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DEBT IMPERIALISM: FROM FINANCIAL HEGEMONY TO THE CHAOS OF SEMI-PERIPHERIES

Gianmaria Brunazzi
Cristina Re

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Gianmaria Brunazzi¹ (University of Milan) and Cristina Re² (University of Parma)³

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Abstract

This paper argues that the current proliferation of commercial tensions, monetary conflicts and military confrontations is not an irrational departure from economic logic, but the manifestation of a structural transformation of the world economy. We develop a model of debt imperialism in which the centre sustains its dominance by issuing internationally demanded liabilities that enable persistent external deficits and reinforce dependence on the dollar and on the centre's market, while simultaneously favouring the industrial expansion of semi-peripheral economies. As these economies grow, they become potential challengers whose trajectories must be actively managed and periodically disciplined in order to preserve the hierarchy of the system. The paper confronts this framework with a wide set of international data (World Bank, IMF, UNCTAD, US Treasury and BEA). We analyse global balance-of-payments indicators from 1975 to 2023 and then examine the evolution of the United States' trade creditors and the geography and composition of foreign holdings of its external liabilities. The results identify two distinct phases: a pre-2008 hegemonic phase characterised by relatively smooth surplus recycling into the centre, and a post-2008 phase marked by growing volatility, the fragmentation of the integrated world market, the reconfiguration of trade and financial circuits, and the decline of the previous globalisation regime. This analysis shows that the fragmentation of the global economy after 2008 has not resulted from a collapse of U.S. centrality, but from a defensive reorganisation of trade, financial and geopolitical relations aimed at disciplining both allies and semi-peripheral challengers.

Keywords:

Debt imperialism; US Dollar Hegemony; Semi-periphery; Financial Crisis; Trade War.

JEL classifications:

F51; F54; N10

¹ gianmaria.brunazzi@unimi.it

² cristina.re@unipr.it

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1. Introduction

The contemporary world economy is marked by an escalation of commercial tensions, monetary disputes and military confrontations. Trade wars between the United States and China, expanding sanctions regimes, disruptions of global supply chains and open conflicts in Eastern Europe and the Middle East have led many observers to interpret the present moment as an irrational break with the cooperative and market-led integration that characterised the previous phase of globalisation. Public debate frequently attributes these developments to erratic leadership, geopolitical adventurism or the intrusion of non-economic motives into global markets. Such explanations, however, risk obscuring the structural logic that underlies the current reorganisation of the world economy.

This paper revisits the category of imperialism to show that the apparent disorder of the present period reflects not the abandonment of economic rationality, but the unfolding of a conflictual and internally consistent logic specific to the contemporary configuration of capitalist domination. Building on the concept of debt imperialism, first articulated by Michael Hudson in the 1970s and later independently reformulated by Giorgio Gattei in the 2000s, we argue that the United States continues to occupy the centre of the global system because its dominance is structurally grounded in the issuance of internationally demanded liabilities. Through this mechanism, the centre absorbs foreign surpluses and sustains persistent external deficits, which represent not a sign of weakness but the normal operating condition of the system. Selective deindustrialisation and import capacity allow the United States to function as the main outlet market of global industrial output, reinforcing worldwide dependence on its currency and domestic market. At the same time, this configuration generates internal contradictions. By enabling export-led industrialisation in the semi-periphery, debt imperialism strengthens productive actors that can, over time, challenge the monetary, commercial and geopolitical arrangements underpinning U.S. centrality. Episodes of trade conflict, monetary pressure and geopolitical confrontation can therefore be interpreted not as anomalies or policy failures, but as strategic responses to tensions inherent in a debt-driven imperial structure.

The paper provides an empirical reconstruction of these dynamics using a broad set of international indicators. We begin by examining global balance-of-payments data on trade balances, current accounts, financial accounts and net international investment positions (World Bank and IMF data) in order to document the macroeconomic environment within which debt imperialism operates and to establish the systemic conditions that sustain the position of the centre. The analysis then turns explicitly to the United States, focusing on the evolution of its external relations over time. This second part examines the changing geography of US trade creditors using UNCTAD data, as well as the structure and distribution of foreign holdings of US external liabilities using US Treasury and BEA data, distinguishing between public securities, corporate debt, equity and foreign direct investment. Taken together, these indicators reveal two distinct phases. From the mid-1970s to 2007, US centrality was reproduced through a hegemonic phase of debt imperialism, characterised by relatively smooth macroeconomic adjustments and stable surplus recycling. After 2008, this configuration entered a more contested phase, marked by increased volatility, commercial and monetary conflict, which led the centre to strengthen ties with politically aligned economies and to pursue a recomposition of the Western bloc.

The structure of the paper is as follows. Section 2 revisits the theoretical foundations of imperialism and situates the concept of debt imperialism within the broader literature on dependency theory, world-systems analysis and monetary hierarchy. Section 3 reconstructs the historical evolution from free-trade imperialism to credit imperialism and finally to debt imperialism. Section 4 develops the analytical model, detailing the roles of the centre, semi-periphery and periphery and the mechanisms through which global surpluses are absorbed. Section 5 examines global macroeconomic data from 1975 to 2023, with particular attention to the functioning of the centre. Section 6 analyses the post-2008 reorganisation of monetary, commercial and geopolitical relations, focusing on the changing geography of trade and financial linkages. Section 7 concludes by discussing the implications of these transformations for the stability of the international system and for the emerging fragmentation of the global economy.

Overall, the analysis shows that the present phase of commercial, monetary and military conflict reflects the structural contradictions of an imperial configuration whose reproduction simultaneously

consolidates and destabilises the position of the centre. By clarifying the economic logic underpinning these conflicts, the framework developed in this paper provides a basis for future research on the evolving strategies through which both the centre and the semi-periphery navigate an increasingly fractured global order.

2. Literature Review

2.1 Overview

The notion of imperialism has re-emerged as a central analytical category in recent years, after several decades in which debates were dominated by the language of hegemony, governance and globalisation. The crisis of the neoliberal order, the rise of new geopolitical actors, and the return of interstate conflict have prompted scholars to revisit imperialism as an evolving theoretical concept (Saccarelli and Varadarajan 2015; Noonan 2017) and to retrace its contemporary mutations (Narayan and Sealey-Huggins 2017; Sen and Marcuzzo 2019).

These debates reconnect with a long-standing theoretical tradition that originated in the context of late-nineteenth-century colonial expansion. Early contributions such as Hobson's under-consumptionist argument (2011 [1902]), Luxemburg's theory of accumulation (2003 [1913]), Hilferding's analysis of finance capital (1981 [1910]) and Bukharin's study of state capitalism (1972 [1915]) offered competing explanations of capitalist global expansion. Lenin (2010 [1917]) synthesised these strands by conceptualising imperialism as a stage of monopoly capitalism marked by capital export, intensified interstate rivalry and periodic military confrontation. This framework, further developed by Grossman (1992 [1929]), remained a central point of reference in subsequent debates.

A second major trajectory emerged in the post-war period with the development of dependency theory and world-systems analysis. Building on Prebisch's (1950) insight into the long-run deterioration of the terms of trade for primary exporters, later refined by Emmanuel (1972 [1969]) through international wage differentials, this literature conceptualised imperialism as a structural form of post-colonial market domination. Foundational contributions such as Frank's "development of underdevelopment" (1967), Cardoso and Faletto's analysis of "dependent development" (1969), Dos Santos's notion of "structural dependency" (1970) and Marini's theorisation of "sub-imperialism" and "super-exploitation" (1972) highlighted the internal stratification of the periphery and the differentiated role of the semi-periphery. These insights informed Amin's (1970, 1973) theory of global accumulation and Wallerstein's (1974) world-systems framework, and have been analytically revisited and progressively systematized over time (Chilcote 1974; Blomström and Hettne 1984; Hunt 1989; Saad-Filho 2020; Kvangraven 2021; Nunes 2024). More recent contributions have extended these perspectives by shifting the analytical focus toward financial hierarchies and the organisation of global production. Within International Political Economy, a growing body of work has revived dependency-inspired arguments to analyse processes of financial subordination, asymmetric integration and monetary hierarchy, often without explicitly adopting the concept of imperialism (Bond 2004, 2012; Kaltenbrunner and Paineira 2018; Bonizzi et al. 2020; Koddenbrock et al. 2020; Alami et al. 2022). In parallel, critical approaches to global value chains have examined how contemporary forms of value extraction and labour exploitation reproduce hierarchical relations across the world economy (Starosta 2010; Selwyn 2019; Ricci 2021; Hickel et al. 2022; Weissenbacher 2024). Taken together, these strands have progressively developed the financial and organisational dimensions of dependency, providing the basis for some of the most influential contemporary analyses of imperialism (Smith 2016; Suwandi 2019; Patnaik and Patnaik 2020).

A third strand places the monetary and financial architecture at the centre of imperial relations. Leontyev (1950 [1949]) first used the expression "dollar imperialism" to describe U.S. post-war dominance, while Hudson (1972, 2021) provided the earliest and most systematic formulation of a global monetary regime in which the United States finances its external deficits by issuing liabilities denominated in its own currency. This line of inquiry was later extended by post-Keynesian and institutionalist scholars who, without explicitly framing their analyses in terms of imperialism, examined the institutional consolidation of the dollar-centred system and its asymmetries (Kindleberger 1981; Strange 1986; Helleiner 1994;

Eichengreen 1996; Spiro 1999; Vernengo 2021). They also highlighted how the persistence of global imbalances in the absence of symmetric adjustment mechanisms lies at the root of major tensions in the world economy (Kaldor 1971; Davidson 1992, 2009; Skidelsky, 2011; Gourinchas and Rey 2007; Kregel 2009, 2014; Wade 2010; Palley 2014, 2015).

In partial continuity with this strand, Marxist contributions by Brancaccio and co-authors (Brancaccio et al. 2018; Brancaccio, Giammetti and Lucarelli 2022) explicitly link solvency dynamics, balance-of-payments structures and geopolitical conflict. Their argument is that persistent U.S. external deficits and the corresponding surpluses of creditor economies trigger a process of international centralisation of capital that may progressively shift net capital flows from the systemic “centre” toward surplus regions such as the European Union and China, turning global imbalances into a structural source of capitalist conflict, potentially culminating in economic warfare and military confrontation.

Informed by early critiques of American power associated with the Washington Consensus and the role of international organisations (Williamson 1990; Gill 2003; Stiglitz 2002), a further strand of research concerns Marxist analyses of imperialism in the neoliberal era (Gowan, Panitch and Shaw 2001; Wood 2003; Screpanti 2010; Panitch and Gindin 2012). Hardt and Negri (2000) emphasised the progressive deterritorialization of postmodern imperialism, a view that was partly challenged by Bromley (2003) and Thompson (2005), who argued that this framework tended to obscure the enduring structural linkages between capital, the state and class relations. At the same time, Harvey’s (2003) “new imperialism”, centred on the tension between the territorial logic of state power and the non-territorial logic of capital, sparked an extensive debate on the spatial and political dimensions of capitalist expansion (Ashman and Callinicos 2006; Brenner, 2006; Wood 2006; Castree 2006; Sutcliffe 2006; Fine 2006). Another pivotal contribution is provided by Arrighi’s theory of systemic cycles of accumulation (1994, 2009). In his perspective, capitalist development proceeds through successive hegemonic configurations, each marked by a phase of material expansion followed by a phase of financial expansion that signals the exhaustion of the prevailing regime and the emergence of a new centre. The United States is situated within the most recent cycle, with post-1970s financialisation interpreted as the analogue of late hegemonic phases in the Genoese, Dutch and British sequences. Some critics, however, such as Walker (2010), Harvey (2003), Brenner (2006) and Panitch and Gindin (2012), argue that Arrighi’s model underestimates the institutional and financial specificities of the contemporary era, particularly those associated with the global role of the dollar and the expansion of U.S.-led financial markets. Building on this critique, further contributions emphasise financialisation not as a sign of decline but as a central mechanism through which US power has been reproduced in the neoliberal era (Chesnais 2004; Lapavistas 2009, 2013; McNally 2014). Within this broader framework, Carchedi and Roberts (2021) show that exploitation differentials, technological asymmetries and unequal exchange can sustain the dominance of a centre even in the presence of large net external liabilities.

2.2 Positioning Our Contribution

While the existing literature offers essential insights into the historical trajectory and present configuration of contemporary imperialism, it remains theoretically fragmented and unable to account for several dynamics currently unfolding at the global scale. Dependency accounts, with their often rigid distinction between the global North and the global South, capture the long-run, multi-layered structural dimensions of imperialism, but they do not fully explain the differentiated creditor positions that have emerged since the 1970s, the tensions that have developed within the North itself, or the strategic rise of semi-peripheral export-led economies. Approaches to monetary hierarchy emphasise the power derived from issuing the world’s key currency, yet they frequently understate how this monetary privilege is intertwined with the export-led rise of new productive centres, with balance-of-payments asymmetries, and with the systematic recycling of global surpluses. Marxist analyses of neoliberal imperialism illuminate the coexistence of territorial and non-territorial mechanisms but rarely specify the macro-financial channels through which the centre absorbs and reallocates world surpluses, nor do they adequately highlight the role of the centre as the primary locus of global demand and therefore a crucial driver of industrialisation in rising economies. Solvency-based interpretations do place U.S. external deficits at the heart of their

explanation, but interpret them as a sign of structural vulnerability, while cyclical theories read financialisation as the terminal phase of hegemonic decline.

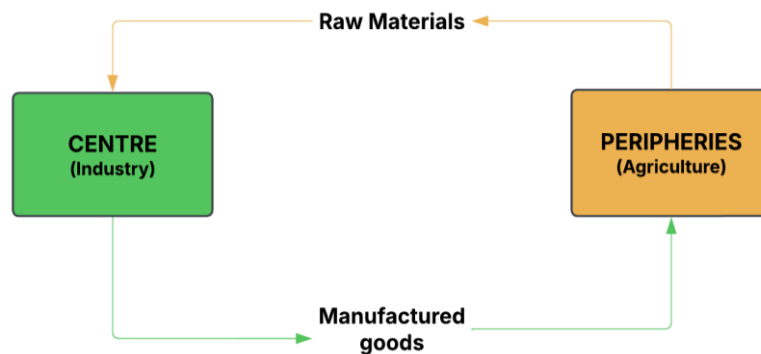
Our contribution reorganises these insights into a unified framework of debt imperialism. We build most directly on the monetary-imperial tradition associated with Hudson, which highlights the capacity of the United States to finance persistent external deficits by issuing internationally demanded liabilities. We retain from dependency theory its central insight on hierarchical structures and on the differentiated positions of centre, semi-periphery and periphery, while reinterpreting these asymmetries through monetary and balance-of-payments mechanisms. We also draw on analyses of financial hierarchy that describe how currency asymmetries govern global adjustment. At the same time, we depart from interpretations that view U.S. deficits as a symptom of weakness: against solvency-based readings, we argue that the ability to issue dollar-denominated liabilities is a source of power rather than vulnerability; and against cyclical theories, we do not interpret U.S. financial expansion as a phase of decline but as a historically specific mechanism of imperial reproduction. To clarify the specificity of this framework, the next section situates debt imperialism within a broader historical sequence. This allows us to locate debt imperialism within an historical trajectory and to highlight the structural differences that distinguish it from earlier configurations.

3. Three models of imperialism

The historical evolution of imperialism can be understood as a sequence of configurations through which a dominant centre structures global hierarchies and extracts value from peripheries. Gattei's schematic reconstruction (2003, 2015) provides a useful framework to visualise these transitions, which can be simplified into three ideal-typical forms: *free-trade imperialism*, *credit imperialism*, and *debt imperialism*. The first two correspond to well-established phases in the history of capitalist expansion. The third captures the specific mechanism of the post-Bretton Woods era and was first theorised in analytical terms by Hudson in the early 1970s, before being independently reformulated by Gattei within a broader historical framework. It is this third model, debt imperialism, that constitutes the analytical point of departure for our contribution.

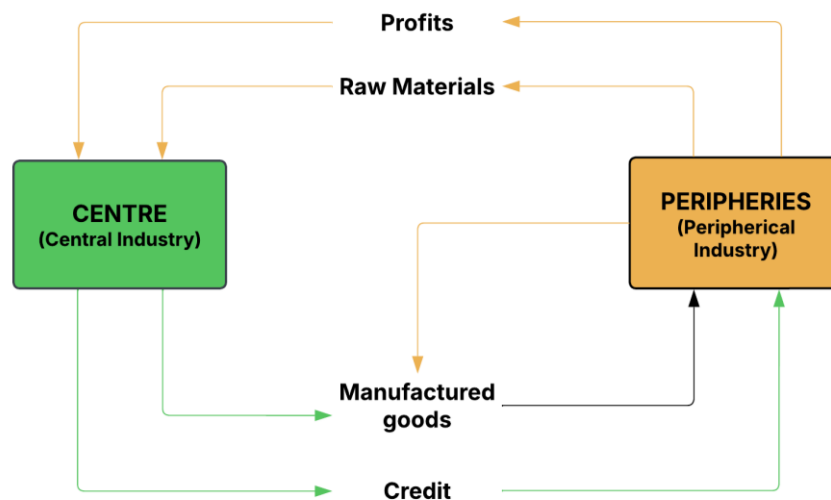
The first configuration is the *free-trade imperialism*, which reflects the nineteenth-century division between industrial centres and primary-producing peripheries. As described in *Capital*, Volume III, Marx (1981 [1894]), explicitly departed from Ricardo's theory of comparative advantage by showing that international prices of production reflect national wage differentials. Even when the rate of profit is equalised across countries, lower-wage economies transfer greater amounts of embodied labour to higher-wage ones through exchanges that appear equivalent in price terms. Gallagher and Robinson (1953) described this as the imperialism of free trade, in which commercial asymmetries, reinforced by financial and diplomatic power, reproduced a stable industrial-primary division of labour. In this configuration (Figure 1), manufactured goods flow outward from the centre while raw materials and embodied labour move inward, consolidating a hierarchy based on productive superiority.

Figure 1 – Imperialism of Free Trade



The second configuration, *credit imperialism*, is the one elaborated in the classical debate on imperialism. From the late nineteenth century onward, industrial and financial concentration enabled the centre to export capital and extend influence through credit relations. Whether interpreted through under-consumption (Hobson; Luxemburg) or over-accumulation (Hilferding; Lenin), the mechanism is similar: foreign investment becomes a tool of domination, profits are repatriated, and debtor economies remain structurally dependent on the centre's productive and financial systems. As shown in Figure 2, manufactured goods and credit flow outward from the core, while profits and raw materials return inward, consolidating a world economy organised around the productive superiority and financial leverage of the centre.

Figure 2 – Credit Imperialism



As previously discussed, this schematic structure has been expanded by neo-Leninist approaches, by theories of monopoly capital, by dependency theorists, and by contemporary analyses of global value chains. These perspectives have highlighted how unequal exchange, technological asymmetries, and hierarchical forms of labour exploitation reinforce the centre(s)'s ability to extract value, even when capital export is accompanied by limited industrial development in the periphery. Yet despite these important contributions, they do not alter the configuration's fundamental logic: a creditor centre, a debtor periphery, and a hierarchy reproduced through the outward export of capital and the inward appropriation of profits.

The third configuration, *debt imperialism*, emerges after the breakdown of the Bretton Woods system. The suspension of gold convertibility turned the dollar into a fiat world currency and enabled the United States to run persistent external deficits financed by issuing its own liabilities. As Hudson (1972, 2021) emphasised, this transformation represents a qualitative shift: the balance-of-payments deficit of the

centre becomes a structural instrument of power. Countries pursuing export-led growth accumulate dollars through trade surpluses but must reinvest them in the centre's assets to prevent domestic inflation and currency appreciation. This "return flow of capital" finances the centre's external deficits and anchors the global monetary hierarchy. A crucial implication of this transformation is that imperial power no longer rests on the export of capital, as in credit imperialism, but on the centre's ability to absorb global surpluses and to place internationally demanded liabilities across the world, a capacity grounded in its control over the dollar and in the active management of its external deficits. This shift marks the emergence of a radically different logic of imperialism, one that existing scholarship has not yet systematically theorised. The next section develops our theoretical model, formalising the structural relations between centre, semi-periphery and periphery in the contemporary debt-imperial system and clarifying the interdependencies and internal contradictions it inherently generates.

4. Debt Imperialism: Structure and Logic of the Model

Building on the previous historical reconstruction, this section formalises debt imperialism as a tripolar configuration composed of a monetary-market centre, an export-oriented semi-periphery, and a structurally dependent periphery. Our framework departs from existing accounts by advancing two key claims: (1) the centre's indebtedness and persistent trade deficits function as mechanisms of power rather than symptoms of weakness; (2) the semi-periphery's rise is an endogenous product of the debt-imperial configuration, not a disruption of its internal logic nor a mechanically predetermined stage of transition. These innovations clarify both the stabilising logic and the latent vulnerabilities of the contemporary system.

Debt imperialism reverses the logic of credit imperialism. Whereas the latter relied on the outward export of capital and manufactured goods, debt imperialism operates through selective deindustrialisation and the relocation of manufacturing activities from the centre, combined with the issuance of internationally demanded liabilities that serve to absorb foreign surpluses and sustain monetary dominance. Within this configuration, the semi-periphery emerges endogenously as those economies that achieve industrial upgrading and persistent export-led growth by integrating into the centre's production and market networks, while other peripheral economies remain trapped in external indebtedness, currency instability and structural dependence. The result is a hierarchical structure of interdependence: the centre relies on the semi-periphery for industrial goods and deficit financing; the semi-periphery relies on the centre for demand, liquidity and currency stability; and the periphery relies on both for markets, finance and technology. Yet the very mechanism that reproduces this hierarchy also generates an intrinsic tension. Absorbing global surpluses consolidates the centre's dominance but simultaneously strengthens the semi-periphery, whose growing productive and technological capabilities may allow it to diversify markets, reallocate reserves or translate economic weight into geopolitical influence. At the same time, the centre retains the ability to contain and manage these pressures through three core forms of power: control over access to its market, influence over global financial and monetary conditions, and the capacity to enforce militarily geopolitical alignment. Through these levers, it can favour, discipline or fragment semi-peripheral economies. Debt imperialism thus stabilises global hierarchies while generating the conditions for their periodic contestation. The remainder of this section details the roles and mechanisms associated with each pole of the model.

4.1 *The centre*

The centre occupies the apex of the hierarchy, even if it is in a process of selective deindustrialisation, because it alone can sustain persistent external deficits without being subject to the balance-of-payments constraints that bind other economies. Its position does not rest on a single source of power, but on three mutually reinforcing capacities that together underpin its ability to absorb global surpluses and to manage the resulting asymmetries.

First, *monetary-financial power*. The centre exercises monetary power by issuing the international reserve currency within a monetary regime no longer anchored to any material constraint. This currency functions

as the unit of account for trade invoicing, as the core medium of financial intermediation, and as the primary instrument of global liquidity management. Because liabilities denominated in this currency are systematically demanded by foreign central banks, sovereign funds and private investors, the centre can sustain persistent external deficits without facing the balance-of-payments constraints that bind other economies. Currency outflows generated by trade and income deficits return as capital inflows, as surplus economies invest in the centre's financial assets, including public debt, corporate securities and equity, attracted by their liquidity, safety and expected returns. The depth, scale and sophistication of the centre's financial markets make them the main destination for global savings, anchoring international demand for its liabilities and granting a degree of macro-financial autonomy unmatched by any other economy.

Second, *market power*. The centre exercises a distinctive form of buyer power that plays a foundational role in sustaining the debt-imperial structure. Its consumer market absorbs a significant share of the industrial output of semi-peripheral economies, making access to this demand a precondition for export-led specialisation. The asymmetry is structural: whereas semi-peripheral exporters depend on the centre as a final market, the centre can reconfigure supply chains, alter sourcing strategies and redirect import flows at comparatively lower cost. This mechanism was theorised with exceptional clarity by Hirschman (2009, p. 89), who noted that “under conditions of incomplete resource utilisation, it is generally easier to replace imports than to replace exports, since all countries are willing to sell and none are willing to buy”. The insight captures the core asymmetry of debt imperialism: exporters rely on a dominant buyer whose market is both vast and strategically mobile. Dietzel (1905, quoted in Hirschman, 2009, p. 89) articulated the same idea from a complementary angle: “What matters is not which of the two nations buys more from the other, but which can more easily survive without the other's market and is able, if that market is lost, to sell elsewhere almost as before”. In the context of debt imperialism, this highlights the structural vulnerability of semi-peripheral producers: their capacity to sustain growth depends on continued access to the centre's market, whereas the centre's ability to reorganise imports gives it decisive bargaining power. Thus, the centre's dominance does not derive solely from technological or monetary advantages but from its position as the indispensable buyer in global trade.

Third, *military-technological power*, a structurally enduring feature of all imperial configurations. The centre, despite selective deindustrialization, preserves leadership in advanced industries (ranging from high-end manufacturing and digital infrastructures to military-related technologies) while maintaining a geopolitical apparatus of alliances, regulatory influence and sanctioning capacity. These technological and geopolitical dimensions reinforce one another: technological supremacy enhances geopolitical reach, while military dominance protects strategic sectors and anchors the international role of the centre's currency. This institutional-military architecture also stabilises global demand for its liabilities, shapes the strategic environment in which other economies operate, and constrains the autonomy of semi-peripheral challengers.

Through these three dimensions of monetary-financial, market and military-technological power, the centre shapes global production, redirects capital flows, and absorbs global surpluses while financing persistent external deficits, at the cost of repeatedly generating semi-peripheral challengers whose expansion cyclically puts the underlying hegemonic structures under pressure.

4.2 *The semi-periphery*

The semi-periphery consists of export-oriented, industrialising and creditor economies whose growth model depends structurally on the centre's demand, itself sustained by the centre's persistent deficits. Their position is defined by three interlinked features. First, semi-peripheral economies systematically accumulate trade surpluses vis-à-vis the centre because the centre absorbs a large share of their industrial output, enabling their productive and technological expansion. To prevent currency appreciation and domestic inflation, these surpluses must be recycled into the centre's safe and liquid liabilities. As Hudson (1971) notes, these holdings concentrate overwhelmingly in public debt rather than in equity, FDI or corporate securities, both because government bonds provide greater security and because the centre prefers inflows that do not grant foreign holders control over strategic domestic assets. Through this mechanism, the semi-periphery supplies goods to the centre, finances the centre's external deficits, and

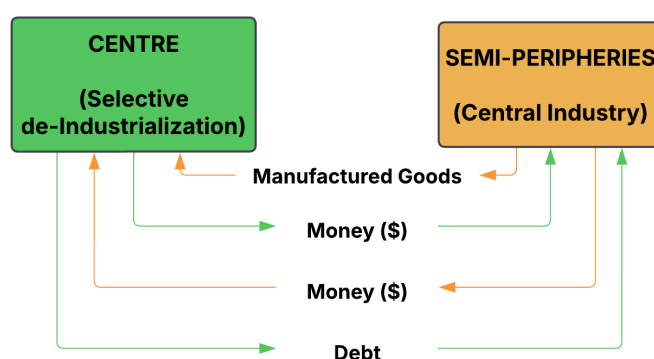
supports the very imbalances that sustain its own export-led expansion. Second, the semi-periphery remains embedded in a monetary and institutional architecture that it does not control. It cannot issue a global safe asset, and accumulated surpluses cannot be stored domestically without triggering appreciation and volatility. Export competitiveness is therefore tied to conditions originating in the centre: its liquidity cycle, its interest-rate stance and, crucially, its capacity and willingness to absorb semi-peripheral industrial output. Third, this position generates a structural contradiction. The semi-periphery industrialises and upgrades technologically, expanding its productive capacities, yet it remains financially and strategically dependent on the centre. Lacking internationally accepted liabilities, stable external demand, a global financial-legal infrastructure and autonomous geopolitical tools, it cannot translate productive strength into systemic autonomy. The very mechanism that enables its rise also subordinates it: reliance on the centre's market for demand and on the centre's currency for liquidity. The semi-periphery is thus simultaneously a stabilising pillar of debt imperialism (supplying goods, recycling surpluses and reinforcing the dollar hierarchy) and a latent source of tension as its economic weight increases and its strategic aspirations expand.

4.3 *The periphery*

The periphery occupies the lowest position in the hierarchy. These economies rely on commodity exports, external financing, and imported technology; their currencies face chronic instability; and they experience recurrent cycles of indebtedness and adjustment. Although integrated into global markets, the periphery lacks the monetary, technological, and geopolitical capacities required to shape the structure of the system. Its position reproduces the classic features of dependency, now embedded within the broader logic of debt imperialism. Because this configuration has been extensively theorised in the existing literature and does not constitute the core innovation of our framework, we do not further elaborate its characteristics at this stage.

In Figure 3 we present the schematic representation of debt imperialism. The periphery is not shown explicitly, as its position and mechanisms follow directly from Figure 2 and do not change in the transition to debt imperialism.

Figure 3 – Debt Imperialism in the Hegemonic Phase



4.4 *Structural interdependencies and systemic tensions*

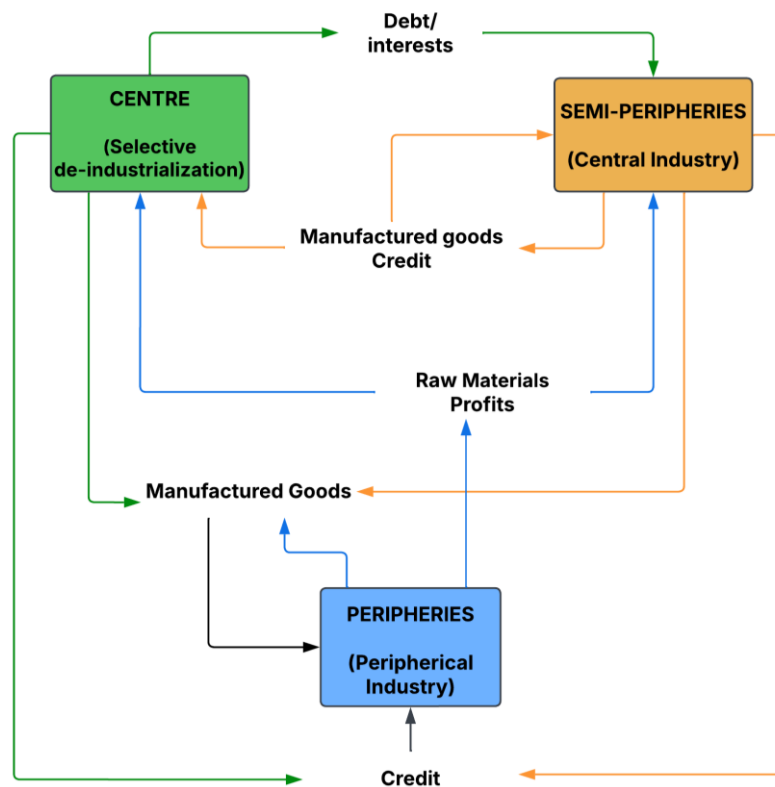
The interdependencies of the tripolar structure generate a range of tensions and strategic manoeuvres. As the semi-periphery expands its productive and technological capabilities, it acquires the capacity to reduce its dependence on the centre by diversifying export markets, developing domestic demand, reallocating investments toward semi-peripheral or peripheral assets, or (where allowed) attempting to acquire strategic assets within the centre itself. Such adjustments do not merely weaken the centre's ability to absorb global surpluses or anchor demand for its liabilities; they may also transform the most dynamic semi-peripheral economies into potential strategic competitors, capable of organising production

networks, financial relations and regional trade architectures outside the centre's direct influence. Similar dynamics can marginally expand the periphery's room for manoeuvre: access to credit and investment increasingly originates from semi-peripheral economies, value chains become more regionally articulated, and export opportunities multiply beyond the centre.

The centre, for its part, retains a wide range of instruments to manage these pressures. It can restructure supply chains, alter trade preferences, or deploy regulatory, monetary and geopolitical tools to discipline semi-peripheral challengers. In the monetary sphere, adjustments in interest rates, liquidity provision and financial regulation directly influence the incentives of foreign holders of its liabilities. Episodes of global instability tend to reinforce this dynamic: crises generate a flight to safety that strengthens demand for the centre's currency, consolidating its capacity to finance external deficits and reasserting its structural dominance precisely when other economies face heightened vulnerability.

What emerges is a configuration in which the rising strength of the semi-periphery coexists with persistent dependence, and in which the centre's capacity to absorb global surpluses and issue internationally demanded liabilities remains the anchor of the system, even if the mechanisms that stabilise debt imperialism continually generate pressures that challenge its long-run reproduction.

Figure 4 – Debt Imperialism: Structural Vulnerabilities



5. Macroeconomic Characteristics of Debt Imperialism and Empirical Evidence (1975–2023)

Having outlined the structural logic of debt imperialism, we now confront the model with empirical evidence. Because the centre is the pivotal node of the system, the analysis below focuses primarily on its macroeconomic dynamics, leaving a detailed examination of semi-peripheral trajectories to future research. Data come primarily from the World Bank and the IMF and cover the post-Bretton Woods period, beginning in 1975, the first year for which consistent global statistics are available. The post-1971 monetary landscape created the institutional foundations of the debt-imperial structure. Once the dollar

was delinked from gold, the United States consolidated its monetary centrality through four mutually reinforcing processes: the denomination of oil and other strategic commodities in dollars, which gave rise to the petrodollar system (Spiro 1999); the deregulation and expansion of global financial markets centred on New York (Helleiner 1994; Hudson 1972); the emergence of U.S. Treasury securities as the benchmark global safe asset (Eichengreen 2011); and the geopolitical and military supremacy of the United States, which reinforced the acceptance of its currency worldwide (Strange 1986; Vernengo 2021). These developments established the monetary and financial infrastructure that allows the centre to run persistent current-account deficits while issuing liabilities demanded across the global system.

5.1 Balance-of-payments identities and structural positions

To examine how the tripolar structure manifests empirically, we rely on balance-of-payments accounting. For any country i , the current account (CA), the financial account (FA), and changes in official reserves (OR) sum to zero:

$$CA_i + FA_i + OR_i = 0 \quad (1)$$

The current account records trade in goods and services, investment income and unilateral transfers; the financial account captures cross-border movements of capital, including direct investment, portfolio flows and international lending; and official reserves reflect changes in holdings of foreign currency and similar assets. A current-account deficit ($CA_i < 0$), requires either net capital inflows ($FA_i > 0$), or a reduction in reserves ($OR_i > 0$). Over time, cumulative flows are reflected in the Net International Investment Position (NIIP), which measures the net stock of external financial assets and liabilities of a country and allows us to distinguish between creditor and debtor positions:

$$NIIP_{t,i} = NIIP_{t-1,i} + CA_{t,i} + FA_{t,i} + OR_{t,i} \quad (2)$$

Within our framework, the balance-of-payments profiles of the centre, the semi-periphery and the periphery display distinct and persistent structural patterns, summarised in Table 1: the centre exhibits chronic trade and current-account deficits offset by sustained capital inflows; the semi-periphery maintains trade and current-account surpluses and accumulates foreign reserves; and the periphery retains the classic configuration of dependency, with recurrent external deficits, reliance on foreign borrowing and a negative NIIP.

Table 1 - Macroeconomic Characteristics of the Debt-Imperialism Model

Category	Centre (C)	Semi-periphery (SP)	Periphery (P)
Industrial role	Consumption-oriented economy; selective de-industrialization	Export-oriented economy; advanced manufacturing capacity	Low-value-added production; dependence on natural resource exports and foreign capital inflows
Currency	Issuer of the international currency, enabling deficit financing	Accumulation of the hegemonic currency as reserves	Accumulation of the hegemonic currency as reserves
Trade balance (TB)	< 0	> 0	< 0
Current account (CA)	< 0	> 0	< 0
Financial account (FA)	> 0 (net capital inflows)	< 0 (net capital outflows)	> 0 (FDI/external borrowing)
NIIP	< 0 (net debtor)	> 0 (net creditor)	< 0 (net debtor)

5.2 The centre: persistent deficits and capital inflows

Figures 5-7 illustrate the macroeconomic configuration of the centre. From 1975 onward, the United States exhibits persistent and widening trade deficits (Figure 5), especially from the early 1980s, when, while high-technology and military sectors were retained domestically, selective delocalisation accelerated. Expansionary fiscal policy under the Reagan administration, combined with the Federal Reserve's monetary tightening, produced a substantial appreciation of the dollar and attracted large capital inflows, deepening the external imbalance and restructuring the global division of labour. Two subsequent turning points intensified these trends: the end of the Cold War (1989-1991), which expanded the centre's geopolitical reach, and China's accession to the WTO (2001), which integrated a massive export-oriented economy into global production networks.

The negative trade balance naturally translates into a negative current account (Figure 6). Because a structural current-account deficit must be financed, the United States consistently records positive financial-account balances, reflecting systematic net capital inflows (Figure 7). In other words, the commercial imbalance is mirrored by a financial imbalance: the centre absorbs goods from the world economy and, in exchange, issues liabilities that foreign actors accumulate in their portfolios. These dynamics conform exactly to the mechanisms described in our theoretical reconstruction: the centre's external deficits are the channel through which global surpluses are absorbed and recycled.

Figure 5 – Trade Balance (1975-2023)

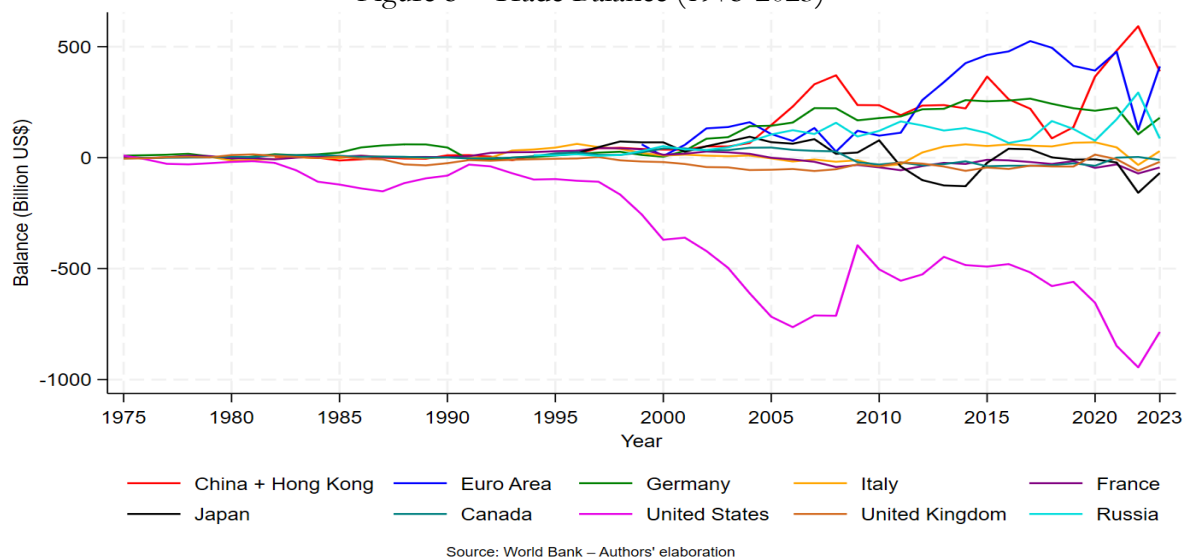


Figure 6 – Current Account (1975-2023)

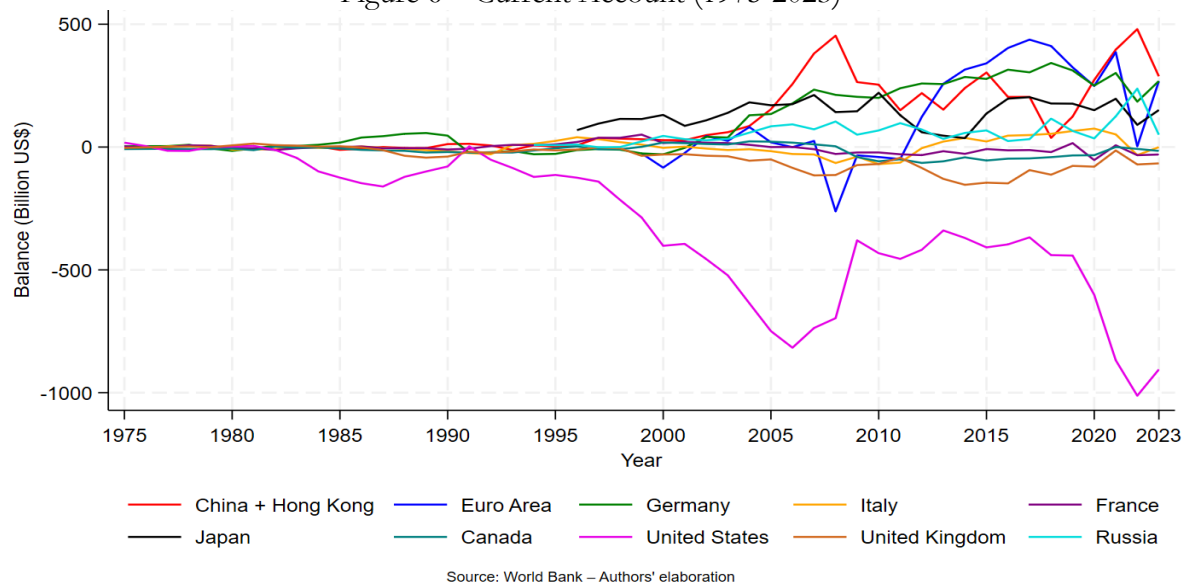
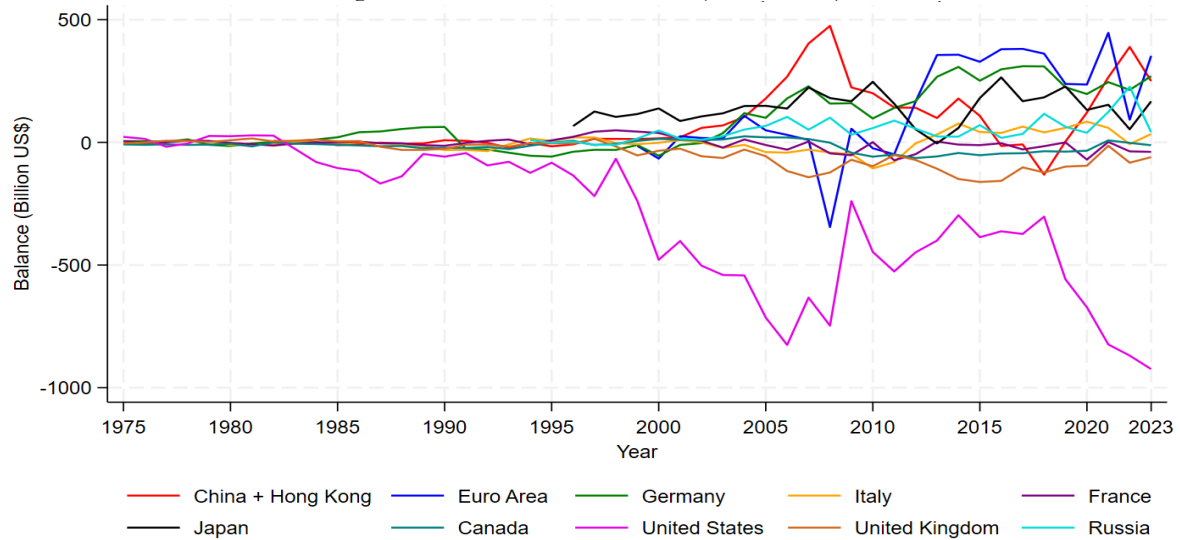


Figure 7 – Financial Account (1975-2023)



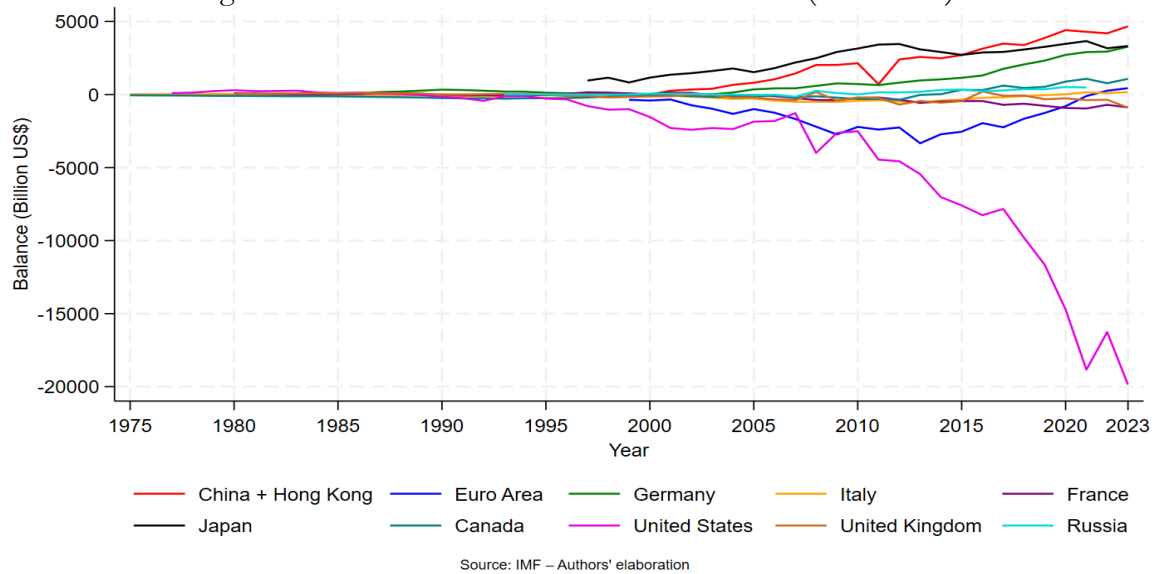
Source: World Bank – Authors' elaboration (Negative NFA = Net capital inflow)

From 1975 to 2007, this configuration unfolds in a remarkably linear and stable manner. The centre expands its deficits, semi-peripheral economies accumulate surpluses and recycle those surpluses into the centre's liabilities, and the periphery remains externally constrained. After 2008, however, the pattern becomes more volatile. The global financial crisis introduced significant fluctuations into all components of the balance of payments, and although the centre retains its structurally debtor position, the magnitude and direction of annual flows have become more erratic. The post-crisis period reveals a system that no longer reproduces its hierarchy through smooth macroeconomic adjustments but instead through increasingly conflictual monetary, commercial and geopolitical interventions. As we will discuss in the next section, the years after 2008 mark a transition from the hegemonic phase of debt imperialism (1975–2007), during which the system functioned through relatively frictionless recycling of surpluses, to a period in which the United States resorts more actively to strategic tools to defend its centrality in a contested global environment.

5.2 The NIIP and the Meaning of U.S. External Indebtedness

A final and crucial indicator concerns the Net International Investment Position (NIIP), shown in Figure 8. These data provide the clearest long-run visualisation of the cumulative outcome of the balance-of-payments structure described above. Until the late 1980s, the United States still held a positive external position; in 1989 the NIIP turned negative for the first time and then deteriorated steadily over subsequent decades. From 2010 onwards, despite a partial improvement in the trade balance, the deterioration accelerated, producing a trajectory of net external indebtedness without precedent in modern economic history. By 2023, the United States reached an NIIP of –19.853 trillion dollars, making it by far the world's largest net debtor in absolute terms.

Figure 8 - Net International Investment Position (1975-2023)



However, when these liabilities are expressed relative to domestic output, a more nuanced picture emerges. The U.S. external position (around -75% of GDP) is sizeable but not exceptional when compared to other advanced economies. Several high-income countries display similar or even larger negative NIIPs as a share of GDP, including the United Kingdom (-26.5%), France (-28.7%), Spain (-52.8%) and Ireland (-104%). This comparison highlights that the magnitude of the United States' external liabilities does not, in itself, provide evidence of structural weakness or impending decline.

This interpretation aligns with the debt-imperial model. As the issuer of the global reserve currency and the supplier of the world's dominant safe assets, the centre faces no purely economic limit to the accumulation of external debt, provided that its liabilities continue to be demanded by foreign investors. The risks to the centre therefore do not stem from the absolute size of its NIIP, but from the geopolitical, commercial and monetary conditions that sustain global demand for its liabilities and ensure the recycling of foreign surpluses into its financial markets.

6. The Centre in a Contested Global Order: Strategic Monetary, Trade and Geopolitical Responses after 2008

As Figures 5 to 8 have shown, the United States experienced a steady accumulation of external liabilities from the mid-1970s to 2008. The pattern was linear and remarkably stable: persistent trade deficits, negative current accounts, and sustained capital inflows deepened the centre's debtor position without generating financial instability. After 2008, the overall picture does not change in structural terms. The United States continues to run large fiscal and external deficits, and its NIIP remains deeply negative. What changes is the volatility of these flows. The components of the balance of payments exhibit wider oscillations, reflecting growing tension between the debt-imperial configuration and the capacity of semi-peripheral economies to industrialise, diversify markets, and question the smooth recycling of their surpluses into the centre.

6.1 Structural contradiction and the disciplining capacity of the centre

As discussed in Section 3, the model of debt imperialism contains a built-in contradiction. By absorbing global surpluses, the centre enables the industrialisation of the semi-periphery; the mechanism that reinforces the centre also empowers potential challengers. In this sense, the centre "creates" and "feeds" the actors that may eventually question its monetary, economic and geopolitical dominance. At the same time, the centre retains the capacity to discipline these economies by acting on the sources of their growth. It can limit or condition access to its domestic market, which remains the largest outlet for semi-

peripheral exports; it can restructure global supply chains by shifting orders and investments toward alternative suppliers; it can restrict the use of its currency in international transactions or tighten financial sanctions; and it can ultimately resort to military force. These interventions may fragment or weaken specific semi-peripheries, although they often generate new ones that the centre must subsequently manage.

6.2 Mapping the poles of the debt imperialism

Historically, the United States has confronted successive semi-peripheral challengers. To identify which countries have occupied these positions in empirical terms, we applied the criteria derived from Table 1 to our dataset. This classification is exploratory and calls for more systematic investigation, which we plan to undertake in future work. Nonetheless, the emerging patterns already offer valuable insights into the changing structure of the global hierarchy. China and Germany consistently occupy semi-peripheral positions across all periods, reflecting their persistent trade surpluses, creditor status, and export-led growth models. They are not isolated cases: several economies formally aligned with the West also display semi-peripheral characteristics, while large geopolitical groupings reveal internal heterogeneity. Within BRICS, the European Union, and OPEC, states occupy structurally heterogeneous positions: some function as export-led surplus economies integrated into the centre's market and financial circuits, while others remain dependent on external finance, commodity cycles, or geopolitical rents. This heterogeneity undermines the possibility of collective strategic action. As these economies face different constraints and rely on incompatible channels of reproduction, they cannot easily coordinate monetary, trade, or financial strategies aimed at challenging the centre.

The position of the United Kingdom and France requires particular attention. Based on standard macroeconomic indicators (persistent trade deficits, negative current accounts, and negative NIIPs) both economies do not conform to the profile of export-led semi-peripheral countries. At the same time, classifying these economies as peripheral would be misleading. They are better understood as subordinate centres: advanced economies with a historical imperial legacy, endowed with significant financial, technological or geopolitical capacities, yet structurally integrated into (and dependent upon) the monetary, financial and strategic orbit of the United States. Importantly, this subordinate position does not take a uniform form. In the British case, it reflects a relatively coherent strategic choice: following its exit from the European Union, the United Kingdom has consolidated its role as a financial and geopolitical appendage of the U.S. centre, anchored by the City of London's function as an offshore hub tightly intertwined with American capital markets (Dymski and Kaltenbrunner 2016; Kalaitzake 2022). The French case is more ambiguous. France is simultaneously embedded in the U.S.-led order and in the institutional architecture of the European Union, where it intermittently pursues strategies of partial autonomy (monetary, industrial and geopolitical) more akin to semi-peripheral self-protection. This tension is reflected in its persistent external imbalances and in the continued operation of the franc zone, which sustains forms of external rent derived from monetary and financial relations with former colonies, without supporting a stable export-led growth model (Pichon 2018; Mazregu 2021). Thus, analytically distinct from both the semi-periphery and the periphery, subordinate centres occupy a differentiated position within the debt-imperial system. Their integration into the U.S.-centred monetary and financial architecture generally contributes to the reproduction of the imperial core, but often in ambivalent and tension-ridden ways, shaped by domestic constraints, regional commitments and partially conflicting strategies of autonomy. A systematic analysis of these residual imperial rents and their interaction with contemporary debt imperialism lies beyond the scope of this paper and is left for future research.

Further heterogeneity emerges among commodity-exporting regions. Garavini (2019) shows that OPEC's rise in the 1970s represented a collective attempt by peripheral countries to challenge the existing imperial order by leveraging control over energy resources, temporarily improving their external positions and extracting rents from the centre. From a macroeconomic perspective, some OPEC and Gulf economies have at times displayed semi-peripheral traits, insofar as high commodity prices generated sustained trade surpluses and outward net capital flows. However, this status remains unstable. It is driven by price cycles and rent extraction rather than by diversified industrial structures or persistent export-led

accumulation. As a result, these economies do not consolidate a stable semi-peripheral position within the world economy. By contrast, most Arab League economies without significant hydrocarbon endowments remain structurally peripheral, characterised by trade deficits, external indebtedness, and dependence on remittances or aid. For these cases, a finer decomposition of trade balances by type of commodity would be required to assess the extent to which temporary surpluses reflect structural upgrading rather than price-driven rents, an issue that we leave for future exploration.

6.3 Pre-crisis pressures: euro, China and the securitisation of U.S. hegemony

By the early 2000s, a set of events significantly intensified the pressures inherent in the debt-imperial configuration. While these dynamics did not overturn the structural foundations of U.S. centrality, they increased the strategic and geopolitical costs of maintaining it.

First, the creation of the euro introduced the only institutional monetary alternative to the dollar since Bretton Woods, raising concerns about a potential reconfiguration of the transatlantic hierarchy. Although the euro never displaced the dollar as a global reserve currency, its emergence briefly opened the possibility of a more autonomous European monetary and financial pole. Second, China's accession to the WTO in 2001 dramatically accelerated its export-led industrialisation and positioned Beijing as the most significant systemic challenger to U.S. centrality since Japan in the 1980s (Salvatore 1990). By the mid-2000s, China had accumulated sufficient productive and financial strength to initiate debates on rebalancing toward domestic demand (Lardy 2006) and to explore alternative external partnerships (developments that later materialised in the creation of the BRICS coalition in 2010). Third, the geopolitical shock of 9/11 marked the end of any residual notion of a relatively harmonious U.S. hegemony. From this point onward, American predominance increasingly relied on direct military projection, expanded security operations and the securitisation of international economic relations, signalling a shift toward a more coercive and openly geopolitical management of global order.

6.4 The 2007–2008 crisis and the strategic shift of the centre

In this environment, the United States confronted the turbulence of the global financial crisis that began in 2007–2008. For some authors, the crisis appeared to mark the exhaustion of the long American cycle (Arrighi 1994, 2009), while others interpreted it as the culmination of structural tensions inherent in financialised accumulation (Crotty 2009; Kotz 2009; Duménil and Lévy 2011). Rather than undermining U.S. centrality, however, the global propagation of the crisis triggered a pronounced flight to safety toward U.S. financial markets and dollar-denominated assets. Adjustment pressures were thus asymmetrically displaced onto other economies, while demand for U.S. public and private liabilities increased, contributing to the relative strengthening of the centre. The crisis exposed important fragilities within the U.S. model but did not displace the debt-driven foundations of American power. Instead of reducing its dependence on external financing, the United States entered the post-2008 period with rising levels of public and private indebtedness.

The crisis, however, clarified that the global configuration underpinning U.S. centrality could not be assumed to reproduce itself automatically. Faced with the prospect of losing influence over the key mechanisms of global liquidity creation and surplus recycling, Washington used the moment to reorganise its position, reinforce the international role of the dollar, and consolidate ties with partners able to sustain the system. This did not involve abandoning the debt-based model but adjusting and managing its pressures while preparing to navigate a more contested global environment. The outcome was a shift from the logic of expanding globalisation to a logic of controlled fragmentation: weakening ties among semi-peripheries, trying to consolidate the Western bloc, and preparing the ground for strategic confrontation with states aligned with China's trajectory. In fact, the two major challengers to the U.S. position were the euro area, whose strength derived from Germany's export surpluses and which therefore represented an ally to be brought back under strategic alignment; and China, whose rise constituted a systemic competitor whose trajectory needed to be contained and disciplined. A crucial dimension of this strategic shift can be seen in the evolution of U.S. industrial and trade policy. After

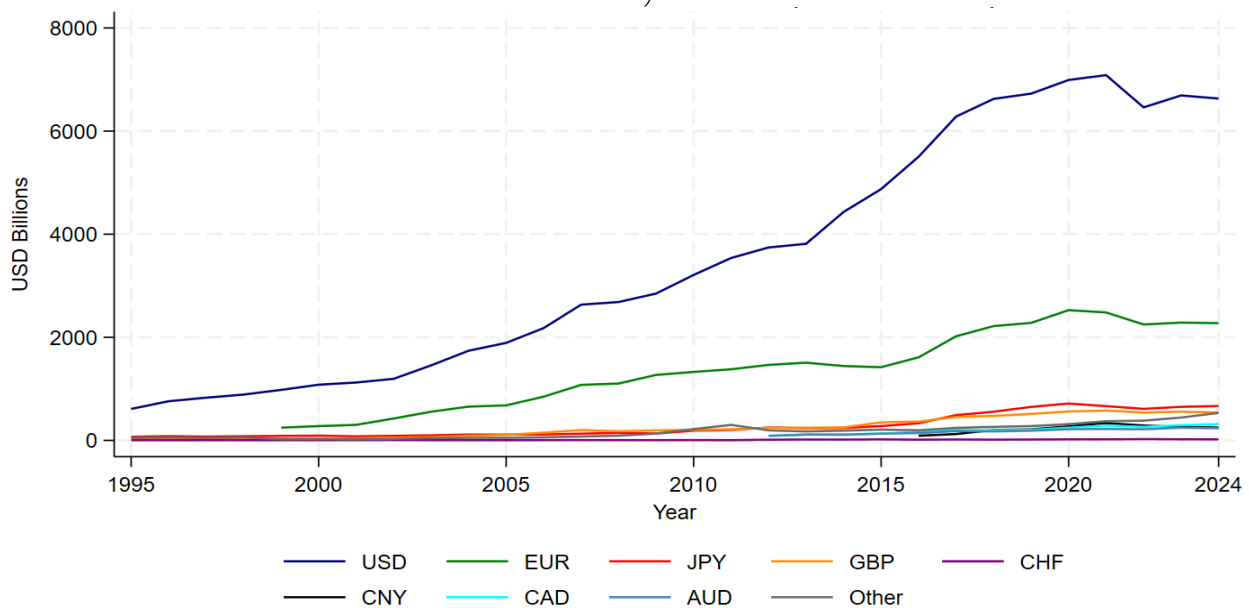
2008 and over the past two decades, Washington has progressively abandoned the normative commitment to trade liberalisation and has instead adopted a series of measures aimed at protecting domestic industry, disciplining foreign competitors, and reorganising global production networks. This reconfiguration has operated not only through tariffs, industrial incentives, and technological controls, but also through the expanded use of monetary sanctions and through military interventions.

6.5 Monetary adjustment and the resilience of dollar centrality

The monetary effects of the 2007-2008 crisis must be interpreted within this context. As can be seen from COFER (Currency Composition of Official Foreign Exchange Reserves) data (and corroborated by other indicators of global currency use), the Federal Reserve's decision to flood markets with liquidity caused the nominal stock of dollar-denominated reserves to expand sharply, rising from under 1 trillion USD in the mid-1990s to more than 7 trillion by 2024 (Figure 9). In relative terms, the dollar, which had been gradually losing ground to the euro before the crisis, experienced a decisive turning point (Figure 10). The euro reached its highest share in 2009 at 27 per cent of global reserves, then declined to 19.5 per cent by 2024, while the dollar stabilised around 58 per cent and remained the undisputed anchor of the international reserve system. No other currency approaches this position: the renminbi peaked at roughly 3 per cent after its inclusion in COFER in 2016 and has since receded.

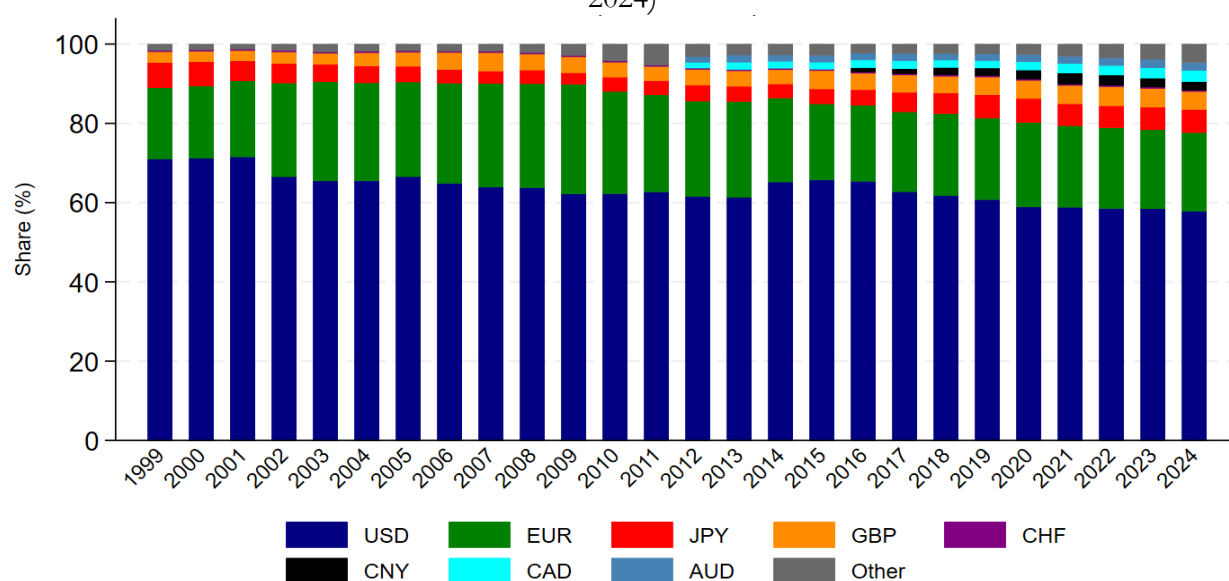
These dynamics show that the financial crisis did not erode the monetary foundations of U.S. power. Instead, it reinforced the centrality of the dollar, while it was the other major currencies (above all the euro) that entered into difficulty. At least for the moment, the post-2008 landscape confirms that no alternative monetary pole has emerged with the strength required to challenge the dollar's position.

Figure 9 – Nominal Value of Currency Composition of Official Foreign Exchange Reserves (1995-2024)



Source: IMF – Authors' elaboration

Figure 10 – Percentage Value of Currency Composition of Official Foreign Exchange Reserves (1999-2024)



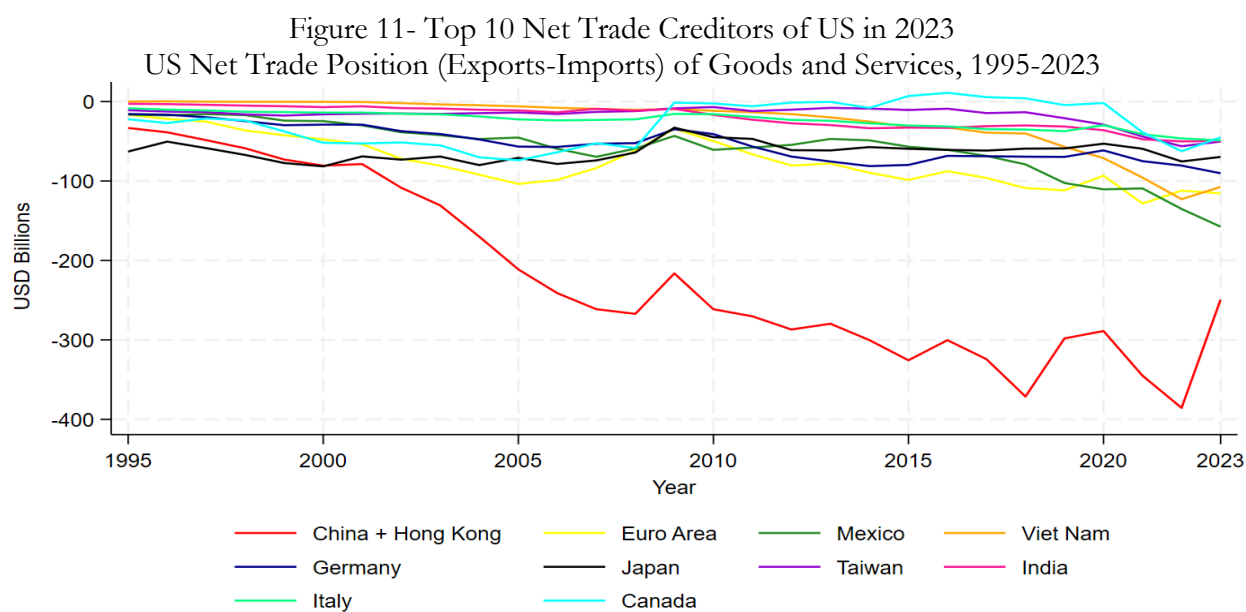
Source: IMF – Authors' elaboration

6.6 The reorganisation of trade linkages

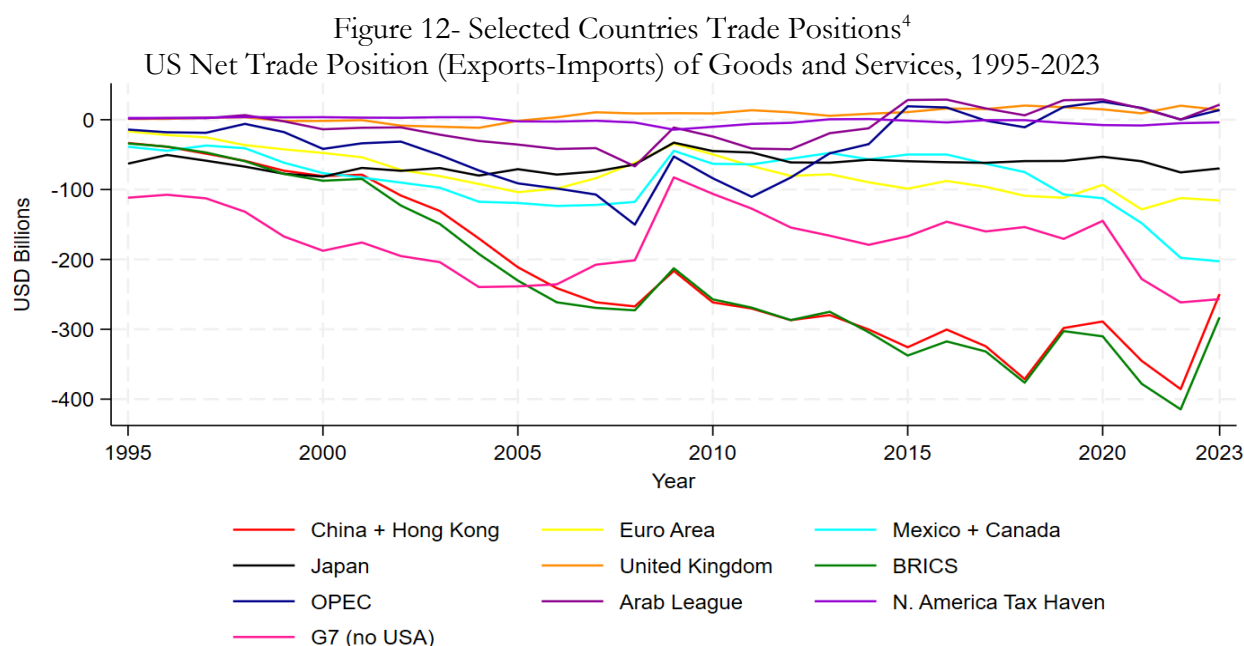
A second major consequence of the post-2008 adjustment concerns the reorganisation of the geography of trade and financial linkages. Empirical evidence on the distribution of U.S. external liabilities and bilateral trade balances (Figures 11 to 15) shows a gradual but clear reorientation: exposure to China is reduced, while ties with “friendly” economies (especially within the Western bloc and selected emerging suppliers) are strengthened. This process, often described as friend-trading, does not entail merely a return of production to the United States. Instead, it reflects a strategic reshaping of global circuits to limit the leverage of systemic rivals and reinforce the cohesion of the imperial core.

To understand this shift, it is useful to consider the dual structure of external dependence within debt imperialism. The United States relies simultaneously on surplus countries that supply goods to its domestic market and on foreign holders of its public and private liabilities. Data from UNCTAD (1995–2023) on bilateral trade balances and from the U.S. Treasury and BEA (1994–2023) on foreign holdings of U.S. assets illustrate how these two dimensions evolve together.

In the mid-1990s, Japan remained the primary net supplier of goods and services to the United States, reflecting the legacy of its earlier industrial ascent (Figure 11). After China’s entrance into the WTO in 2001, however, Chinese surpluses expanded rapidly, and China became the dominant commercial creditor of the United States. This trajectory flattened after the 2007–2008 crisis, while other surplus economies (Germany and the euro area, Mexico, Canada and later Vietnam) increased their role as suppliers to the U.S. market.



Aggregated data for geopolitical blocs confirm this diversification (Figure 12). The BRICS' surplus with the United States mirrors the trajectory of China, while the G7 (excluding the U.S.) show a substantial rise after 2009, reaching levels comparable to China's surplus in 2023. At the same time, other groups, including the United Kingdom, OPEC members and Arab League economies, tend to exhibit negative bilateral trade balances with the United States, indicating that their relationship to the US market is primarily one of import dependence rather than of surplus generation and systematic recycling into US assets.



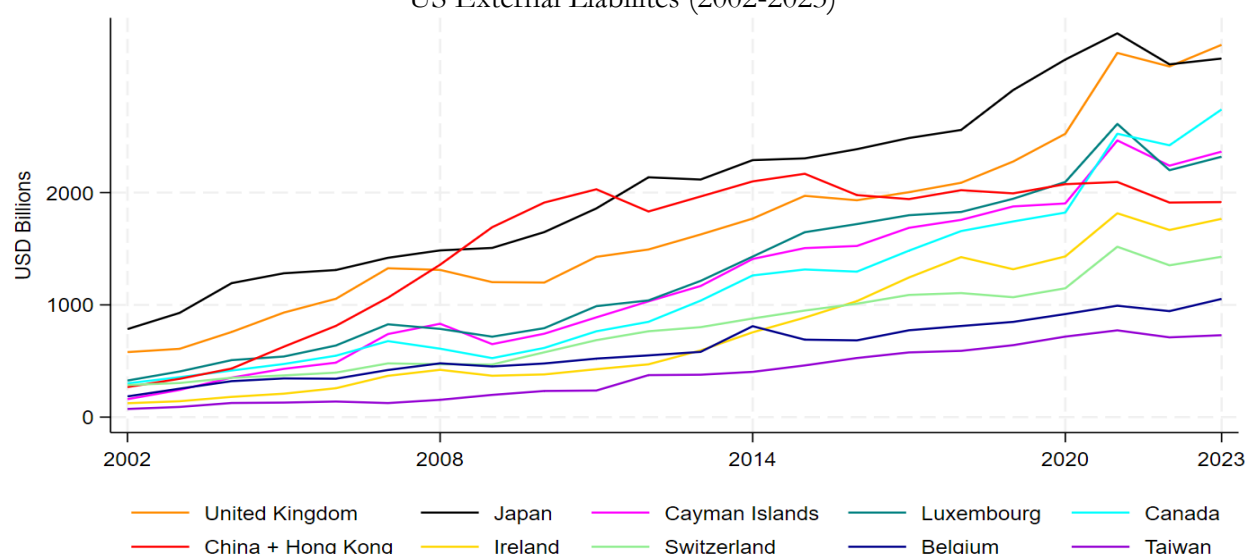
This pattern reveals a fundamental feature of debt imperialism. The spatial distribution of U.S. trade deficits is not simply an outcome of relative competitiveness but a configuration that the centre manages and periodically reconfigures. Successive waves of semi-peripheral industrialisation (first Japan, ultimately China) were enabled by access to the U.S. market, but they also created new vulnerabilities for the centre, which must prevent any single supplier from accumulating excessive strategic weight. The diversification of the U.S. deficit away from China and toward Mexico, Canada, the Eurozone and Vietnam reflects this logic. The centre remains structurally dependent on external production, yet it retains the capacity to redistribute demand across suppliers in ways that mitigate the rise of competitors and reinforce political alignment within its sphere of influence. Such reconfiguration, however, requires continuous disciplining efforts, which helps explain why U.S. trade conflicts and measures have increasingly targeted not only rivals but also formally allied economies.

6.7 The financial geography of U.S. liabilities

A similar dynamic appears in the geography of U.S. external liabilities, which include public securities (Treasures and agency bonds), private debt instruments (corporate bonds), as well as equity holdings and inward FDI. Data show that for more than a decade, from the mid-1990s to the late 2000s, Japan remained the largest foreign holder of these assets (Figure 13). China accelerated its purchases from 2004 onward, surpassing Japan in 2009. After that peak, however, China's holdings levelled off and subsequently declined, while the portfolios of the United Kingdom, Canada, eurozone financial institutions and offshore financial centres closely integrated with the U.S. system expanded markedly. By 2023, the United Kingdom had become the largest single foreign holder of U.S. external liabilities.

⁴ Note: Aggregated groups are constructed as follows. BRICS: Brazil, Russia, India, South Africa, China plus Hong Kong. G7 (excluding the United States): Canada, France, Germany, Italy, Japan, United Kingdom. OPEC: Algeria, Saudi Arabia, Equatorial Guinea, United Arab Emirates, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Republic of the Congo, Venezuela. Arab League: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen. North American tax havens: Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Panama, Curaçao, Saint Maarten, Barbados, Belize, Antigua and Barbuda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Dominica, Grenada, Anguilla, Montserrat.

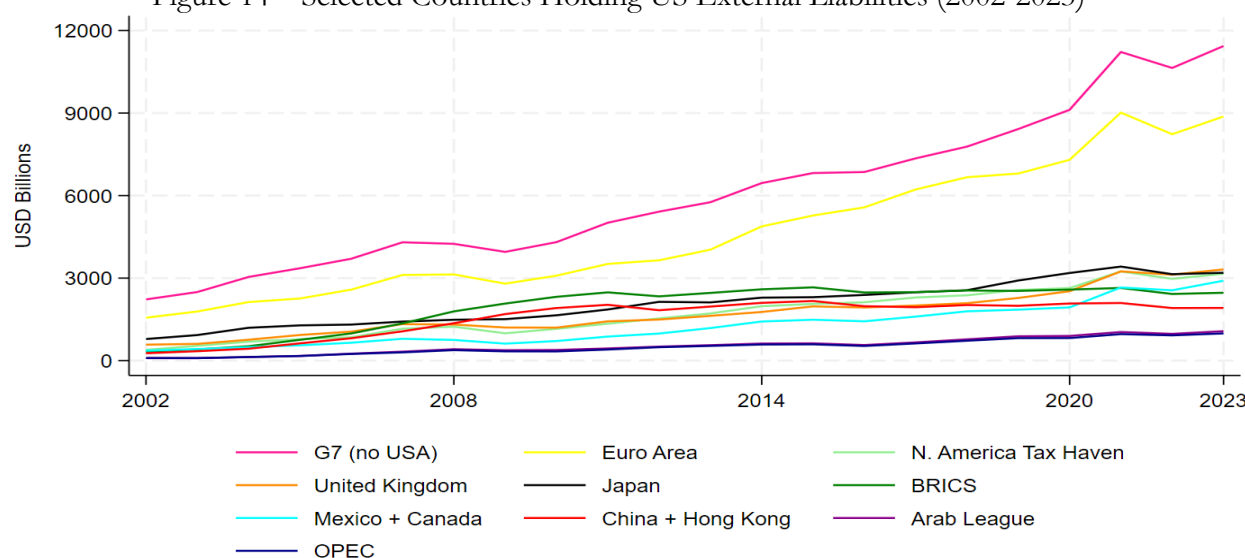
Figure 13 – Top 10 US Creditors in 2023
US External Liabilities (2002-2023)



Source: U.S. Department of the Treasury & BEA – Authors' elaboration

Group-level data reinforce this interpretation (Figure 14). The G7 (excluding the U.S.) and the euro area constitute the most stable financing base for U.S. external liabilities, especially after 2008. North American offshore financial centres also play an increasingly prominent role in intermediating these exposures. The BRICS' share rises sharply in the 2000s and then stabilises after 2010. Instead, OPEC and Arab League economies hold only negligible fractions of U.S. external liabilities, confirming their peripheral position in the financial architecture of the system despite their importance as commodity exporters.

Figure 14 – Selected Countries Holding US External Liabilities (2002-2023)⁵



Source: U.S. Department of the Treasury & BEA – Authors' elaboration

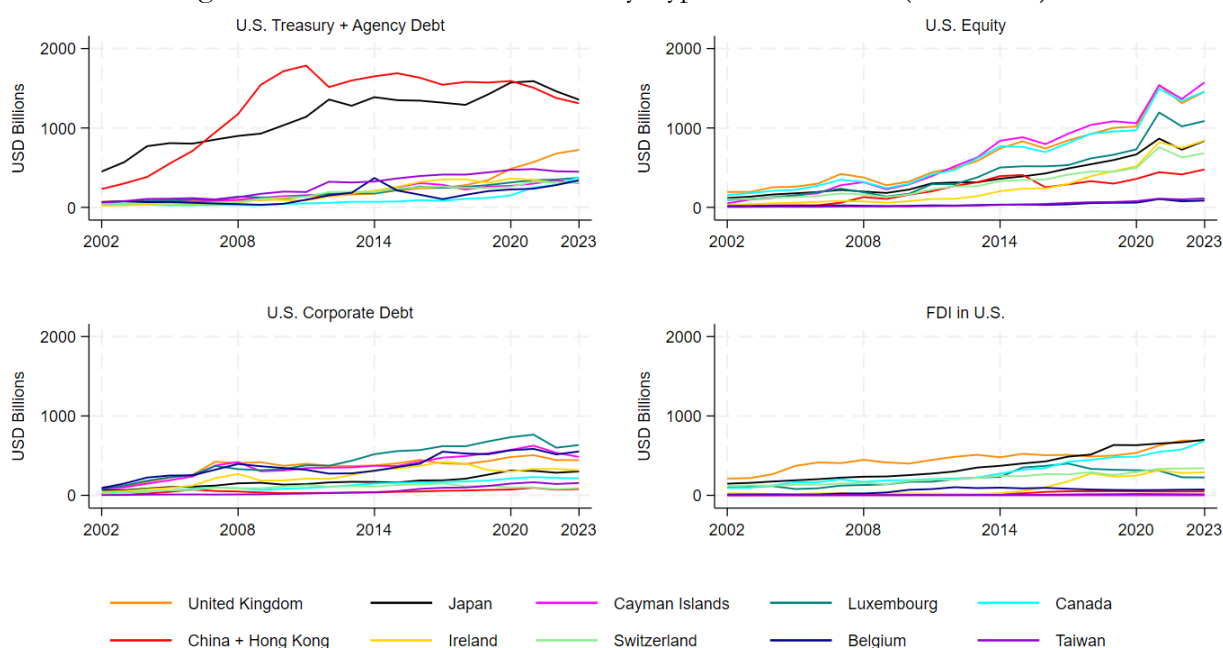
⁵ Note: Aggregated groups are constructed as follows. BRICS: Brazil, Russia, India, South Africa, China plus Hong Kong. G7 (excluding the United States): Canada, France, Germany, Italy, Japan, United Kingdom. OPEC: Algeria, Saudi Arabia, Equatorial Guinea, United Arab Emirates, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Republic of the Congo, Venezuela. Arab League: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen. North American tax havens: Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Panama, Curaçao, Saint Maarten, Barbados, Belize, Antigua and Barbuda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Dominica, Grenada, Anguilla, Montserrat.

A final element emerges when disaggregating the components of U.S. external liabilities. These liabilities comprise several distinct instruments: Treasury and agency securities, which provide safety and liquidity to foreign holders and confer no control over productive assets; corporate debt, which offers higher returns but still no ownership rights; equity, which grants direct claims on corporate value and strategic influence; and inward foreign direct investment, which involves acquiring lasting control over domestic firms and their productive assets. How surplus economies allocate their holdings across these categories is therefore not neutral.

Once these distinctions are considered, the geography of U.S. external liabilities appears highly asymmetrical (Figure 15). China and Japan channel most of their exposures into the safest and most liquid categories, limiting their presence in equity and corporate debt. By contrast, politically aligned economies (particularly the United Kingdom, Canada, Luxembourg and the Cayman Islands) hold growing shares of U.S. equity and corporate bonds, the more sensitive and potentially influential components of the system. Foreign direct investment remains limited across all groups.

In general, what emerges is a differentiated structure of external financing in which politically aligned economies absorb an increasing share of the more sensitive and higher-risk components of U.S. liabilities, while strategic rivals confine their portfolios to the safest and most liquid instruments that do not entail corporate control. This pattern reflects a mechanism already noted by Hudson (2021), whereby the United States channels the surpluses of rival economies into Treasury and agency securities, preserving full sovereignty over its productive assets. Moreover, after 2009–2010, a broader shift becomes visible across all categories of liabilities, with rising shares held by G7 partners, the euro area and North American offshore jurisdictions, alongside a relative decline or stagnation in the positions of China and the BRICS. OPEC and Arab League economies remain consistently marginal.

Figure 15 – US External Liabilities by Type of Investment (2002-2023)



Source: U.S. Department of the Treasury & BEA – Authors' elaboration

6.8 An emerging bifurcation of the global economy

Taken together, these trends point toward an emerging bifurcation of the global economy. The geography of U.S. external dependence is progressively reorganised around a distinction between aligned and non-aligned states, signalling a gradual rupture of the integrated world market that characterised the earlier phase of globalisation. Whether driven by deliberate policy choices or by decentralised market responses to mounting geopolitical tensions, the outcome is similar. The United States reduces its exposure to

potential rivals, limits the trade and financial leverage of China and economies gravitating within its orbit, while reallocating exposure toward partners that are formally allied countries.

This reconfiguration embodies both strength and vulnerability. It reflects the centre's continued capacity to redirect and reorganise flows of trade and finance, but it also exposes the structural pressures created by the rise of semi-peripheral economies. Friend-trading and the reallocation of U.S. external liabilities mark a more defensive phase of debt imperialism, one in which the reproduction of the system requires active management of exposure, ongoing reshaping of trade circuits, and efforts to reinforce coordination among aligned states. Crucially, however, the internal cohesion of the Western bloc is structurally difficult to build. In particular, the European Union, which at various moments has pursued strategies of partial monetary, industrial, and geopolitical autonomy, remains a contested terrain rather than a fully consolidated pillar of the system. The sustainability of debt imperialism therefore hinges not only on managing rivalry with China and its partners, but also on the ongoing and uncertain process of coordinating and, where necessary, re-disciplining the Western core.

7. Conclusions

The analysis developed in this paper suggests that the current global phase is not best understood through ad hoc explanations centred on policy mistakes, irrational leaders, or contingent geopolitical shocks. The category of imperialism, suitably renewed, remains indispensable for grasping the structural logic that organises contemporary conflicts. Building on Gattei's (2003, 2015) reconstruction of the historical sequence from free-trade imperialism to credit imperialism and, finally, to debt imperialism; and on Hudson's (1972, 2021) analyses of U.S. monetary power, we have proposed a tripolar framework that distinguishes systematically between centre, semi-periphery and periphery, and identifies the macroeconomic and geopolitical mechanisms through which contemporary hierarchies are reproduced and contested. Within this framework, commercial, monetary and military conflicts appear not as deviations from an otherwise cooperative global order, but as structurally grounded responses to the contradictions of debt imperialism. By absorbing global surpluses, the centre enables the industrialisation of the semi-periphery; yet this very mechanism also strengthens potential challengers. The centre (US) must therefore continuously prevent semi-peripheral economies from transforming export dependence and reserve accumulation into autonomous financial and geopolitical power. This dynamic has characterised successive episodes of contestation: from Japan in the 1980s, to Germany and the euro area after 1999, to China following its accession to the WTO in 2001.

The empirical sections confirm the macroeconomic characteristics predicted by the model, namely the systematic reliance of the centre on persistent external deficits and the evolving creditor positions of semi-peripheral economies that periodically emerge around the centre and contest its position. At the same time, the evidence supports the existence of two distinct phases of debt imperialism. From the mid-1970s to 2007, the United States operated in what can be described as a hegemonic phase. Persistent trade and current-account deficits were matched by stable capital inflows, the dollar's reserve status was consolidated, and semi-peripheral economies expanded through export-led growth by relying on access to the U.S. market and by accumulating dollar-denominated liabilities issued by the centre. During this period, the system reproduced itself through a relatively smooth recycling of global surpluses, with limited recourse to explicit forms of economic or geopolitical coercion. The main challenger within this configuration was Japan, whose rapid export-led ascent in the 1980s briefly concentrated both productive capacity and surplus accumulation in a single semi-peripheral pole; yet this challenge was contained relatively quickly, as U.S. policy pressure and the reorganisation of monetary and trade relations in that decade contributed to neutralising Japan's attempt for systemic autonomy.

After 2007–2008, this pattern underwent a qualitative shift. The global financial crisis did not weaken the central role of U.S. liabilities within debt imperialism. On the contrary, as COFER data indicate, the dollar's centrality as the dominant reserve currency was reinforced, while the euro and other potential competitors entered a phase of instability and relative decline. Yet, the crisis made visible the vulnerabilities of the U.S. financial regime and the risks associated with excessive exposure to emerging creditor economies. The qualitative transformation of the system stemmed from the now manifest

emergence of China as the main semi-peripheral challenger. By combining persistent export surpluses, rapid industrial upgrading, and growing geopolitical influence, China strained the mechanisms of surplus recycling that had stabilised the earlier phase. The U.S. response was a strategic reconfiguration of external relations: exposure to China was reduced, while trade and capital flows were redirected toward G7 partners, the euro area, and North American offshore hubs, sharpening the divide between aligned and non-aligned economies. External liabilities thus emerge as central features of a more defensive phase of debt imperialism, in which the reproduction of the system requires active management of exposure and deliberate reshaping of trade and financial circuits.

This reorganisation also helps explain why the intensification of U.S. trade conflict has not been directed exclusively against China and its closest partners, but has increasingly extended to Western economies and formal allies. As the centre seeks to manage dependence on external production and to prevent the excessive concentration of surplus and strategic capacity in any single pole, trade tensions become a tool not only of confrontation with rivals, but also of continuous discipline within its own sphere of influence. Future research can extend this approach to many fronts of the emerging global contest, from U.S.-China technological rivalry to the evolution of European monetary integration; from the changing position of the BRICS to the role of tax havens and offshore financial centres in mediating the flows that sustain the imperial core; and to the new spaces of geopolitical and economic contestation emerging in Latin America, the Middle East and Africa.

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