechanism that creates favorable conditions for the rise of fascist projects. The developments in the international capitalist system in the last twenty years prove this situation. Especially after September 11, 2001, the US's increasing emphasis on its military and economic power devices and following some expansion policies based on fascism and war in this direction was a turning point for the worldwide development of the global police state. As Robinson (2019b: 20) points out, Trumpism in the US, BREXIT in the United Kingdom, the influence of neo-fascist and authoritarian regimes and movements across Europe (Germany, Hungary, Austria, Netherlands, UK, Belgium, Greece, Poland, Italy, France), and in countries such as Israel, Philippines, Brazil Turkey, India, and Turkey represents the radical right's response to the crisis of global capitalism. These developments reveal negativities such as militarism, misogyny, extreme masculinity, and racism and create a climate that paves the way for mass violence against women, poor and vulnerable communities, often racially oppressed and ethnically persecuted (Robinson, 2022: 17). From Robinson's (2022: 18) point of view, whether fascism will succeed in solidifying in the international capitalist system depends entirely on how the struggle between social and political forces will unfold in the coming years. These developments also have brought to light some questions about whether US hegemony's consent, intellectual, moral, and cultural dimensions have disappeared.

The Gramscian perspective, and the Neo-Gramscian perspective, which is a representation of the international reflection of the principles of the Gramscian perspective through different variants and schools (e.g., Italian School, Amsterdam School), try to make sense of the concept of hegemony within the framework of a domination and moral and intellectual leadership in which the ruled groups are persuaded to give their active consent to the ruling groups. Hegemony incorporates domination relying on hard power through military and economic resources and political, ideological, and cultural leadership based on class alliances. According to Gramsci (1971: 182), a class or class fraction achieves hegemony to the extent that it can present its interests as the general interest, and as long as the interests of the dominant group prevail, but only up to a certain point, i.e., it abstains from its institutional economic interests. When we take into account the developments in the world, particularly both in recent years and in the last twenty years, it seems convenient to assert that some weakening of the US hegemony has occurred on the consent side. Robinson (2020: 3-5, 50) noted that the emerging character of US-led global capitalism is focused on controlling the potential revolt of the global working class and the “coercive exclusion of surplus humanity as the mass of humanity thrown into the margins of the

system.” Ruling groups encourage this. Global capitalism is based on mass social control, repression, and warfare systems becoming more pervasive. However, it does not seem possible to say that the consent side of US hegemony has completely faded away, at least in the short term. Although the US's political, ideological, and cultural leadership hinged on class alliances has thinned down, it is thought to continue. However, in the long run, if the global police state enhances its violence and perpetuates and insists on the realization of fascist projects with all its devices of violence, there may be further developments in the continuity of the US hegemony. However, it is still too early to say anything definite on the subject. Considering the incidents in the last twenty years and the recent ones, it is predicted that the US would not give up its determination to maintain its hegemonic position. However, more time is required so as to make a practical assessment of the issue.

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