

16—The Three Instances of Hegemony in the History of the Capitalist World-Economy

A crucial element in the institutionalization of the modern world-system has been the creation of the modern sovereign state and of the modern interstate system, the combination of which provide the political framework within which the capitalist division of labor occurs. One crucial element of its functioning is that there is a cyclical rhythm marked by the rise and fall of hegemonic powers within the system. It is argued here that this has occurred only three times.

When one is dealing with a complex, continuously evolving, large-scale historical system, concepts that are used as shorthand descriptions for structural patterns are only useful to the degree one clearly lays out their purpose, circumscribes their applicability, and specifies the theoretical framework they presuppose and advance.

Let me therefore state some premises which I shall not argue at this point. If you are not willing to regard these premises as plausible, you will not find the way I elaborate and use the concept of hegemony very useful. I assume that there exists a concrete singular historical system which I shall call the “capitalist world-economy,” whose temporal boundaries go from the long sixteenth century to the present. Its spatial boundaries originally included Europe (or most of it) plus Iberian America but they subsequently expanded to cover the entire globe. I assume this totality is a *system*, that is, that it has been relatively autonomous of external forces; or to put it another way, that its patterns are explicable largely in terms of its internal dynamics. I assume that it is an *historical* system, that is, that it was born, has developed, and will one day cease to exist (through disintegration or fundamental transformation). I assume lastly that it is the dynamics of the system itself that explain its historically changing characteristics. Hence, insofar as it is a system, it has structures and these structures manifest themselves in cy-

clical rhythms, that is, mechanisms which reflect and ensure repetitious patterns. But insofar as this system is historical, no rhythmic movement ever returns the system to an equilibrium point but instead moves the system along various continua which may be called the secular trends of this system. These trends eventually must culminate in the impossibility of containing further reparations of the structured dislocations by restorative mechanisms. Hence the system undergoes what some call "bifurcating turbulence" and others the "transformation of quantity into quality."

To these methodological or metaphysical premises, I must add a few substantive ones about the operations of the capitalist world-economy. Its mode of production is capitalist; that is, it is predicated on the endless accumulation of capital. Its structure is that of an axial social division of labor exhibiting a core/periphery tension based on unequal exchange. The political superstructure of this system is that of a set of so-called sovereign states defined by and constrained by their membership in an interstate network or system. The operational guidelines of this interstate system include the so-called balance of power, a mechanism designed to ensure that no single state ever has the capacity to transform this interstate system into a single world-empire whose boundaries would match that of the axial division of labor. There have of course been repeated attempts throughout the history of the capitalist world-economy to transform it in the direction of a world-empire, but these attempts have all been frustrated. However, there have also been repeated and quite different attempts by given states to achieve hegemony in the interstate system, and these attempts have in fact succeeded on three occasions, if only for relatively brief periods.

The thrust of hegemony is quite different from the thrust to world-empire; indeed it is many ways almost its opposite. I will therefore (1) spell out what I mean by hegemony, (2) describe the analogies in the three purported instances, (3) seek to decipher the roots of the thrust to hegemony and suggest why the thrust to hegemony has succeeded three times but never lasted too long, and (4) draw inferences about what we may expect in the proximate future. The point of doing all this is not to erect a Procrustean category into which to fit complex historical reality but to illuminate what I believe to be one of the central processes of the modern world-system.

(1) Hegemony in the interstate system refers to that situation in which the ongoing rivalry between the so-called “great powers” is so unbalanced that one power can largely impose its rules and its wishes (at the very least by effective veto power) in the economic, political, military, diplomatic, and even cultural arenas. The material base of such power lies in the ability of enterprises domiciled in that power to operate more efficiently in all three major economic arenas—agro-industrial production, commerce, and finance. The edge in efficiency of which we are speaking is one so great that these enterprises can not only outbid enterprises domiciled in other great powers in the world market in general, but quite specifically in very many instances within the home markets of the rival powers themselves.

I mean this to be a relatively restrictive definition. It is not enough for one power’s enterprises simply to have a larger share of the world market than any other or simply to have the most powerful military forces or the largest political role. I mean hegemony only to refer to situations in which the edge is so significant that allied major powers are *de facto* client states and opposed major powers feel relatively frustrated and highly defensive vis-à-vis the hegemonic power. And yet while I want to restrict my definition to instances where the margin or power differential is really great, I do not mean to suggest that there is ever any moment when a hegemonic power is omnipotent and capable of doing anything it wants. Omnipotence does not exist within the interstate system.

Hegemony therefore is not a state of being but rather one end of a fluid continuum which describes the rivalry relations of great powers to each other. At one end of this continuum is an almost even balance, a situation in which many powers exist, all somewhat equal in strength, and with no clear or continuous groupings. This is rare and unstable. In the great middle of this continuum, many powers exist, grouped more or less into two camps, but with several neutral or swing elements, and with neither side (nor *a fortiori* any single state) being able to impose its will on others. This is the statistically normal situation of rivalry within the interstate system. And at the other end lies the situation of hegemony, also rare and unstable.

At this point, you may see what it is I am describing but may wonder why I am bothering to give it a name and thereby focus attention upon it. It is because I suspect hegemony is not the result of a random reshuffling

of the cards but is a phenomenon that emerges in specifiable circumstances and plays a significant role in the historical development of the capitalist world-economy.

(2) Using this restrictive definition, the only three instances of hegemony would be the United Provinces in the mid-seventeenth century, the United Kingdom in the mid-nineteenth, and the United States in the mid-twentieth. If one insists on dates, I would tentatively suggest as maximal bounding points: 1625–72, 1815–73, 1945–67. But of course, it would be a mistake to try to be too precise when our measuring instruments are both so complex and so crude.

I will suggest four areas in which it seems to me what happened in the three instances was analogous. To be sure, analogies are limited. And to be sure, since the capitalist world-economy is in my usage a single continuously evolving entity, it follows by definition that the overall

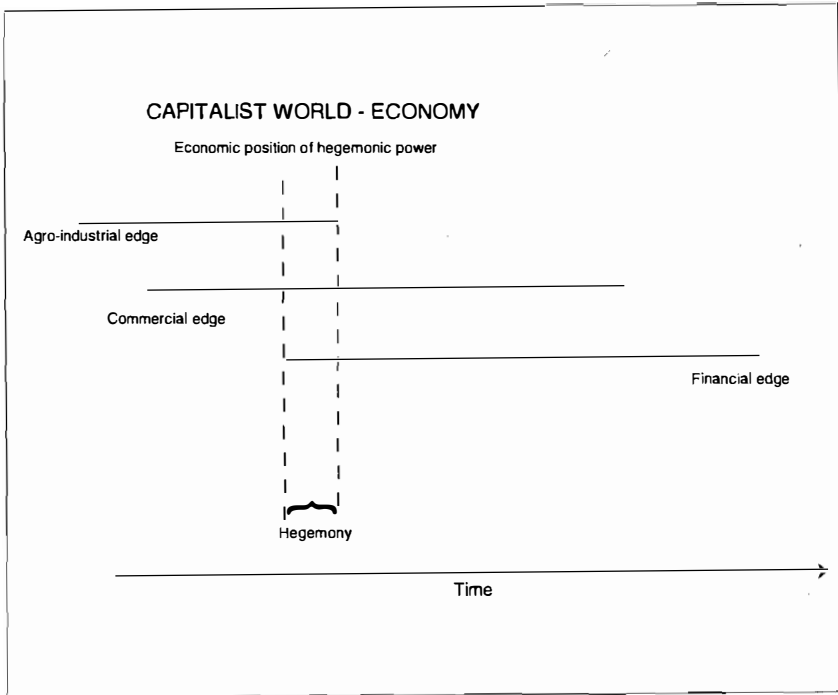


Chart 1

structure was different at each of the three points in time. The differences were real, the outcome of the secular trends of the world-system. But the structural analogies were real as well, the reflection of the cyclical rhythms of this same system.

The first analogy has to do with the sequencing of achievement and loss of relative efficiencies in each of the three economic domains. What I believe occurred was that in each instance enterprises domiciled in the given power in question achieved their edge first in agro-industrial production, then in commerce, and then in finance.¹ I believe they lost their edge in this sequence as well (this process having begun but not yet having been completed in the third instance). Hegemony thus refers to that short interval in which there is *simultaneous* advantage in all three economic domains.

The second analogy has to do with the ideology and policy of the hegemonic power. Hegemonic powers during the period of their hegemony tended to be advocates of global "liberalism." They came forward as defenders of the principle of the free flow of the factors of production (goods, capital, and labor) throughout the world-economy. They were hostile in general to mercantilist restrictions on trade, including the existence of overseas colonies for the stronger countries. They extended this liberalism to a generalized endorsement of liberal parliamentary institutions (and a concurrent distaste for political change by violent means), political restraints on the arbitrariness of bureaucratic power, and civil liberties (and a concurrent open door to political exiles). They tended to provide a high standard of living for their national working classes, high by world standards of the time.

None of this should be exaggerated. Hegemonic powers regularly made exceptions to their anti-mercantilism, when it was in their interest to do so. Hegemonic powers regularly were willing to interfere with political processes in other states to ensure their own advantage. Hegemonic powers could be very repressive at home, if need be, to guarantee the national "consensus." The high working-class standard was steeply graded by internal ethnicity. Nevertheless, it is quite striking that liberalism as an ideology did flourish in these countries at precisely the moments of their hegemony, and to a significant extent only then and there.

The third analogy is in the pattern of global military power. Hegemonic powers were primarily sea (now sea/air) powers. In the long as-

cent to hegemony, they seemed very reluctant to develop their armies, discussing openly the potentially weakening drain on state revenues and manpower of becoming tied down in land wars. Yet each found finally that it had to develop a strong land army as well to face up to a major land-based rival which seemed to be trying to transform the world-economy into a world-empire.

In each case, the hegemony was secured by a thirty-year-long world war. By a world war, I shall mean (again somewhat restrictively) a land-based war that involves (not necessarily continuously) almost all the major military powers of the epoch in warfare that is very destructive of land and population. To each hegemony is attached one of these wars. World War Alpha was the Thirty Years' War from 1618–48, when Dutch interests triumphed over Hapsburg in the world-economy. World War Beta was the Napoleonic Wars from 1792–1815, when British interests triumphed over French. World War Gamma was the long Euroasian wars from 1914–45 when U.S. interests triumphed over German.

While limited wars have been a constant of the operations of the interstate system of the capitalist world-economy (there having been scarcely any year when there was not some war some place within the system), world wars have been, by contrast, a rarity. In fact their rarity and the fact that the number and timing seem to have correlated with the achievement of hegemonic status by one power brings us to the fourth analogy.

If we look to those very long cycles that Rondo Cameron has dubbed "logistics," we can see that world wars and hegemony have been in fact related to them. There has been very little scholarly work done on these logistics. They have been most frequently discussed in the comparisons between the A–B sequences of 1100–1450 and 1450–1750. There are only a few discussions of the logistics that may exist after the latter point in time. But if we take the prime observation which has been used to define these logistics — secular inflation and deflation — the pattern seems in fact to have continued.

It therefore might be plausible to argue the existence of such (price) logistics up to today using the following dates: 1450–1730, with 1600–1650 as a flat peak; 1730–1897, with 1810–17 as a peak; and 1897 to ?, with an as yet uncertain peak. If there are such logistics, it turns out that the world war and the (subsequent) hegemonic era are located some-

where around (just before and after) the peak of the logistic. That is to say, these processes seem to be the product of the long competitive expansion which seemed to have resulted in a particular concentration of economic and political power.

The outcome of each world war included a major restructuring of the interstate system (Westphalia; the Concert of Europe; the U.N. and Bretton Woods) in a form consonant with the need for relative stability of the now hegemonic power. Furthermore, once the hegemonic position was eroded economically (the loss of the efficiency edge in agro-industrial production), and therefore hegemonic decline set in, one consequence seemed to be the erosion of the alliance network which the hegemonic power had created patiently, and ultimately a serious reshuffling of alliances.

In the long period following the era of hegemony, two powers seemed eventually to emerge as the "contenders for the succession"—England and France after Dutch hegemony; the U.S. and Germany after British; and now Japan and western Europe after U.S. Furthermore, the eventual winner of the contending pair seemed to use as a conscious part of its strategy the gentle turning of the old hegemonic power into its "junior partner"—the English vis-à-vis the Dutch, the U.S. vis-à-vis Great Britain . . . and now?

(3) Thus far I have been primarily descriptive. I realize that this description is vulnerable to technical criticism. My coding of the data may not agree with everyone else's. I think nonetheless that as an initial effort this coding is defensible and that I have therefore outlined a broad repetitive pattern in the functioning of the interstate question. The question now is how to interpret it. What is there in the functioning of a capitalist world-economy that gives rise to such a cyclical pattern in the interstate system?

I believe this pattern of the rise, temporary ascendancy, and fall of hegemonic powers in the interstate system is merely one aspect of the central role of the political machinery in the functioning of capitalism as a mode of production.

There are two myths about capitalism put forward by its central ideologues (and, strangely, largely accepted by its nineteenth-century critics). One is that it is defined by the free flow of the factors of production.

The second is that it is defined by the non-interference of the political machinery in the “market.” In fact, capitalism is defined by the *partially* free flow of the factors of production and by the *selective* interference of the political machinery in the “market.” Hegemony is an instance of the latter.

What defines capitalism most fundamentally is the drive for the endless accumulation of capital. The interferences that are “selected” are those which advance this process of accumulation. There are however two problems about “interference.” It has a cost, and therefore the benefit of any interference is only a benefit to the extent it exceeds this cost. Where the benefits are available without any “interference,” this is obviously desirable, as it minimizes the “deduction.” And secondly, interference is always in favor of one set of accumulators as against another set, and the latter will always seek to counter the former. These two considerations circumscribe the politics of hegemony in the interstate system.

The costs to a given entrepreneur of state “interference” are felt in two main ways. First, in financial terms, the state may levy direct taxes which affect the rate of profit by requiring the firm to make payments to the state, or indirect taxes, which may alter the rate of profit by affecting the competitiveness of a product. Secondly, the state may enact rules which govern flows of capital, labor, or goods, or may set minimum and/or maximum prices. While direct taxes always represent a cost to the entrepreneur, calculations concerning indirect taxes and state regulations are more complex, since they represent costs both to the entrepreneur and to (some of) his competitors. The chief concern in terms of individual accumulation is not the absolute cost of these measures, but the comparative cost. Costs, even if high, may be positively desirable from the standpoint of a given entrepreneur, if the state’s actions involve still higher costs to some competitor. Absolute costs are only of concern if the loss to the entrepreneur is greater than the medium-run gain which is possible through greater competitiveness brought about by such state actions. It follows that absolute cost is of greatest concern to those entrepreneurs who would do best in open market competition in the absence of state interference.

In general, therefore, entrepreneurs are regularly seeking state interference in the market in multiple forms—subsidies, restraints of trade, tariffs (which are penalties for competitors of different nationality), guar-

antees, maxima for input prices and minima for output prices, etc. The intimidating effect of internal and external repression is also of direct economic benefit to entrepreneurs. To the extent that the ongoing process of competition and state interference leads to oligopolistic conditions within state boundaries, more and more attention is naturally paid to securing the same kind of oligopolistic conditions in the most important market, the world market.

The combination of the competitive thrust and constant state interference results in a continuing pressure towards the concentration of capital. The benefits of state interference inside and outside the state boundaries is cumulative. In political terms, this is reflected as expanding world power. The edge a rising power's economic enterprises have vis-à-vis those of a competitive rising power may be thin and therefore insecure. This is where the world wars come in. The thirty-year struggle may be very dramatic militarily and politically. But the profoundest effect may be economic. The winner's economic edge is expanded by the very process of the war itself, and the post-war interstate settlement is designed to encrust that greater edge and protect it against erosion.

A given state thus assumes its world "responsibilities" which are reflected in its diplomatic, military, political, ideological, and cultural stances. All conspire to reinforce the cooperative relationship of the entrepreneurial strata, the bureaucratic strata, and with some lag the working-class strata of the hegemonic power. This power may then be exercised in a "liberal" form—given the real diminution of political conflict within the state itself compared to earlier and later periods, and to the importance in the interstate arena of delegitimizing the efforts of other state machineries to act against the economic superiorities of the hegemonic power.

The problem is that global liberalism, which is rational and cost effective, breeds its own demise. It makes it more difficult to retard the spread of technological expertise. Hence over time it is virtually inevitable that entrepreneurs coming along later will be able to enter the most profitable markets with the most advanced technologies and younger "plant," thus eating into the material base of the productivity edge of the hegemonic power.

Secondly, the internal political price of liberalism, needed to maintain uninterrupted production at a time of maximal global accumulation,

is the creeping rise of real income of both the working strata and the cadres located in the hegemonic power. Over time, this must reduce the competitive advantage of the enterprises located in this state.

Once the clear productivity edge is lost, the structure cracks. As long as there is a hegemonic power, it can coordinate more or less the political responses of all states with core-like economic activities to all peripheral states, maximizing thereby the differentials of unequal exchange. But when hegemony is eroded, and especially when the world-economy is in a Kondratieff downturn, a scramble arises among the leading powers to maintain their shares of the smaller pie, which undermines their collective ability to extract surplus via unequal exchange. The rate of unequal exchange thereby diminishes (but never to zero) and creates further incentive to a reshuffling of alliance systems.

In the period leading to the peak of a logistic, which leads towards the creation of the momentary era of hegemony, the governing parable is that of the tortoise and the hare. It is not the state that leaps ahead politically and especially militarily that wins the race, but the one that plods along improving inch by inch its long-term competitiveness. This requires a firm but discreet and intelligent organization of the entrepreneurial effort by the state-machinery. Wars may be left to others, until the climactic world war when the hegemonic power must at least invest its resources to clinch its victory. Thereupon comes "world responsibility" with its benefits but also its (growing) costs. Thus the hegemony is sweet but brief.

(4) The inferences for today are obvious. We are in the immediate post-hegemonic phase of this third logistic of the capitalist world-economy. The U.S. has lost its productive edge but not yet its commercial and financial superiorities; its military and political power edge is no longer so overwhelming. Its abilities to dictate to its allies (western Europe and Japan), intimidate its foes, and overwhelm the weak (compare the Dominican Republic in 1965 with El Salvador today) are vastly impaired. We are in the beginnings of a major reshuffling of alliances.² Yet, of course, we are only at the beginning of all this. Great Britain began to decline in 1873, but it was only in 1982 that it was openly challenged by Argentina, a middle-ranking military power.

The major question is whether this third logistic will act itself out

along the lines of the previous ones. The great difference of this third logistic from the first two is that the capitalist world-economy has now entered into a structural crisis as an historical system. The question is whether this fact will obliterate these cyclical processes. I do not believe it will obliterate them but rather that it will work itself out in part through them.³

We should not invest more in the concept of hegemony than is there. It is a way of organizing our perception of process, not an "essence" whose traits are to be described and whose eternal recurrences are to be demonstrated and then anticipated. A processual concept alerts us to the forces at play in the system and the likely nodes of conflict. It does not do more. But it also does not do less. The capitalist world-economy is not comprehensible unless we analyze clearly what are the political forms which it has engendered and how these forms relate to other realities. The interstate system is not some exogenous, God-given, variable which mysteriously restrains and interacts with the capitalist drive for the endless accumulation of capital. It is its expression at the level of the political arena.

NOTES

1. I have described this in empirical detail for the first instance in *The Modern World-System, II: Mercantilism and the Consolidation of the European World-Economy, 1600-1750* (New York: Academic, 1980), ch. 2.
2. See my "North Atlanticism in Decline," *S&S Review*, No. 4, Summer, 1982, 21-26.
3. For a debate about this, see the Conclusion of S. Amin, G. Arrighi, A. G. Frank, & I. Wallerstein, *Dynamics of Global Crisis* (New York: Monthly Review Press, 1982).