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Currency power as a medium: Revisiting international cost transfer mechanisms in the U.S. subprime crisis

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ABSTRACT: *This paper endeavors to meticulously examine the disparities in developmental trajectories between industrialized and emerging economies, employing the nuanced concept of cost transfer within the theoretical framework of the "core-periphery" paradigm. We propose an intricate conceptual model to delve into the mechanisms through which economic crises are systematically shifted from the developed core to the peripheral developing regions, with particular emphasis on the pivotal roles of monetary hegemony and geopolitical dominance. Utilizing the U.S. subprime mortgage crisis as a seminal case study, we scrutinize the intricate dynamics of cost transfer, elucidating how the developed nations leverage their monetary supremacy and geopolitical prowess, often bolstered by military might and neo-liberal ideologies, to facilitate the offloading of inflationary pressures and commodity price hikes onto developing nations, notably China. Our findings contribute to the ongoing discourse on the entrenched inequalities between the Global North and South, emphasizing the asymmetrical power relations that underpin the process of cost transfer. Furthermore, this study enhances the research framework of cost-transfer theory and offers insights into the development of inequalities between developed and developing countries, aiding in the formulation of response strategies for developing countries facing cost transfer and mitigating the adverse impacts of cost transfers, thereby fostering more equitable and sustainable development trajectories.*

Key words: *Center-periphery, Cost transfer, Subprime crisis.*

1. Introduction

In the contemporary world, financial capitalism is progressively evolving towards financial imperialism, exacerbating the development gap between developed and less developed countries. The 2008 subprime mortgage crisis starkly revealed the parasitic nature of financial imperialism (Cheng, Lu, & Yu, 2020). The dissemination of this crisis highlights, to some extent, the complex dynamics between Northern and Southern countries. In the post-crisis era, the repercussions of the subprime mortgage crisis persist, leading to a protracted global economic downturn. This downturn, however, has impacted countries in the North and the South to varying degrees.

In this regard, some scholars have provided certain explanations from the perspective of economic security and the transfer of crisis costs, recognizing that developed countries, through monetary and financial capital, transfer their own crises to other countries (Forbes & Warnock, 2021). However, there is a lack of a more comprehensive analysis of the medium and conditions under which the crisis was transferred in developed countries, which tends to emphasize the role of a single factor in a one-sided manner. In addition, when studying the relationship between finance capital and state power of developed countries from the central position, it is easy to simply dichotomize the relationship into an antagonistic one, ignoring the possibility of intertwining and merging the two. In order to better understand the mechanisms of influence of developed countries on less developed countries in the phase of financial imperialism, a comprehensive and holistic study is necessary. Based on the center-periphery perspective and the theory of cost-transfer, this

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paper attempts to analyze the subprime crisis to clarify the medium, conditions and paths of cost-transfer, and initially constructs an analytical framework for the role of cost-transfer mechanism.

2. Literature Review

2.1. International Cost-Transfer to the Center-Periphery Perspective

Since the end of World War II, the international landscape has undergone major changes. For the vast majority of developing countries in Asia, Africa and Latin America, the bipolar structure depicted by the mainstream theoretical framework of Europe and the United States lacks effective guidance for the development practices of these countries. The "center-periphery" theory was proposed by scholars from these developing countries to analyze international political and economic phenomena.

Marx had foreseen the supranationality of capitalism, i.e., that capitalism, after a certain degree of development, would transcend the boundaries of the state (Laibman, 2024). Dos Santos, Samir. Amin and other scholars explain the center-periphery framework in terms of the position of different countries in the international monopoly capitalist system (Munck, 2024). They argued that international monopoly capitalism was at a high stage of development after the Second World War, and that there had been structural changes in international capital. The central countries, which possessed technological and industrial superiority, and the peripheral countries, which lacked both, became antagonistic, and the latter were often forced to accept the unequal demands and exploitation of the former in order to meet the needs of their national survival and development. Wallerstein analyzed the center-periphery framework from the perspective of the modern world system, treating “the world” as a unit of study and an international social system with certain rules and structures, which not only refers to the economic dimension of production and consumption, but also includes the political and cultural dimensions, with the economic dimension playing a decisive role. He divides the world into a class stratification of center-periphery-semi-periphery according to the international division of labor, and he pays special attention to the semi-peripheral countries in their dual roles as exploiters and exploited, which enriches the meaning of the center-periphery concept.

The cost-transfer theory is a theory innovatively put forward by Wen Tiejun , which is researched by some western left-wing scholars from the end of the 20th century to the beginning of the 21st century. It has inherited the theoretical perspective of center-periphery, and with the help of the angle of cost-benefit of economics, it not only pays attention to the inequality between the developing countries and developed countries in the production and the division of labor, but also emphasizes on the fact that the developed countries will pass their own crises to the outside world, and profoundly analyzes the essence of the prosperity of the developed countries and the difficulties of developing countries. It also emphasizes that developed countries have transferred their own crisis to the outside world, and deeply analyzes the essence of the prosperity of developed countries and the difficulties of developing countries. Wen Tiejun argues that cost-transfer is “an inevitable consequence of the inability of developed countries in the West to cope with high institutional costs”, while David Harvey argues that cost-transfer is the result of the expansionary accumulation of capital in developed countries.

2.2. Economic Dimension

David Harvey discusses the spatial strategy of cost-transfer in terms of the Spatio-Temporal Fixes of capital. He defines Spatio-Temporal Fixes as a special method of solving capitalist crises through time delay and geographical expansion. Developed countries spatially prevent the excessive accumulation of capital at home, which triggers an economic crisis, by exporting excess capital to marginalized countries. These losses, in turn, are transferred to the peripheral countries with the flow of capital. These peripheral countries, as “reservoirs of capital”, are often targeted by the financial institutions of the developed countries and are hit by the devaluation of speculative and virtual capital, bearing the brunt of the deterioration of their own economies, whereas the developed countries are able to avoid the damages of capital devaluation altogether.

Michael Hudson analyzes the mechanism of cost-transfer in depth from the point of view of financialization, and he discovers the path of cost-transfer in financial capitalism by comparing the development of the United States under the conditions of industrial capitalism with those of financial capitalism. And this path is carried out in a way that “realizes feudalism in the soil of capitalism”. He emphasizes the “parasitism” of the financial bourgeoisie (the FIRE sector), which feeds on the wealth created by industrial capital, distorting the original productive labor conflict of capitalism with the creditor-debtor

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relationship, “leveraging” the debt, and creating a debt deflation in the United States by means of the “debt”. The formation of debt deflation has allowed the United States to alleviate the domestic crisis through quantitative easing and indiscriminate issuance of money, while exacerbating international economic contradictions and subjecting marginalized countries to inflation and more debt. After entering the financial capital stage, developed countries shifted from issuing more money and debt to meet domestic expenditures to expanding credit by turning debt into tradable assets.Di Dongsheng analyzes the prerequisites and conditions of the U.S. cost-transfer from the perspective of the monetary system, and he argues that “the U.S. national power has gained the addition and amplification of the dollar-centered monetary system and the leverage of the empire”, and that other countries are forced to accept this system based on the dollar as the basis of the credit of the local currency, and to bear the loss of the national currencies to remain weak.

David Harvey has also studied the cost-transfer mechanism from the perspective of privatization, and believes that privatization is an important way for developed countries to “accumulate deprivation” in marginal countries. On the one hand, some developed countries' multinational corporations realize the monopoly of the resources of the marginal countries through privatization, and abuse their rights to increase the cost of living of the people in the marginal countries; on the other hand, the developed countries make use of the rules of the international organizations and the international system in their international economic activities to encourage the privatization of the main functional sectors of the marginal countries, and then weaken the authority of the state and the government of these countries, and then carry out capital accumulation at the cost of damaging the economic structure of the marginal countries. Capital accumulation at the expense of the economic structure of the marginalized countries.

2.3. Political Dimension

According to Wen Tiejun, cost-transfer from developed countries to developing countries will not only lead to economic crises in the transferred countries, but will also lead to regime change and social unrest. He believes that the cost-transfer in economic dimension cannot be separated from the credit expansion of developed countries, which relies on the strong international political power, so he explains the cost-transfer as the cost of developed countries in order to maintain their political superstructures, through the industrial transfer, credit expansion on the economic base of developing countries, and through the economic base of the superstructures of these countries, causing damage to their regimes and sovereignty. It causes damage to their power and sovereignty. Regarding the premise and foundation of cost-transfer, Wen Tiejun and others, through examining the history of developing countries, found that many former colonial countries have formed a single economic structure under the intentional arrangement of the sovereign countries, which makes these countries still maintain their dependence on the former sovereign countries in other aspects, and formed the “sovereignty negative externality [ ]”, which is the basis for the cost-transfer of developed countries to developing countries. This situation provides the basis and conditions for cost-transfer from developed to developing countries.

David Harvey discusses the meaning of cost-transfer in terms of the territorial and capital logics of power. He sees the cost-transfer from developed to developing countries as an organic combination of the logic of capital and the logic of territory. The logic of capital, out of its profit-seeking nature, wants its accumulation to expand forever, and “the universalizing impetus for any capitalist logic of power does not come from preventing the development of capitalism in non-capitalist regions, but rather that these regions should remain open. The territorial logic of power is spatially constrained by the territory of the state, ensuring that the interests of the state are prioritized. Since capital needs the power of the state to facilitate its expansion, it is constrained by the territorial logic of expansion, in which the institutional arrangements of the state manipulate the molecularizing forces of capital accumulation to ensure the functioning of the asymmetric exchange model through its power to transfer losses that would otherwise be borne by the home country to other countries.

Di Dongsheng is particularly concerned about the important role played by “people” in cost-transfer. People in this context mainly refers to talents. On the one hand, when talents are overly concentrated to the center, the peripheral areas will lose many development opportunities, thus “bleeding”; on the other hand, some returned talents are influenced by the social psychology, academics and culture of the center country, and unconsciously play the role of “agents” of the center country, making judgments and decisions that are not in line with the interests of their own countries. On the other hand, some returned talents, influenced by

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the social psychology, academic and cultural factors of the center countries, unconsciously play the role of "agents" of the center countries and make judgments and decisions that are not in line with the interests of their countries (Steinmetz, 2013).

To summarize, scholars' studies on cost-transfer mostly start from the center-periphery perspective, and analyze the mechanism of 'cost-transfer' / '/' /from different angles by adopting the research method of political economy. From the political dimension,/ it is difficult for developed countries to maintain their high system costs by themselves alone, plus the spatiality of the state and the territorial logic of state power require the priority of national interests, which forms an important reason for the cost-transfer of developed countries; the international political power possessed by the developed countries is the basis of their cost-transfer. From the economic dimension, the profit-seeking nature of capital logic and the spatial strategy of capital activities of developed countries constitute a powerful driving force for cost-transfer; from modernization, financialization and privatization, developed countries use industrial transfer, credit expansion and monopoly of multinational corporations as the means to play a role in the production, currency and debt levels of the transferred countries, and to varying degrees, they have a counteraction on their political superstructures, threatening the political and sovereign security of the transferred countries. The political and sovereign security of the transferred countries is threatened. In addition, the political and economic advantages of developed countries will be amplified through social psychology and culture, which will contribute to cost-transfer. Generally speaking, scholars' researches on cost-transfer profoundly show the externalities of the development of developed countries, and these researches also present the characteristics of complexity and diversity, which provide rich perspectives for the study of cost-transfer. The current research on cost-transfer attempts to establish a multidimensional system that includes political, economic and cultural elements, but these studies still have a certain degree of ambiguity in explaining the relationship and interaction of these factors in cost-transfer, and are not sufficiently holistic and systematic, and are not sufficiently specific about the role of socio-psychology and culture in cost-transfer, which needs to be further researched.

3. Cost-Transfer Models in the Subprime Mortgage Crisis

The subprime crisis is one of the most far-reaching economic crises of the 21st century. There are many interpretations of the subprime crisis, but most previous researchers have thought about the crisis from the perspective of finance and economic security, and few scholars have thought about it from the perspective of the discipline of international relations. Although the subprime crisis arose endogenously, its outbreak spread to the global (Ahmed, 2021). The spread of the subprime crisis from within the U.S. to the world experienced a twofold cost-transfer process (Rogers, 2010),The first dimension is the bankruptcy of subprime mortgage lenders in the United States, which will cost-transfer the crisis to American home buyers and taxpayers; the second dimension is the impact on the global economy caused by the capital flows arising from the bankruptcy of subprime mortgage lenders and the adjustment of monetary policy by the Federal Reserve.

3.1. Subprime Crisis Cost-Transfer Paths

3.1.1. Currency Power as a Medium

The importance of currency power has grown with the development of financial capitalism. Since the collapse of the Bretton Woods system in the 1970s (Bordo, 2020) the dollar has become a truly "anchorless" currency (Wang, Di, & Liu, 2022), Alternatively, the dollar is a special currency backed by sovereign credit. Because of the special status of the dollar, currency power has been the primary means of cost-transfer for the U.S. crisis (Lan, Jia, & Wen, 2012). In the subprime crisis, the Federal Reserve cut interest rates on the U.S. dollar, and the use of quantitative easing to increase market liquidity, quantitative easing can be interpreted as the central bank indirectly issued a large amount of money, this method from the short term to a certain extent to alleviate the crisis, but in the long term it is difficult to eradicate the problem (Shkodina, Melnychenko, & Babenko, 2020). In a long-term low interest rate environment, capital will be more inclined to flow into the high profits and high returns of the virtual economy rather than the real economy, and the expansion of the virtual economy will exacerbate the expansion of the bubble, a lot of garbage debt can be produced, so that the United States economy embarked on the "debt-dependent" road. It can be said that the United States to alleviate the subprime crisis of monetary policy retrospectively changed the definition and nature of debt, that is, debt into tradable assets, the monetization of debt, further stimulate the dollar (Palley, 2023). A low-interest-rate environment favors export competitiveness, and large amounts of dollars will enter international

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commodity markets. Since the dollar represents a denominate currency in international commodity markets, the prices of international commodities, such as food and oil, will rise sharply with the inflow of dollars, which in turn will have a huge impact on the global economy.

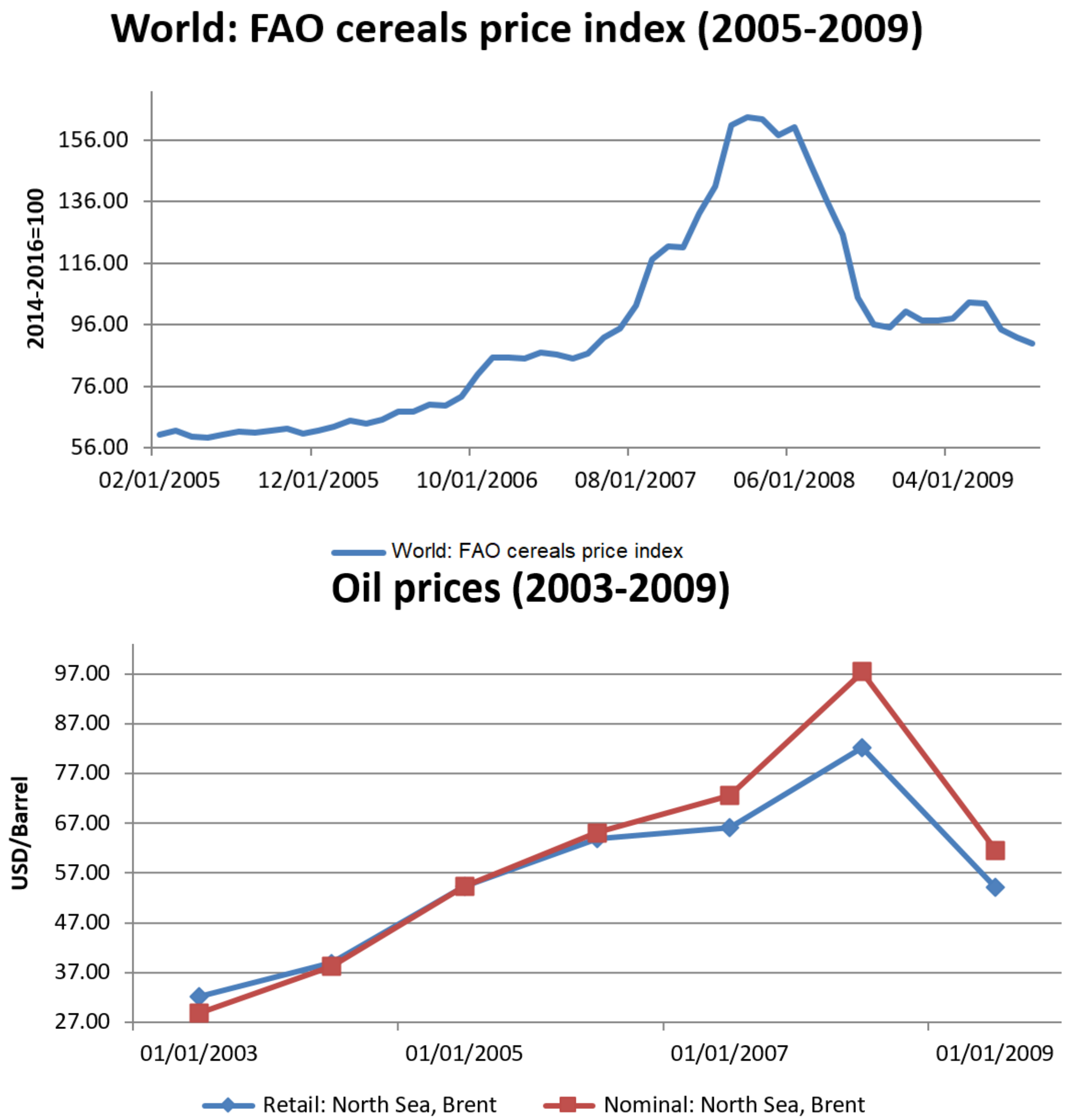

Figure 1. World: FAO cereals price index (2005-2009) and oil prices (2003-2009).

Source: CEIC database.

According to Figure 1, international food and oil prices rose significantly during the subprime crisis. As shown in the sheet on the top, the price of oil increased from about \$70 per barrel to about \$90 per barrel from 2007 to 2008, peaking at about \$20 per barrel in 2008. As shown in the graph on the right, the food (cereal) price index increased from about 125 to 160 from 2007 to 2008, a rise of about 35 percent. Generally speaking, developed countries may not be very sensitive to changes in the prices of commodities such as food and oil, and their ability to withstand price increases is relatively strong. For developing countries, however, commodity price increases are a more risky affair. Developing countries generally do not have the same degree of resilience as developed countries, so commodity price increases in developing countries are not only

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characterized by economic volatility, but are often accompanied by political and social unrest (Heravi, 2015). For example, list the countries affected by the Arab Spring in 2010, most of them were affected by the subprime mortgage crisis in 2008 (Moghadam, 2017). The food crisis has erupted to varying degrees in the country. The impact of the subprime crisis was in some ways seen as laying the groundwork for the political turmoil that followed in these Arab countries, and the dollar was the main medium through which the United States transferred the costs of the crisis.

3.1.2. International Political Power as the Main Instrument

International political power refers primarily to the influence or ability of international actors to exert influence by changing the behavior of other actors. It is worth noting that this ability can be exercised both in a coercive and non-coercive manner (Pallaver, 2011). And its field of influence is relatively broad. Because of the "central" nature of the United States, its influence on other countries cannot be underestimated. After the outbreak of the subprime mortgage crisis, U.S. Treasury Secretary Paulson made a special visit to China to convince China to help the U.S. get out of the subprime mortgage crisis. So why can China help the United States get rid of the subprime crisis? It is inextricably linked to China's status as a dollar reserve country (Lee, 2024). Once China buys a large amount of US debt, other countries may follow suit, and the purchase of US debt will help to alleviate the inflation brought about by the massive printing of money, which is supposed to be borne by the United States itself, however, the massive purchase of US debt by countries such as China has imported inflation into the country (Allington & McCombie, 2015). Take China as an example, when China purchased a large amount of U.S. debt, in order to maintain the stability of the domestic economy, the implementation of the "Four Trillion Plan", a large number of additional yuan, on behalf of the United States to bear the consequences of inflation.

Figure 2. Annual inflation rate-China (2001-2009).

Source: World Bank database.

As shown in Figure 2 (World Bank, 2011), China's inflation rate grew rapidly from 2007 to 2008, peaking at 5.9% in 2008, which is well outside the ideal range of 2-3%. In addition, the Chinese government originally wanted to revitalize the real economy, especially the manufacturing industry, through the "four trillion yuan" easing. However, due to the profit-seeking nature of capital, a large amount of money did not flow into the real economy, but into the virtual economy, which led to China's real estate prices soared, to a certain extent, hindering the structural transformation of China's economic development, so that China's early entry into the stage of excess virtual capital (Xu, Wan, & Li, 2023).

Even for a developing country of China's size, it would be difficult to ignore or reject the U.S. "proposal" directly, because the power to currency needs to be guaranteed by strong international political power, and the

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source of such power is the conditions for cost-transfer. In order to understand the mechanism of cost-transfer, the study of the conditions for cost-transfer is an essential part of the process.

3.1.3. Military Hegemony as an Indirect Guarantee

Although military hegemony is not directly reflected in the cost-transfer of the subprime crisis, there is some indirect connection. It can be said that the outbreak of the subprime crisis was the result of a combination of factors, and the Iraq war launched by the United States in 2003 has long been a hidden danger for the subprime crisis (Tooze, 2018). The true cost of the U.S. war in Iraq can be described as astronomical. According to economist Stiglitz, in addition to the costs directly invested in the war, there are many hidden costs of the Iraq war, such as the fluctuating price of oil due to the war, the pensions of the fallen soldiers, as well as the guaranteed benefits for the disabled soldiers, etc., and if all of these factors are taken into account, the true cost of the war in Iraq is at least 3 trillion dollars. If all these factors are taken into account, the real cost of the Iraq war is at least 3 trillion dollars or more (Liu, 2013). From the perspective of costs and benefits, it would be too wasteful to start a war just because of “weapons of mass destruction”. What is the reason for the United States to pay such a price for attacking Iraq? There is one reason that can be explained: that is, before the outbreak of the war, the Saddam regime in Iraq announced that it refused to use the US dollar to settle the oil bill and switched to using the euro, which is undoubtedly a challenge to the US hegemony of the US dollar and a resistance to the US cost-transfer through the power of the currency (Costigan & Cottle, 2019). Through the war in Iraq, the United States killed Saddam and overthrew his regime, thereby maintaining the hegemony of the dollar (Joshi, 2023). Such behavior from the perspective of international influence, it is a deterrent and intimidation signals, it shows the world to break the existing system need to pay what price, so after the outbreak of the subprime crisis, few countries dare to directly oppose the United States of America's “proposal” and “request”. Therefore, after the outbreak of the subprime crisis, few countries dared to directly oppose the U.S. “proposal” and “request”. This precedent will make countries more cautious in their decision-making and more inclined to make certain compromises.

3.1.4. Ideological and Discursive Hegemony as Support

Ideology and discourse are often categorized as soft power in the study of international relations. In this paper, however, the role of such factors is considered to be relatively independent and not a so-called “hard power” multiplier. The mechanism of cost-transfer is over-determined (Cortés, 2022). In the process of cost-transfer, ideology and discourse play a key role, which skillfully packages cost-transfer in discourse as “proposals” and “consensus” to make developing countries believe in the U.S. and believe that it represents opportunities for development, such as the “Washington Consensus” proposed by the U.S. For example, the “Washington Consensus” proposed by the United States, through the propagation of neo-liberal ideology, defines privatization, financial openness and dependence on the United States dollar as symbols and conditions for development, but these actually run counter to the objective reality of economic development in many developing countries (Nunes, 2024). Moreover, one of the major functions of discourse is to “divide”, and Foucault, in Madness and Civilization, refers to the history of the development of “madness” (Šumilova, 2024). The same analysis can be applied to the study of international relations, where initially the non-neoliberal ideology was not eliminated in the course of theory and practice, even though “it” was alien to certain fixed criteria. In fact, the two could have coexisted. However, if one of them wanted to gain the upper hand, it could only draw a circle around itself, creating a division between advanced and backward, civilized and barbaric, and this division between the dissidents was often wrapped in knowledge, creating a power relationship that required either “indoctrination” or “correction” (James, 2016). For example, the U.S. often creates reasons to isolate and interfere in countries that do not accept its ideology and do not want to be passed on as “evil countries” by assigning them stigmas such as “evil countries” (Kowsari, 2014). In the subprime crisis, there is a certain degree of overlap between the countries that were more severely affected and those that blindly embraced neoliberal ideology. Moreover, ideology and discourse do not really affect the state as a single rational actor, but the imperfectly rational “human being”. From the perspective of psychoanalytic politics, the unconscious affects human decision-making more profoundly than rationality (Wu, 2011). The unconscious is largely determined by the Big Other (Autre), which as a symbolic order depends largely on the dominant ideology, and “desire” in psychoanalytic politics is tantamount to a demand to reduce the fact that it is not one's own desires but the desires of the Other (Turkle, 2024). Because human desire needs to be

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confirmed by the gaze of Other, and because desire in that context is essentially a metonymy that shifts from one object to another, separating the subject from the object of desire for all time (Bell, 2014). Under the influence of neo-liberal ideology, people's desires are divorced from their real needs, and they desire wealth in the context of financial capitalism, and the essence of such is virtual symbolic growth (Kong, 2019). In the subprime crisis, people either out of the pursuit of wealth appreciation process of pleasure, or out of the fear of wealth deprivation and was involved in the virtual economy of the symbolic game, this joussance and fear to a certain extent masked the people's objective knowledge of the economic activities, unknowingly promote the economic deconstruction of the real to the virtual, for the cost-transfer to the soil created.

In summary, the United States leverages its monetary hegemony to implement Cost-Transfer, while international political forces exert pressure on the affected countries to accept these conditions. Additionally, military hegemony, bolstered by ideology and discourse, indirectly ensures the maintenance of this political power (As shown in Figure 3), forming a comprehensive Cost-Transfer mechanism.

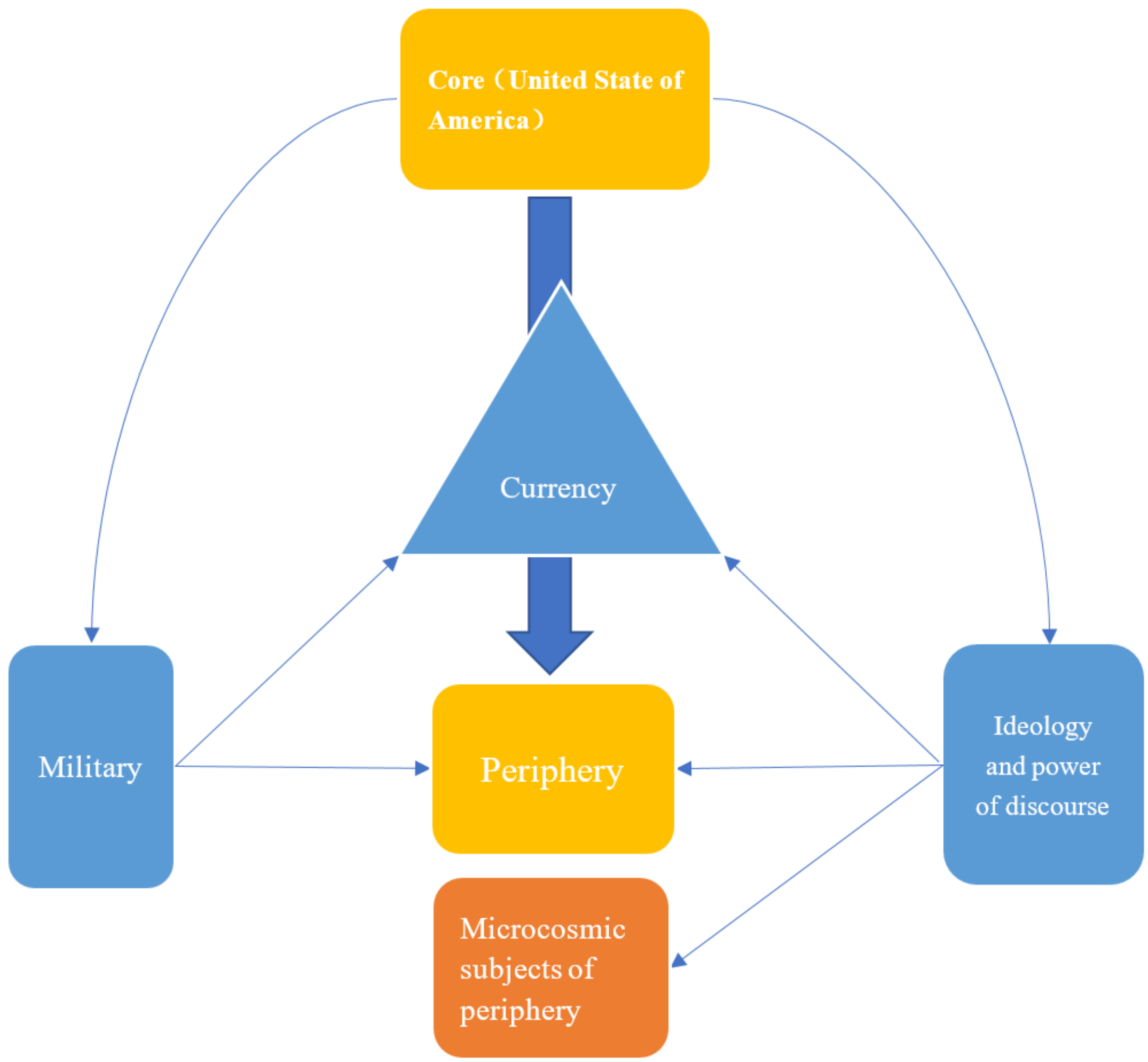

Figure 3. Mechanism of cost-transfer in the subprime crisis.

3.2. Characteristics of Cost-Transfer in the Subprime Crisis

In general, the United States cost-transfer in the subprime crisis was mainly mediated by the United States dollar, which has special currency rights, and the cost-transfer was implemented mainly through the adjustment of monetary policy. The cost-transfer has resulted in the cost of the crisis being borne by the pass-through countries in the short term, mainly in the form of commodity price volatility and inflation, and in the long term in the form of structural imbalances in the economies of the pass-through countries and a shift from

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real to virtual reality, which have increased the cost of development in the pass-through countries. It is worth noting that, for some developing countries, the impact of cost-transfer can manifest itself in political and social unrest. The implementation of cost-transfer is guaranteed by the international political power of the United States, which is maintained by two main sources: military hegemony and ideological and discourse hegemony. The former increases the compromises of the transferred countries through the display of force, while the latter acts not only at the macro-national level, providing discursive support for cost-transfer, but also at the micro-national level, influencing the economic activities of the nationals and providing a suitable environment for cost-transfer. Although cost-transfer has caused some losses to the economic development of the United States itself, it is conducive to maintaining the operation of the cost-transfer system.

In the subprime crisis, the United States as the origin of the crisis, the losses suffered is not the most serious, or, even if the United States suffered a large blow can still do not collapse, but as a party to be transferred to the country is difficult to do as the United States, the cost-transfer to other countries, can only be passed on to the national cost inward. Therefore, cost-transfer is unequal and unrepeatable. In addition, cost-transfer is also harmful in the long run, for example, in the subprime crisis, crisis cost-transfer is only one level. For the transferred countries, part of the damage caused by the crisis cost-transfer will be manifested instantly, and part of it will be manifested in the form of increasing the development cost of the transferred countries, however, this process is a long term, so it can be said that, even in this year, the countries are still unable to completely get rid of the after-effects of the cost-transferring of the subprime mortgage crisis. Cost-transfer does not only harm the countries to which it is transferred, but also poses a challenge to the economic structure of the countries to which it is transferred. The United States in the subprime crisis cost-transfer, its own capital will be to the virtual economy, and thus damage the country's real economic development, and the real economy once the development of the damage, the United States will have to continue to implement the cost-transfer, fall into a "self-kidnapping" development trap. Although the United States can maintain their own hegemony through the cost-transfer, but this hegemony is built on the basis of relative gains, absolute gains point of view is a negative growth. Therefore, in the long run, the United States has given up the opportunity of benign development while cost-transferring.

4. Conclusion

In the context of the gradual development of the world's economic order towards financial imperialism, the developed countries at the center of political and economic power neither rely on a single means of violence to maintain their power, nor do they seek to gain benefits not only through monetary power, but maintain their hegemony with the help of a cost-transfer mechanism supported by a variety of forces.

Through the case study of the subprime crisis, this paper reveals that the United States in the subprime crisis used the currency power of the dollar as the medium, international political power as the main means, and military hegemony and ideological propaganda as the support to transfer the cost-transfer of its own crisis to the peripheral underdeveloped countries to alleviate the negative impacts of the crisis on itself. It is worth noting that the reliance on cost-transfer has also increased the hollowing out of the U.S. economy, bringing deeper disadvantages. Unlike previous studies on cost-transfer, this paper emphasizes that the conditions for cost-transfer in developed countries are comprehensive, asymmetric and non-replicable, and that it is a complex mechanism, and attempts to construct a general framework for the mechanisms and paths of the cost-transfer phenomenon. The framework not only focuses on the two factors of international political power and monetary strength, but also takes into account the important role of military power and cultural and ideological factors in cost-transfer. From a practical point of view, the study of the subprime crisis and the phenomenon of cost-transfer can help deepen the understanding of the U.S. development model and its hegemonic basis, and then provide a reference for the establishment of a non-hegemonic new international political and economic order. Finally, in the process of studying cost-transfer, this paper focuses mainly on the impact of the center countries on the peripheral less developed countries, and lacks the exploration of the roles and functions of the semi-peripheral developed countries in cost-transfer, and these details are worth noting in the subsequent study of cost-transfer issues.

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