

# THE GLOBAL POWER, ITS FORMATION, ITS EXPANSION AND ITS LIMITS

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“ In my opinion, as to the reasons why Athenians and Peloponnesians broke the thirty years truce, made after the conquest of Euboea, was the growth of Athenian power, and the fear that which this caused in Sparta, compelling the Lacedaemonians to war.”

Thucydides, History of the Peloponnesian War, 1987, Book I, § 23,+.

## *The Paradox of the Hiperpower.*

At the beginning of the 21<sup>st</sup> century, United States' military and economic power became irresistible. International analysts talk more and more of an empire, and often compare the United States with the Roman Empire, what is only valid as an impressionist exercise. What is for certain is that the United States left the Cold War as a “hyperpower” and, during the 20<sup>th</sup> century, many authors had stated that this concentration of global power, in one state alone, would be the essential condition for a lasting worldwide peace, and a stable international economy.

In the beginning of the 1970s, Charles Kindleberger and Robert Gilpin formulated what would be the fundamental thesis for the “theory of the hegemonic stability”. The world was living the end of the Bretton Woods' System, and witnessed the United States' defeat in Vietnam. These two authors were worried, due to the lack of a worldwide leadership, about the possibility that the 1930 Great Depression could repeat itself. It was then that Kindleberger proposed the thesis that the “worldwide liberal economy, needs a stabilizer, and only one stabilizing country”. (Kindelberger, 1973: 304). A country that would undertake this responsibility of

supplying the worldwide system, in order that it would function, with some indispensable “public assets”, such as an international currency, free-trade, and the national economic policies’ coordination. The concern of Kindelberger was propositional, but his thesis also had a theoretical pretension, and it was based on the same reading of capitalism history made by Robert Gilpin: “the historical experience suggests that, in the absence of a dominant liberal power, international economic cooperation has revealed itself extremely difficult to be reached or kept...” (Gilpin, 1987: 88). Kindelberger first spoke of a “leadership”, or “supremacy”, inside the worldwide system, but an increasing number of authors would use later the “worldwide hegemony’s” concept. Sometimes, simply mentioning a power above of all the other powers, sometimes by approaching Antonio Gramsci’s line of thought, referring to global power state that was accepted and legitimated by the other states. This thesis, anyhow, was not completely new, and had already been formulated in the political field in 1939, by Edward Carr, the father of the international realistic theory. Carr was discussing the problem of peace in an anarchical state system, but he reached, also in this area, a conclusion similar to Kindelberger and Gilpin’s: in order to exist peace, it is necessary the existence of an international legislation, and in order to “exist an international legislation, it is necessary the existence of a superstate” (Carr [ 1939 ], 2001: 211). A new version of Thomas Hobbes’ old argument: “before one can settle the fair from the unfair, there must be some coercive force”. Some years later, Raymond Aron would distance himself a little from the Hobbesian idea of the “superstate”, lining closer to Kant’s cosmopolitan and liberal view, but he also recognized the impossibility of the worldwide peace “while humanity hasn’t united in a Universal State” (Aron, 1962: 47).

During the 1980s, the “theory of the hegemonic stability” was submitted to a meticulous criticism of its theoretical and historical inconsistencies. (McKeown, 1983; Rogowski, 1983; Stein, 1984; Russett, 1985; Snidal, 1985; Strange, 1987; Walter, 1993). But, despite the criticism, Kindelberger and Gilpin’s initial thesis became the common denominator of an extensive literature in the need for, and the function of, “stabilizing” or “hegemonic” countries, and on the “hegemonic

crises and transitions". On the one hand, "realists" or "neo-realists" of different hues have lined up, since the beginning, deepening the discussion on the hegemonic states' origin and power and on their "global management", based on the control by them of strategic raw materials, capitals of investment, advanced technologies, weapons and information. Kindelberger and Gilpin belonged to this realistic group inaugurated by Edward Carr, so did Suzan Strange, who criticized the theory of hegemonic stability, but recognized the existence of "global structural powers" capable of inducing other states' behaviour, without the necessity to resort to force. At the same time, another group of Marxist or neo-Marxists' authors, such as Immanuel Wallerstein and Giovanni Arrighi, has arrived at very similar conclusions to the ones reached by the realists. They departed from the *Modern World System's* concept and history, created in Europe, during the 16<sup>th</sup> century, to infer that the competition between European national states did not only degenerate into economic and political chaos, due to the leadership - through the last 500 years - of three great hegemonic powers that would have been capable to organize, or "to govern", this worldwide system's hierarchic mechanism. This organization would have given origin to a kind of "hegemonic cycles", successively led by the United Provinces, in the 17th century, by Great-Britain, in the 19th century, and by the United States in the 20th century.

Standing on the opposite side to the realists, there had always been the "liberals" or " pluralists", such as Joseph Nye and Robert Keohane, who are convinced that the national states are losing their importance, and a new worldwide economic and political order, regulated by legitimate " supranational regimes", capable to function with effectiveness, even in the absence of hegemonic powers, was rising. True "networks of rules, norms and procedures that would regularize the behaviours, and control their outcome, which once established are very difficult to eradicate, or even to change radically". (Keohane & Nye, 1977: 19-55). But even Keohane and Nye recognize the existence of situations "in which an agreement on the norms and the procedures does not exist, or where the exceptions to the rules are more important than the adherences to them" (Ibidem: 20), and they support, in these

cases, that the hierarchy and the power of the states continue to be decisive for the stabilization of the international community. In another opportunity, Raymond Aron tried to resolve this same ambiguity by considering a distinction between two kinds of international systems that would coexist side by side. One more “homogeneous” and the other more “heterogeneous”, according to the degree in which the involved states would, or wouldn’t, share their same international conceptions and values. But Raymond Aron never succeeded to explain why the great wars always took place inside the “homogeneous” systems, and between countries that shared the same economic and political values and objectives.

Edward Carr and Raymond Aron, as well as Joseph Nye and Robert Keohane, were worried about the problems of war and peace; Charles Kindleberger, Robert Gilpin and Suzan Strange, with the international economy’s good working; and Immanuel Wallerstein and Giovanni Arrighi, with the worldwide system’s long-term economic and political course. But they all arrived at the same conclusion: the presence of a state with global power is essential to assure order and peace to the inter-state system and the international economy’s good functioning, even if it is for a transitory period, because there will be always a new *hegemon*<sup>1</sup>. However, despite this enormous theoretical and normative consensus, the functioning of American global hyper-power has contradicted after, 1991, these theories and their historical forecasts.

The Soviet Union disintegrated itself together with the socialist project, and Russia will still need time to reconstruct its economical power; Japan and Germany, world’s second and third largest economies, remain stagnant and continue still in the condition of United States’ military protectorates; the European Union moves in slow motion towards its actual unification, held back by its divergences and along conflicts that hinder, for the time being, its transformation into a true supranational state; China is the world’s fastest growing economy, and the Chinese state has a great power’s strategic project, but it is not willing to anticipate confrontations except for those related to Taiwan. In the rest of the world, what we

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<sup>1</sup> The same position supported more recently, in a way, by Charles Krauthammer (2001); Philip Bobbit (2001); Robert Kaplan (2001); Paul Kennedy (2002); Niall Ferguson (2002 and 2004); and Joseph Nye (2002) himself.

have seen after the Cold War was a lasting conflict in the Middle East, the economic exclusion of Black Africa, and Latin America's erratic growth without major geopolitical consequence. In short, nothing seems immediately to threaten United States' global power, which is giving, in its turn, clear and successive demonstrations that it intends to keep and to expand this power without making greater concessions to the other powers' "multilateralist" demands. This political-military supremacy changed the United States into a kind of "super-state", like the one apologised by Edward Carr. Nevertheless, it was during this precise period that the number of wars increased, and the United States was involved in forty and eight military interventions, three times more than during all the Cold War (as given by the U.S. Commission National Security 1999 in Bacevich, 2002: 143). At the same time, the existing international legislation and regimes have suffered a constant loss of legitimacy, as they have been run over by the decisions and actions made, above all, by the same "superstate" that was expected to protect and guaranty them, according to theoretical forecasts. After 2001, the Bush Administration's new American strategic doctrine fully assumed America's imperial project single polarity. But also in this case, the results of the actions perpetrated by the "superstate" have been frustrating from its own objective viewpoint, since American hyper-power did not succeed neither to control, nor to reduce terrorism, which expanded and universalised itself after the American attacks in Afghanistan and Iraq. Still, those wars, and the military occupation of Afghanistan and Iraq had demonstrated the lack of strategic planning and unpreparedness for the "stabilizing" exercise of the colonial power, or for the national reconstruction of countries that had been conquered or defeated. In short, the balance of the first decade of an active single-pole American global power did not fulfil the expectations and the theoretical forecasts: neither peace, nor political stability is present within the Worldwide System.

On the other hand - as anticipated by Kindelberger, Gilpin and Strange -, the United States concentrated, during the 1990s, on its hands all the instruments of power essential to the exercise of leadership, or the worldwide economic hegemony: it rules on its own the international monetary system, it has promoted

the opening, and deregulation, of other national economies, it has supported free trade and has actively promoted the convergence of the macroeconomic politics of almost all the significant capitalist countries. Moreover, it has kept and increased its power on industrial, technological, military, cultural and financial level. But, in spite all of this, the world lived during this period a succession of financial crises, and most of the international economy, with the notable exception of the United States, itself, and China and India, entered a period of prolonged low growth.

The great theoretical problem, however, lies not only in the United States' difficulty to stabilize the worldwide system's peace and economic growth. It lies in the following paradox, which is absolutely inexplicable from the viewpoint of all the existing theories about the worldwide leaderships, or hegemonies: the discovery that the main crises of the system had been provoked by the power itself that should have been its great peacemaker and stabilizer. It has been like this already in the economic and military crisis of the 1970s, when the United States has decided unilaterally to "escalate" the Vietnam War, by initiating the bombings of Hanoi, in the same way it has decided to abandon the international monetary system that was thought and approved by the Americans in Bretton Woods, and to initiate the unilateral deregulation of the financial markets. But this destabilizing impulse of the hyper-power became much more apparent after 1991, when the United States has expanded and got involved more and more worldwide, making military interventions, renewing and increasing ceaselessly its arsenal, and successively abandoning almost all the regimes and agreements it formerly supported in the decades before. How to explain this surprising historical paradox, and what is to be inferred from this total discordance between theories and historical facts?

A possibility to explain the impotence of the theory before the contemporary facts would be Immanuel Wallerstein (2003 and 2004) and Giovanni Arrighi's (2001 and 2003) hypothesis that the worldwide system would be living a situation of "terminal crisis". In the case of Arrighi, it concerns the final crisis of American hegemony, of classic type, as it also happened, in its own time, with the hegemonies of the Netherlands and England. For Wallerstein, however, the worldwide system would

be going through an even deeper and more radical crisis, the crisis of the *Modern World System* itself, a system that was born in the 16<sup>th</sup> century and would survive, according to this author, up to 2050. Immanuel Wallerstein does not have a theory that supports his thesis in the end of the “modern world system”, and the evidences presented by him are dispersed, heterogeneous and extremely impressionist, using demography, ecology and the cultural world. And is difficult to accept his hypothesis that the final crisis will also come from the economic side, produced by a *profit squeeze* of planetary scale. This statement was made at a moment when the “necessary work” is reduced, *urbi et orbi*, when the workers’ exclusion is increased, and the wages’ participation in the national income is dropping in almost all the countries in the world. Neither is clear, in Wallerstein’s work, the origin of hegemony crises, and how it can be identified and distinguished from other moments of tension and retrocession within the Worldwide System. And, finally, how one can distinguish a “hegemony crisis”, of the classic type, from a “terminal crisis” of the Modern World System itself? Perhaps this is why Wallerstein’s view seems, sometimes, split between great historical panoramas, in which there is almost no place for changes, and analyses of conjunctures, where everything is always in a “final crisis” state.

The same cannot be said of Giovanni Arrighi, whose starting point to diagnosis American hegemony’s “terminal crisis”, that would have begun in the 1970s, is an extremely elaborated theory on the cycles of accumulation and hegemony of the capitalist development. For Giovanni Arrighi, the “hegemony crises” can be identified through four basic symptoms that would appear associated in all the great crises and hegemonic transitions: i) the great “financially systemic expansions”, which would be the combined effect of an overproduction crisis with an increase of the state’s dispute for world’s liquid capitals; ii) the intensification of state and capitalist competition; iii) the global escalation in social, colonial or civilizing conflicts; and iv) the emergence of new configurations of power capable to defy and to win the former hegemonic power.

Firstly, with relation to the “great financial expansions”, it is not clear, in economic history, the relation that exists between them and the worldwide capitalist system’s

cyclical crises, and even less in relation to the worldwide political system's hegemonic crises. In the British case, the financial expansion in the beginning of the century 19<sup>th</sup> was decisive for the consolidation, and not the crisis, of British hegemony, helping to finance the passage from the cotton textile industry to the metallurgic industry of the railroads. Soon after, during the second half of the 19<sup>th</sup> century, took place a new great financial expansion that was contemporary to the British economic crisis between 1873 and 1893. But also in this case, the financial expansion did not give birth to speculative movements alone, being a decisive factor in the success of British exports and the expansion of the financial capital's economically controlled territory, besides having served to inject the necessary resources for the establishment of the British Empire. At the end of the 20<sup>th</sup> century, the financial expansion that had begun in the 1970s was, above all, a consequence of the abundance of petrodollars in the European market; and, in 1980s, it was a phenomenon restricted almost to the Anglo-Saxon free markets alone, having been followed by the retaken of American economy's growth, which would continue through out the whole of the next decade. Finally, one can, without question, speak in 1990s of a "systemic financial expansion", but this was a consequence of the stock markets' generalized deregulation through out the world, besides taking place in one of most intense and continued period of growth in the American economy. Still, during those thirty years, in spite of the migration of capitals to East Asian, the United States had continued to be the main economic territory for capital application and investment in the entire world.

Secondly, there isn't enough evidence that the aggravation of the inter-state, and inter-enterprise, competition took place only at moments of great transitions between distinct cycles of accumulation. They neither seem to be cause, nor are a clear indicator of a hegemony crisis.

Thirdly, although it seems a question of common sense to foresee the increase of "social confliction" in times of dominant power's erosion, it is much more difficult to demonstrate that the revolutionary fights, and the social movements, have increased during the periods of transition in the hegemony. On the contrary, Hobsbawm's "age of the revolutions" coincided with the period of consolidation,

and not of crisis, in the English hegemony, while the worldwide crisis in the 20<sup>th</sup> century's last twenty years, contrasting to what was foreseen by the model, was, almost everywhere, a conjuncture of deceleration of the conflicts and a defeat of labour and social movements.

Moreover, it is important to underline that those great waves of decolonisation and independence of new states - that took place in the beginning of the 19<sup>th</sup> century, and continued through the 20<sup>th</sup> century - had coincided with the ascension, and not with the crisis, of the British and American hegemonies. Finally, there is a last objection to Giovanni Arrighi's thesis on the "terminal crisis" of the American hegemony. The author's starting point is the hypothesis that the United States was debilitated in the last decades on account of its excessive indebtedness and by allowing the transference of the system's "cashier" to East Asia. In relation to the indebtedness problem, the author mistakes the present international monetary system's functioning - "dollar-floating platform" - with what has been the former international monetary systems, based on the gold-pound and gold-dollar standards. In the case of the former two, "the countries that emitted the key-currency could close their balance of payments with global *deficits*, but they had to worry permanently about their foreign position, to hinder that the official price of their currency in gold got altered". (Serrano, 1998: 1). However, in the new international monetary system - that was consolidated during the 1980s/90s - "the United States can incur into deficits in the balance of payments of any sum, and finance them easily with assets set after its own currency. Besides, the absence gold convertibility offers the dollar, and the United States, the liberty to vary its parity in relation to other countries' currencies following its convenience, by employing interest taxes. And, in this sense, the absence of convertibility into gold eliminates, pure and simply, for the United States the problem of foreign restrictions". (ibidem: 8-9). Therefore, contrarily to what Arrighi thinks, the 1970s crisis, the following "financial expansion", and the end of the Cold War, had transferred to United States a military, monetary and financial unprecedented centrality in the capitalist worldwide-economy history. Therefore, there isn't anything, in the worldwide scene, that would support the idea that, during the last

twenty years of the 20<sup>th</sup> century, took place a “bifurcation” between financial and military global power. On the contrary, both are concentrated in the hands of a power alone, which still answers by the name of United States. In this context, it is difficult to imagine that a “new configuration of power” with worldwide hegemonic capacity could emerge from territories that are no less than military protectorates, with their economic dynamism depending radically on the evolution of events in the United States itself. Finally, there is no doubt that the Worldwide System is changing, and the United States most probably will face, in the next decades, increasing difficulties to keep its global control. But there is no evidence that these transformations are part of American hegemony’s terminal crisis, and much less of the *Modern World System*.

There are, in short, strong theoretical and historical inconsistencies in Immanuel Wallerstein and Giovanni Arrighi’s theories, and it is not possible, due to their age-old nature, to dispute their forecasts. But what is clear, in all the authors and theories that deal, one way or the other, with worldwide leadership, or hegemony, concepts, is that those concepts don’t suffice to offer an account of how the worldwide political and economic system functions. They have an excessively functionalist bias, and they neither grasp the continuous and contradictory movement of the *hegemon*’s complementary and competitive relations with the other states of the system during its ascension, nor during its “reign”. In almost all these theories, *hegemon* is more than a real state, is a “virtual category”, as if it was not the result of a permanent conflict, but only a “functional requirement”, imposed or deduced by the anarchical nature of the political system created by the Peace of Westphalia and the economic system created by the globalisation of the European national economies. This is why the “leader”, the “*hegemon*”, or even, the “superstate”, is almost always seen through its positive contributions for the system, without analysing the negative “consequences” of its expansive actions, which are supported and extended, even during its periods of uncontested supremacy. This is why those theories don’t succeed in offering an account of the, apparently paradoxical, relation that links the *hegemon* to the crises of the system itself. In that sense, one can assuredly conclude that if the concepts of

“leadership”, or “international hegemony”, help to understand the Worldwide System’s stabilization and “normal” functioning, they are insufficient to deal with its contradictions and the tendentious development of its conflicts that do exist, and are kept awoken, even during its moments of greater legitimacy and hegemonic peace.

The origin of our work lies in the theoretical frustration with the theories of leadership’s, or worldwide hegemony, and with the thesis of the universal superstate, this is why one has moved back in the historical time to examine theoretically the relation of wars with the European territorial powers’ process of formation and expansion; and to grasp the moment and the unfolding of the meeting between this process of centralization of power with the simultaneous movement of wealth accumulation, before and after the emergence of European states and national economies. They are new structures of political and economic power that are projected as whole - since its origin - beyond Europe, creating the worldwide economic and political system through their arms’ strength and national economies. From our point of view, it is indispensable to reconstruct this competitive and conflictual process so that one can understand: i) how countries do emerge and function to assume transitory positions of leadership, or hegemony, without abstaining to continue competing, with the other states and national economies, to expand its power and wealth; ii) why the process of internationalisation, or globalisation, of capitalism was not a deed of the “capital in general”, but, on the contrary, a deed of states and national economies that had tried, or succeeded, to impose on the rest of the Worldwide System its sovereign power, its currency, its “public debt”, and its system of “taxation”, as the international monetary system’s reserve transformed into the privileged space of expansion of its national financial capital; iii) why there isn’t such a thing as a state, or empire, that absorbs and dissolves the other national states, but a more powerful national state that imposes itself to the others during a determined period and, when imposing itself to the others, imposes its national interests to the rest of the world; and finally iv) why there are dozens, or more than a hundred, of national

states that neither have real sovereignty, nor a possibility to achieve a national capitalist economy capable of a sustainable development.

*“Exchange Game “ and “War game”*

The formularisation of a new political economy for the Worldwide System must start at the logical and historical “moment” when the “political power” meets the “market” and outlines the borders of the first national “states/economies” and “identities/interests”. In the third volume of his history of *Civilization and Capitalism, 15<sup>th</sup>-18<sup>th</sup> Century*, Fernand Braudel states that “a will for a centralizing policy was at the national market’s origin: in taxation, administration, military power, or mercantilism” (Braudel, 1996b: 265), developing a thesis that was presented, for the first time, in a seminar given in 1977 at Johns Hopkins University: “the national economy is a *political space* that was transformed by the State, due to material life’s necessities and innovations, in a coherent and unified *economic space*, the activities of which started to develop together in a single direction... a deed precociously accomplished by England, as the revolution that created the English national market” (Braudel, 1987: 82). From the theoretical point of view, what matters in Braudel’s historical research is the statement that it was the political power, and not its endogenous development of exchanges, that gave birth to national markets, and that this phenomenon only happened fully in England, because in the United Provinces’ case the domestic market, almost exclusively directed to the foreign market, was not part of the Dutch capitalists’ calculation, and in the case of France, the creation of the national market was delayed by the vastness of her territory, by the lacking of sufficient internal links, and due to the absence of a unquestionable political “centrality”, as it happened with London, in the British case. What matters for us is that even after Great Britain, the national markets have always been a creation of the political power, a strategy of the territorial states that outlines the new space and creates the new economic unit from a ampler and pre-existing body, which was called by Braudel the “European world-economy”. Therefore, this “creative act” was only possible

because a concentration of sufficiently unified territorial power, with a clear sense of identity and a competitive strategic orientation, already pre-existed before the national market, when the state decided “to nationalize” the existing economic activity within the territorial space of its political power. It was by creating its external taxation boundaries, and eliminating its internal barriers, that it gave birth, through its public debt, to a national system of credit. But this was not an isolated event since, in the time of the “revolution that created the English national market”, there was already a competitive system of political powers and states that were consolidated during “all along the 16<sup>th</sup> century”. In that sense, the next question from the logical viewpoint is: how did these victorious powers in the origin of the creation of the national economies become related?

To begin with the wealth aspect, there is no doubt that the European original accumulation capital came from the long-distance trade. According to Braudel, these trade networks were concentrated in several zones, which he called “world-economies”, situated in distinct points of the globe, and not necessarily connected between themselves. “(...) economically independent parts of the planet, capable to be self-sufficient on the essential, and where their internal links and exchanges conferred a certain organic unit”. (Braudel, 1996b:12). An territory unified by a more intense trade network that linked, within itself, a hierarchised set of cities, ports and trade fairs - where private currencies had been born together with almost all financial markets’ modern instruments - articulated around the leadership of a city, or dominant centre, that ruled the system’s commerce and finances. In this area, where the traders and the producers practised the “exchange game”, is where took place the concentration and centralization of wealth, which were the origin of the finances and the “great predators” that would create the capitalism. At the same time, Braudel identifies, in this precise space, the existence of “privileged zones, imperial nuclei, where slowly started the political frames that would be the beginning of the territorial States”. (Braudel, 1996b: 265). There was, therefore, a certain initial overlapping between the territories where the national states and the European capitalism were born. However, before the revolution that created the national market, these territories were neither coincident, nor the first territorial

states had been born, necessarily, where more wealth was concentrated. If such was the case, Italy, which only became a unified state in the second half of the 19<sup>th</sup> century, should have been the first national state. Here lies, therefore, a fundamental unknown about in the origin of the worldwide economic and political system: where and how took place the successful meeting between the architecture of power with the architecture of European wealth?

To advance in this issue, one has to create a new concept, parallel and simultaneous to Braudel's "world-economy", that was called by me "world-policy". That is, parts of the planet that were integrated and unified through conflicts and almost permanent wars. Territories occupied by several centres of powers, and some contiguous and competitive "imperial nuclei", that end up by imposing themselves to others - from the 13<sup>th</sup> to the 14<sup>th</sup> century-, and accumulating the indispensable power to create, through alliances and marriages, and, above all, through war, their national states. Braudel speaks of the "exchange game", but one could, and must, also speak of another game that was absolutely decisive for the birth of the nation states: the "war game". "It was the war that weaved the European network of nation states, and the preparation to war was what compelled the creation of the internal structures of the states situated within this network". (Tilly, 1996: 133). The "exchange game" accumulates wealth and the "war games", power; and as trade approached ports and peoples, the war also played the role of approaching territories and unifying populations, by eliminating competition and centralizing power. Little by little, the wars started to outline the external and internal borders of these centres of power accumulation, which become the victorious states, responsible, during the 17<sup>th</sup> and 18<sup>th</sup> century, for the birth of national markets and economies. During this period of several centuries of original accumulation of power and wealth, incipient relations between the world of exchanges and the world of wars had been established, but only after powers and markets have been mutually and sufficiently "internationalised", one can speak of the birth of a new revolutionary force, with a power of global expansion, a true accumulation machine of power and wealth that was invented by the Europeans alone: the "state/national economies".

There wasn't any long-term rational calculation, or strategic planning, in this expansionist movement by local powers. There wasn't any kind of determinism, nor it is possible to identify any centre of power, or prince, that acted conscientiously in the project that led Europe towards the national states. The space of the "world-policies", up to the 13<sup>th</sup> and 14<sup>th</sup> century, was a true "cloud of opportunity" where the "war games" could have had several different "orientations", or results. As a matter of fact, they were "units of power" that competed for the same territory, and was this struggle that guided the expansive movement of the winners, which would continue to fight later with new neighbours and competitors, in a continuous process of "destructive integration". Altogether, the wars constitute, however, an almost continuous process that spread through the European territory. Those wars have been in the beginning extremely fragmentary, and the results were dubious and reversible, as one can see, for instance, in Norbert Elias's study (1939/1976: 87) about the 11<sup>th</sup> century wars in Northern France, a moment when the West Frankish Empire became a collection of separate fiefs, as in several other parts of Charlemagne's former empire. Nevertheless, after the coordinates of the victorious universe had been set and consolidated - already in the 14<sup>th</sup> and 15<sup>th</sup> century -, it became possible to identify a true Darwinian hierarchy of European wars, and some of them had been certainly more important than others for the centralization process of power that culminated in the formation of the national states.

The oldest and lasting of all these conflicts is spread all over the Mediterranean and reached even the Balkan region. Braudel stated, rightfully, that it had been the Muslims who converted the Europeans to Christianity, but besides of that, they also had been the ones who homogenized the territory and almost transformed the Hapsburg Empire into a unified empire encompassing all Europe. The millenarian war against the Muslims, and later the Ottoman Empire, started with the invasion of the Iberian Peninsula in the 8<sup>th</sup> century A. D., and recovered its breath with the conquest of Constantinople in 1453, and, in 17<sup>th</sup> century, Ottoman conquest of Crimea, Walachia, Albania, the Peloponnesus, Serbia, Bosnia and Herzegovina, and part of Hungary towards the Balkans, reaching the doors of Vienna; and,

besides North Africa, the conquest of Syria, Egypt, Iraq and Yemen, in the Middle East. It is this true division of the Mediterranean that marks the end of the Roman Empire, which would last until World War I, in the 20<sup>th</sup> century, although losing intensity after the Peace of Karlowitz in 1699. “Karlowitz meant, for the Turks, the adhesion to the European concept of territory inviolability of a sovereign state, instead of the notion of a continuous war against the infidels”. (Black, 1990: 14). While this many century old confrontation lasted, the wars with the Muslims and the Ottomans had fulfilled a decisive role in the building of Europe’s identity and its very concept, practically delineating its South and Southeast borders, where fractured geopolitical and geocultural zones have been created that lasted until the 21<sup>st</sup> century.

The second region, or “war chessboard”, that was important for the subsequent creation of European states and political system, which was integrated through its civil wars, was the Baltic Sea, where the territorial expansion of the Vasa Dynasty, in Sweden, was almost continuous between 1520 and 1660. The Swedish wars had a decisive role in the building of the borders and identities of Sweden itself, Denmark-Norway and Poland-Lithuania. “It is interesting to observe that Sweden was a great power that governed for about a century, in an imperial way, the Baltic Sea’s region. But as the Baltic Sea and East Europe were peripheries in European history, this history was seen, in general, as of lesser importance until the moment when Sweden intervened in Germanic territories, during the Thirty Years’ War”. (Glete, 2002: 174).

At last, it was in the north of Europe that started the most important war for the birth of the national states, the Hundred Years’ War (1337-1453), when the national identities of France and England were built, and where, after 1450, originated the centralising impulse of power represented by Louis XI, in France, and Henry VII, in England. It was the same centralising movement that took place in the Iberian Peninsula with the union of Ferdinand V, King of Aragon, and Isabella I, Queen of Castile, and the “Reconquista War” (1480-1492), which was prolonged in the “discoveries” and the Iberian colonization of the American territories, and in the mercantilist exploitation of Asian ports and trading posts. But

also, in the attempt of an imperial unification of the European continent, which was the origin of the long war fought between the Hapsburg Empire and France, in the Italian territory (1494-1559), and England, in the North Sea (1588), and the Dutch, in the United Provinces (1560-1648). These “Spanish wars” had been, in fact, the true midwives of the first European national states: Portugal, already at the end of the 14<sup>th</sup> century, and followed by France, England and Holland.

Later on, during the 17<sup>th</sup> century, the “Thirty Years’ War” (1618-1648), fought in the Germanic territory, end up becoming first “European world war”. The armies of almost all the great “imperial nuclei”, which had come victorious from the armed struggles engaged since the 14<sup>th</sup> and 15<sup>th</sup> century, took part in it. It was this war that “integrated” the several pre-existing regions, or “world-policies”, creating a unified military system that is the true origin of the “European political system”, fully recognized in 1648, at the Peace of Westphalia. This system was completed, a little later, through the “Great Northern War” (1700-1721), when Peter the Great brought finally Russia within the same and old European “war game”. This would happen in such way that one could finally speak, already in the second decade of the 18<sup>th</sup> century, of a system of power integrated by wars, within a homogeneous territory that went from Lisbon to Moscow, Stockholm to Vienna, and from London to Constantinople. Thus the European inter-state system was born, which would become, a century later, the “worldwide political system’s” dominant nucleus. But even after Westphalia, and the end of the 18<sup>th</sup> century, the wars had continued to be in the following centuries this system’s fundamental engine, its true expansive and “integrating” force, and its chosen instrument for accumulation and centralization of political power.

### *Wars and Accumulation of Power*

Evan Luard estimates in approximately one thousand the number of wars, fought in the whole world, in the period between 1400 and 1984, and a hundred and twenty, involving one or more of the Great Powers, in the period between 1495 and 1975 (Luard, 1987; appendix). To examine the way these wars had operated in history,

as a mechanism of accumulation of power and territorial integration, one can imagine any point in the space and start from a simplified model, where exists at least “three territorial powers” with common borders and sharing characteristics of the “imperial units”, and “privileged regions”, where “they had started [ - according to Braudel - ] the slow processes of political building, which are in the beginning of the territorial states”. (1996b: 265). In this case, one should ask: why those initial units had had, at some moment, to expand, and to conquer new territories, instead of keeping themselves inside their original borders? And why they “had been compelled to wage war”, to use Thucydides’ classic expression in his *History of the Peloponnesian War*?

Charles Tilly’s historical research on the origin of Europe’s territorial states arrives at the following conclusion: “the Europeans had followed a standardized logic to provoke war: everyone who controlled substantial means of coercion tried to guarantee a safe area inside of which he could enjoy the coercion’s profits, besides a fortified buffer zone to protect the safe area. When this operation was assured for some time, the buffer zone became a safe area, which encouraged the coercion provider to acquire a new buffer zone around the former one. When the adjacent powers were pursuing the same logic, the result was war... The coercion is always relative, and whoever controls the concentrates means of coercion runs the risk to lose advantages when a neighbour creates its own means”. (Tilly, 1996: 127-128). A generalisation that is still valid, even after the already formed national states had started to build “security zones” faraway from the borders of their own territory. What remains unclear, however, is why the initial units, or regions, need the “security zones”? Why they need to defend themselves, and against whom? For Tilly, the war is a probable, or inevitable, consequence of a defensive territorial expansion, made simultaneously by two bordering units that aim to build their “security zones” in a same territory. Therefore, these two territorial units would end by wage war because they are making the same movement, with the objective of protecting each other against one another. The argument of Tilly, however, hides a “logical circularity”, because the war takes place, simultaneously, at the beginning, and the end, of the causing process itself. Otherwise, let us see: if the “security

zones” are built as defensive barriers it is because everyone is, already, assuming that aggressive intentions by the neighbouring units of power exist since the beginning. In that sense, the war cannot be seen as a consequence of territorial expansion, it has to be seen, on the contrary, as the cause of the movement of expansion itself.

To answer this problem, John Herz considered, in 1950, the thesis of the existence of a “security quandary” within any anarchical system of power: “to guarantee its own security, the states are induced to acquire every time more power to avoid the impact of the other states’ power. But this, in its turn, makes other states unsafe, and it leads them to prepare for the worse. Considering that, in a world of competitive units, no power can feel entirely safe, a vicious circle of continuous accumulation of security and power is established”. (Herz, 1950: 165). Thucydides had already identified this quandary at the origin of the Peloponnesian War, and Francis Bacon, in 1625, had transformed it into a valid rule for all “good government”: “the sovereigns must be on guard so that none of their neighbours would grow in such proportions that could constitute an increasing threat against his own state “. (cit. in Heckscher, 1955 [ 1931 ]: 468).

Norbert Elias answered this same question in a slightly different way, based on his research about the origin and the consequences of the wars in the north of the Europe, during the 13<sup>th</sup> and 14<sup>th</sup> century: “the simple preservation of the social existence demands, in the free competition, a constant expansion. Who does not rises, falls. And expansion means the domination over those that are closer, and their reduction to a dependent state... In strictest terms, what we have is a very simple social mechanism that, once started, functions as regular as a clockwork. It is a human configuration where a relatively large number of power units, according to the power they have, compete amongst themselves, tending to veer off this state of balance, and to approach a different situation, where an every time smaller number of power units would compete amongst themselves. In other words, it approaches a situation where only one social unit acquires, through accumulation, the monopoly of power”. (Elias, 1993: 94). In short, the continuous expansion of the territories and wars were, according to Norbert Elias, an inevitable

consequence of the necessity to watch over the “preservation of the social existence”. There isn’t any possibility for a power unit to be satisfied with its own territory because, in this game, the general principle of “who does not rises, falls”, becomes an implacable rule and, soon after, in an almost automatic mechanism of repetition of the same movement, it will rise every time to higher levels of conflict and accumulated power. The implacable logic of this competition compels, therefore, all the power units involved to compete, on behalf of peace, in a permanent arms race. Every state has to arm itself and expand to preserve its populations’ security, peace and tranquillity. In the 13<sup>th</sup> and 14<sup>th</sup> century, the accumulation of resources of power to inhibit the attack of the competitors was related, above all, to the possession, or domain, of new territories, peasants, food and tributes. Therefore, after the moment when the free, productive and abandoned lands were depleted, it was the accumulation of resources for peace that impelled the “princes” towards the conquest of new territories. From the logical point of view, therefore, it is impossible to avoid an implacable conclusion: war was the force, or the energy, that impelled and fed the territorial expansion of the first “imperial units”, referred by Braudel. In addition, it was war that created the first hierarchies of power amidst the units that became victorious in this struggle, within the European territory. War was the fundamental condition for the survival of each one of these units and, at the same time, it was the destructive force that approached and unified them by, firstly, causing their integration, in some sub-regions, and, secondly, within the same system of competition and power. This is why all and every unit that includes itself in this system, and has pretensions of “not falling”, is always obliged to expand its power, in a permanent way, because the war is a constant possibility, and an essential component to the strategic calculation of all the units in the system. They all permanently expect, the rise in the horizon of a virtual, or possible, war, which can only be deferred by the conquest and accumulation of more power, a way that leads, once more, to a return to war. In this sense, despite the apparent paradox, one can say that the necessity to expand power to conquer peace ends up by transforming peace into the “primary” justification of war itself. On the other hand, the continuous presence

of this “virtual war” acts as, on everyone of the original “imperial units”, a stimulus for the internal and permanent mobilization of war resources. A trend that became stronger with time, as had grown the resistances and the barriers to expansionism and domination of weakest.

Now, well, as Norbert Elias says, this “expansive compulsion”, which became an almost mechanic behaviour rule inside the political European system, points towards the inevitable direction of a monopoly. That is, all the competitive units consider themselves, in last resort, as aiming to achieve a global, and unparalleled, power that could be exerted on a more and more ampler and unified territory, without borders. Therefore, the “imperial units”, mentioned by Braudel, if not contained, would have a tendency to increase, until imposing its *imperium* to the others. In that sense, to employ a psychoanalytic expression, one can say of the existence of an “impulse”, or “desire for exclusiveness”, in each and every of this territorial power system’s “imperial units”. But, at the same time, if any of these units succeed to impose itself, in an imperial way, to all the others, this would imply the elimination of all the other competing territorial powers. And if carried to the limit, this would halt the power accumulation process itself. That is the “war game”, and the power accumulation system’s fundamental contradiction: the fact that it presumes, or requires, the existence, at least, of three players and two competitive adversaries, and that they move always guided by the “desire for exclusiveness”, without ever succeeding to reach it. If exclusiveness was reached, and a situation of complete monopoly was created, the power accumulation system would enter a crisis, and would tend to a state of entropy, due to the disappearance of hierarchies, competition and war. Therefore, in this system, the extreme concentration of political power does not lead, necessarily, to the increase of order, and can lead towards a situation of total disorganization and chaos. Within the contemporary debate’s limits, one could say, starting from this stylised analysis of the modern political system’s origin, that neither the hegemony, nor the empire, are capable to order and stabilize the worldwide political system in a permanent basis. The only forces capable of keeping it in order, and hierarchised, are competition and war itself, or, at least, the permanent possibility of a new war. This was

Machiavelli's brilliant intuition in the hour when that new European inter-state system has been born: "The chief foundations of all states, are good laws and good arms; and as there cannot be good laws where the state is not well armed, it follows that where they are well armed they have good laws." (Machiavelli [ 1513 ], 1952: 324).

To summarise the argument: as the first territorial power units had been replaced, due to wars and centralization of power, by larger and more complex structures of power, two things became more and more clearer: firstly, wars do increase the integration and ties of mutual dependence between this political system's territorial powers, which was born in Europe since the 13th and 14th century; secondly, from a strict logical point of view within this political system, the expansive and victorious powers in the "war game" cannot destroy their competitors/adversaries, or they are obliged to re-create them, once the submission, or destruction, of the previous adversary has been accomplished. Otherwise, once the force and the mechanism through which it can continue to accumulate more power disappears, the "expansive power" will lose "energy". Therefore, within this type of territorial political system, in the absence of a spontaneous competition, the expansive power has to generate its own competitor, or to invent some adversary, which would allow the "war game" to continue. There lies, perhaps, this system's best kept secret: is, in last resort, the "expansive power" itself the one that creates, or invents, its competitors and adversaries, indispensable for its own accumulation of power.

### *Wars, Power and Accumulation of Wealth*

The movement to concentration and centralization of power through wars was neither linear, nor irreversible. It was displaced in space, it had fluxes and refluxes, and the victorious power often didn't always succeed in keeping its conquests for long. What grew in a regular and constant way were the wars' dimensions and costs, being each time more hard to wage and win them without making use of abundant resources, and in exponential expansion. "Above all, it

was war that made the belligerents to spend more money than ever, and to search for a corresponding amount in revenues. In the last years of reigns of Elizabeth I, or of Philip II, in Spain, nothing less than three fourths of government's expenses were destined to war, or the payment of previous years' expenditures". (Kennedy 1989: 75). As they became victorious, and to continue to be victorious, the "princes" needed more and more military resources, and these resources were, in last resort, of economic nature. This was what marshal Tribulzio told his King Louis XI of France, when discussing what were his possibilities of victory in the 1499 military campaign in Italy: "what Your Majesty needs to earn his war in Italy is money, money, and more money" (cit. in Parker, 1974). The convergence between the world of war and the world of businesses got more and more deep, and, from the economic viewpoint, war itself ends up becoming a great business: "the political situation stimulates a mixture of success in war and market accomplishments, which flourished in Western Europe's more active economic centres". (McNeill, 1984: 69).

The history of this convergence started, however, much earlier than the 16<sup>th</sup> century, when the first ties of mutual dependency were created, within the spaces of European "world-economy" and " world-policy", between the "exchange game" and the "war game". For a better understanding of this historical moment it is also possible to construct a simplified model of these first relations. A model that facilitates the stylised description and the logical understanding of this original and "virtuous" meeting, between war and political power, with the commercial and financial networks that linked the European cities and regions, and which made the bridge between Europe and the "Asian world-economy". The construction of a "war machine", as simple as it is, required a significant amount of men, food and money that were, at the same time, military and economic resources. The own conquest and control of new territories, the "security zones" of which Charles Tilly speaks, aimed to establish strategic borders, but it had, at the same time, the objective to conquer and accumulate resources that were also economic: productive lands, peasant manpower, crops and, especially, taxes and tributes, the net and monetised resources that were so much in need by the rulers of the

“imperial units”. It is also at this point that the “state currencies” appeared, accepted by the political power as payment of taxes and self-governing states’ debts. Norbert Elias underlines the decisive importance of this new form of wealth for the power accumulation process, a true point of inflection in the history of Europe: “the rhythm that repeatedly threatened to provoke the dissolution of the great monopolies of power has been modified and was successfully broken only when currency, and no longer the land, became the dominant form of wealth. Only then the great monopolies of power stop their fragmentation to undergo a slow centralizing transformation... “. (1993: 142). The conquests extended the territories and made their administration difficult, an issue that was made easy with the appearance of public currency and its generalisation and homogenisation, inside the political space of the issuing power. None of this succeeded, however, in satisfying the princes’ increasing need for resources, until the creation and consolidation of the public debts that became for the great victorious’ main “war machine”. It was then that took place the first meeting between the political and military power and the traders and bankers’ money and wealth.

The relation between Power and Money, or between Princes and Bankers, is very old, dating from the North Italian cities, where the modern banking system, linked to the long distance trade and the administration of the Vatican’s debts, was born. From there came the first loans for the wars waged by the possessors of power, as in the case of Edward III, King of England, who became indebted with the bankers of Siena, in 1339, to finance his war to conquer Wales. Although victorious in this war, he did not pay his debt and led Siena’s banking system to bankruptcy, with the financial hegemony in Italy been transferred to Florence. The same thing happened several times, later, as in Charles V’s relation with the German bankers who financed his election as Emperor of the Holy Roman Empire, and would afterwards finance his wars, and the creation of his “worldwide empire” -- the first “global power” in history, where the “sun never set” --, until the moment when Charles V decreed the 1557 moratorium, before retiring to monastic life and bankrupting the Fuggers, who had been the bankers of the empire. But, despite successive royal moratoriums and private bankruptcies a growing complementarity

of visions and interests was forged, since then, between the expansive territorial powers and the granters of the net wealth needed by the sovereigns. The prince sees in the trader and banker's wealth the financing that he needs for the wars, and the bankers discovered in the loans for wars a multiplying money machine, a true magic wand that "makes money rain from the sky", as Marx would say much later. The bankers' risk was the princes' defeats in their wars, but their profits were much more bountiful compared to any other mercantile investment. Especially, because it was not only about returns in money, but it also dealt with the conquest of monopolised positions, at the commercial and financial level, or even the concession to collect taxes and tributes within the territory of the indebted "imperial units". This is why Braudel goes back until the 11<sup>th</sup> and 12<sup>th</sup> century to research for the origins of capital and capitalism, the moment when takes place the meeting between the owner of money with the owner of power -- but not with the owner of the work force, which will only occur much later. This was the true "gold cradle" where had been born and multiplied the "great predators" who are at capitalism's origin, together with the great and systematic "extraordinary profits", which had been since always capitalism's true motive power, above the market economy, where the "normal profits" produced and accumulated are incapable to explain, alone, the "European miracle" in accumulation and concentration of worldwide wealth.

When discussing the relations between "coercion" and "capital" in the European states' process of formation, Charles Tilly speaks first of a "patrimonial time", when monarchs lived of the tributes, or incomes, on land and population, and enlisted their armies amongst their vassals; followed by a "brokerage time", when the monarchs start to depend strongly on the loans from independent capitalists to finance their mercenary armies. This distinction can be useful to set the time of the marriage between power and capitalist wealth, and to sustain our thesis on the financial capital's political origin. When combining Tilly's classification with the formal schema employed by Marx in his analysis of the "transformation of money into capital", one can say that during the "patrimonial phase", the expansion of power (P) would take place especially through the conquest of new territories (T)

that, in turn, would potentiate the capacity of P to expand even more the already conquered territories. And, in this case, as we have already seen, the increase of territories means, at the same time, an increase of power and economic wealth:

$$P - T - P'$$
$$T - P - T'$$

But, soon after that, during the “brokerage phase”, when money (M) takes the place of land as the basic form of property, and the princes look more often for the loans from bankers, it is when one can really speak of the appearance a “political surplus value”, capable of transforming money into capital through political power and war. And, in this case, the expansion of the wealth would take place in the classic way when money multiplies itself, that is, money multiplies itself and becomes capital when “it acquires the appearance power”, and not the “appearance of merchandise”, as it happens in a “market economy”:

$$P - M - P'$$
$$M - P - M'$$
$$M - M'$$

Also in this case, as in Marx’s explanation in *The Capital’s* first volume, chapter four, the transformation process of M - M', money into capital, “does not owe its content to any qualitative difference between its two extremes, since both are money, but simply to a quantitative difference. The process always ends by deducting, from circulation, more money than was brought in. Therefore the value spent initially not only preserves, but its value’s magnitude undergoes a change, it increases with a surplus value, increasing in value. And it is this process that converts it into capital”. (Marx, 1980: 107). The difference between Marx’s formula and ours is that in our case is not the workforce that explains the initial value’s increment, but the surplus value created by the power and its capacity of multiplying itself in many ways, especially through the preparation for wars and, in

case of victory, the conquests. In this point one must be careful, since, while the preparation for wars mobilizes and multiplies resources, the wars, properly speaking, destroy resources and the productive capacity. But what matters is the final result, that is, the increase of power by those who are victorious and, as a consequence, all kind of monopolist concessions yielded afterwards by the political power to the capital.

It was thus that this extremely “virtuous” relation between the processes of concentration and centralization of power and wealth was born. In this new alliance, the possessor of political power (P), and the possessor of money (M) transformed into capital (M - M'), offer themselves to accumulate resources through the monopolisation of the opportunities that can be mutually created, for the “prince’s” and the “capitalist’s” common benefits, within their specific universes of authority and profit, respectively. Therefore, both, P and M, will offer themselves to create together barriers against the access, or even, destroying eventual competitors in their struggles to accumulate power (P - P ') and capital (M - M '). In that sense, P contributes decisively to the multiplication of M, but at the same time, it was the existence of M that allowed that the process of power accumulation to become a continuous movement towards the monopoly of coercion, if possible, till the limit of “global power”. Without the capital’s support, power would more easily fragmentised, and without the support of power, capital would have more difficulties to establish monopolistic situations. In synthesis, from our point of view, it was the combination of the “war game” with the “ exchange game” that created the original conditions for the capitalist economy, an economy that exists through markets, but which is fed, above all, on the exchange of “non-equivalences”. From this meeting on, the victorious territorial powers have been, almost always, the ones that had accumulated a greater amount of wealth and credit, at the same time that the victorious traders and bankers had been, almost always, the ones who knew how to associate with the victorious powers; and the wars acquired, finally, a new function: besides the “destructive integration” of peoples and territories, the one of multiplication of wealth. Theoretically, any trader or banker, could loan money to several monarchs at the same time. But what one has seen, since the

first hour of this “marriage”, was a tendency to monogamy. The competition itself between banks compelled to a certain specialisation of the banking houses in determined dynasties, kingdoms, or territorial states. It was what happened, for example, in the relation of the banks from Siena with England, from Florence with France, from Genoa with Spain and Portugal, or even the house of Fugger with Charles V and its vast Hapsburg Empire. Therefore, at the first moment, the bankers and their capitals had been obliged to change their market cosmopolitanism for an almost political alliance, and lost space in the market. But, soon after, at a second moment, those same banks and capitals had retaken, with much more strength, their “globalising” impulse, supported by victorious and expansive political powers. Especially since this alliance became the new European national economies’ social and political basis.

#### *The National States and Economies*

The gradual convergence of power and wealth accumulation processes, and their concentration only in a few victorious territories, displaced the axis of Europe’s political and economic system from Italy, and the Mediterranean, to the North of the continent, following the hands of a clock’s movement. In this course, the first territorial states were slowly sifted through continuous war in the many European “chessboards”: Portugal, France, England, Holland, Sweden, Denmark-Norway, and Spain, herself, at this time, more an empire than a national state, playing, however, a decisive role in this “collective birth’s” pivot. In the 17<sup>th</sup> and 18<sup>th</sup> century, however, in England alone took place the “financial revolution” that allowed the English state to transform its political space into an “economic, coherent and unified space”, the first capitalist national economy. “This financial revolution, which results in a transformation of the public debt, was only possible owing to a deep previous reorganization of the English finances. The first measures had been the nationalisation of customs (1671) and the excise (1683), the tax of consumption copied from Holland... All in all, and in our contemporary language, one could say that took place a nationalisation of the finances, involving, in this slow process, the control of the Bank of England, and later, already in 1660,

Parliament's decisive intervention in voting the credits and new taxes". (Braudel, 1996a: 468). From a different point of view, Marx describes this same revolution, in the chapter XXXI of the *Capital*: "The different momenta of primitive accumulation distribute themselves now, more or less in chronological order, particularly over Spain, Portugal, Holland, France, and England. In England at the end of the 17th century, they arrive at a systematic combination, embracing the colonies, the national debt, the modern mode of taxation, and the protectionist system. These methods depend in part on brute force, e.g., the colonial system. But, they all employ the power of the State". (Marx, 1980: 638). And, soon after, Marx also underlines the decisive role of the national debt, in the creation of the English bank and credit system: "the national debt has given rise to joint-stock companies, to dealings in negotiable effects of all kinds, and to agiotage, in a word to stock-exchange gambling and the modern bankocracy. At their birth the great banks, decorated with national titles, were only associations of private speculators, who placed themselves by the side of governments, and, thanks to the privileges they received, were in a position to advance money to the State" (Marx, 1980: 642). As in the past, it was, once again, the necessity of financing the English wars that was the origin of these changes. This time, the meeting of power with banks produced, however, a completely new, and revolutionary, phenomenon: the "national state-economies". True accumulation machines of power and wealth that had expanded from Europe throughout the world, in such a speed and scale that, compared to what happen in the preceding centuries, one could speak in terms of a new universe in expansion. Together with the nationalisation of banking, finances and credit, a state tax system was created, and the army and the navy have been nationalised, becoming under the state administrative structure's direct control. Therefore a new concept and identity, which is still more difficult to define and measure, was consolidated in the world of war, businesses and citizenship: the "national interest". Once the first national economy was established, in England, the nature of the interaction between the ruling class and the bankers changes radically.

From that moment on, it is no longer the case of a relation between the sovereign's personal indebtedness with a banking house of any nationality. On the other hand, the banking underwent a process of "nationalisation", or "territorialisation", of its capital. Instead of being just a member of a more and more universal cosmopolitan financial network, the banker became a link in a national network of banks and trade, at the very time when he starts to assign his wealth in the currency emitted by his national state.

Within this new context, and relation, the public debt went under the Bank of England management, becoming, at the same time, the foundation of all the national private credit system. The conjunction, in the same territory, of the two processes of accumulation, power and wealth, under the "national interest's" flag, created an expansive and "common" will, of the imperial kind, outwards the English territory, which was, at the same time, however, of decisive importance for the internal strengthening of the state and the economy of England. "one cannot stop thinking that, if England did not have, at the same time, taken over the domination of the world, this process (formation of the "English national market") could have had a much different result ". (Braudel, 1996a: 471).

At the time of this revolution, England, however, was not alone. It was only another political unit, and certainly not the most powerful one within the European system of power and states that have been consolidated, from 13<sup>th</sup> and 14<sup>th</sup> century, through the "war game". The principal actors in this new international political and economic system were unlike the previous ones, organized around the great mercantile cities of Italy and the north of Europe. England and France became independent states because they had resisted, successfully, to the Hapsburg's imperial pressure during all the 16<sup>th</sup> century, and Holland was born after a long "national liberation" war, from within Spanish empire itself. But, soon after that, those three national states entered in a political and economic competition, and went through several wars, which had a decisive role in their revival as "national estates/economies". England fought Holland in 1652-1654, 1665-1667, 1672-1674, during the successive "Anglo-Dutch" wars in the 17<sup>th</sup> century; and later, in the 18<sup>th</sup> century, between 1782 and 1783. She also sustained

a political and economic competition against France that lasted until the “Napoleonic wars”, which would continue, afterwards, during the 19<sup>th</sup> century colonial competition. In that sense, in spite of the radical changes from the point of view of the new actors’ extension and strength, this new European political system, now of the inter-state kind, kept two essential characteristics of the previous system: it was born equally competitive and warlike. And, what is more interesting, at the dawn of this new system of power, England was, from the territorial, demographic, and military point of view, the weakest actor, first up to 1650 in relation to Holland, then to France, at least until the Seven Years War in the middle of the 18<sup>th</sup> century.

It is in this context that the precocious, and singular, creation in the 17<sup>th</sup> century of the “English national economy” must be placed and explained. It was, in fact, within the new war game between national states, a defensive and strategic answer from the weakest power. The British insularity also weighed, as did its proximity to Amsterdam, but the crucial decisions toward the birth of the first European national economy had been taken on behalf of the island’s protection against its enemies, or continental competitors. As it weighed in the French national economy’s birth delay - in opposing direction-, Louis XIV France’s undisputed military superiority in Europe, just after the Peace of Westphalia. After England, all the other “late” national economies have been created, with greater or lesser success, as a defensive, or competitive, answer in relation to England herself, who was then already economically, after its Industrial Revolution, and militarily, after the Napoleonic Wars, victorious. This was mercantilism’s true strategic meaning, and England was, doubtless, Europe’s most successful mercantilist experience. A system centred on the unification, and homogenisation, of the domestic market, and at the same time being a policy, and an instrument, of competition and war, employed by England against Holland and France. The same objective pursued by all the other states, and economies, that entered later in the new inter-state system, always in a hierarchically inferior situation with relation to the pioneering states. In that sense, the true “English miracle” was, without question, a deed of mercantilism, which had a decisive moment with

Cromwell's Navigation Acts, passed soon after the 1648 Revolution, and directed directly against Holland's interests. She was the economic competitor of England, and she later would soon wage war, from 1652 on, against her. England only abandoned her mercantilist strategy, becoming a liberal power, in the 19<sup>th</sup> century, when she occupied the undisputed leading position inside the capitalist economic system, and the inter-state political system. In that sense, one could say that mercantilism was the scalpel used by the territorial states to extract the "national markets" from within the 16<sup>th</sup> century "European world-economy". And later, it was the policy employed, by the same states, to protect their new "creature" against the competition, and attack, coming from the other "emergent national state/economies".

This new reality was described with absolute precision, especially concerning the new relations between the political competition among the states and capital accumulation, within this international system born in Westphalia, by Max Weber: "the competing national states lived, in peace, or war, in a condition of perpetual fight for power. This competitive struggle has created the amplest chances for the rise of modern Western capitalism. The states had had to compete separately for the liquid capital, the same capital that dictated the conditions through which it could assist them to have power. It was, therefore, the well delimited national State that provided capitalism with its chance of development... ". (Weber, 1961: 249). From the moment of the constitution of the capitalist national economies onwards, the states' political competition, and the capitals' economic competition, have been guided by the objective of monopolizing the chances, either in the fields of power, or of capital accumulation. But, the national states, and their capitals, can, now, mutually act, strengthening themselves, although being two actors in independent processes. Even so, the ties between the power and the great national capital tend to narrow in times of war and when rises strategic possibilities for power accumulation, and the creation of extraordinary profits. That is, from the 17<sup>th</sup> century on, the courses of power and national capital had been always closer and convergent, when critical monopolistic and strategic situations have been at stake for an increase of the national political-economic block's power and wealth.

At this point, hides the new system's, which is made of states and national economies, basic contradiction. As in the primitive exchange and war games, the matter in dispute, and the winners' prize, continue to be the monopoly, the barriers against the competitor's, or adversary, entrance and, finally, its destruction. However, if their competitors disappear, or impoverish, in absolute way, the "national states/economies" won't have, at the same time, the means neither to increase their powers, nor to enrich themselves.

### *The National States' Power Expansion*

Our analysis brought us back to the moment when power and market met, which gave birth to the "national state-economies", a new territorial unit with an immense capacity to accumulate power and wealth. But, although its force and dynamism came from the integrity that was established between politics and economy, it is possible, and necessary, to analytically separate the two processes, so that one can understand better the path that led Europe to the formation of her first states till the creation of the worldwide political system, and to the formation of the first national economies till the globalisation of the capitalist system. Two equally expansive processes, in contrast to what some historians think, usually identifying only the capital's "global compulsion", without perceiving that the European national states had also expanded, since the first hour they were born, their *imperium*.

Paul Kennedy, for example, considers that "unlike the Ottoman and Chinese empires, and unlike the Moghul imperial rule of in India, Europe has never been united, in such way that a secular or religious leader had been recognised by all the parts ". (Kennedy, 1989: 14). A similar thesis to the one of Immanuel Wallerstein, who speaks of the existence of "world-empires" - of the Ottoman and Chinese kind - that have been defeated, and surpassed, by the state system that emerged from the "European world-economy's", which resisted to the domination of a single empire, in contrast to what took place in Asia. For Kennedy, as for Wallerstein, the national state was a superior form of political power organization, which vanquished and substituted the great empires during the 16<sup>th</sup> century, and

for both of them, the states and the empires are, therefore, two kinds of territorial and political powers that exclude each other.

From our standpoint, however, this was not what took place, neither in the formation of the European state system, nor in the history of the worldwide political system, which was formed after the European expansion. There is no doubt that the European system, and the worldwide political system itself, have been for 500 years under the leadership of the more powerful national states, but for not a single moment during this time the states had destroyed, or substituted in a permanent way, the other forms of territorial power organization, and, less still, the empires. The first European states became at birth, almost instantly, the heads of new empires, inside and outside Europe. “At the very moment when empires came apart inside Europe, the main European states created empires, in the Americas, Africa, Asia and the Pacific, that are outside Europe. The building of external empires propitiated some of the ways, and part of the impetus, to mould, inside the continent, relatively powerful national states, centred and homogenized, while the European powers started to fight amongst themselves within these imperial zones “. (Tilly, 1996: 244). One can speak, therefore, of a paradox at the state system’s origin: their “fostering parents”, the first states that have been born, and expanded immediately after, out of their own territories, were “Minotaurs-like” hybrid beings, half-state, half empire. While they fought to impose their power, and their internal sovereignty, they were already expanding outside their territories and building their colonial dominions. In that sense, it is more correct to one to say that the “empire”, or the “imperial will”, has been an essential dimension of the first European national states. Consequently, the new European state system has been, since the beginning, under the shared, or competitive, control of a small number of “states/empires” that had imposed themselves within Europe itself, conquering, annexing, or subordinating other forms of less powerful local powers. Thus were born the first powers, a small number of “state-empires” that imposed themselves in their region, becoming the “central nucleus” of the European state system, the core of the Great Powers. This small group of countries never was homogeneous, cohesive, or pacific, it lived, on the contrary, in an almost permanent state of war,

precisely because all the states in it, which have been either empires, or had an “imperial vocation”, kept relations amongst each other that were, at the same time, complementary and competitive. Due to the “admission barriers” to new “membership”, which had been created, and recreated, by the victorious powers, along the centuries, this nucleus internal composition was, nevertheless, extremely stable. Portugal, Spain, France, Sweden, Holland and England were the first to stand out. Nevertheless, in the beginning of the 18<sup>th</sup> century, after the decadence of Portugal, Spain, Sweden and, even Poland, the group of great powers was restricted to France, Holland, England, Russia, Austria and Prussia, all delimited by their militarised borders with the Ottoman Empire. And even so, inside this very small club, a hierarchy always existed, where France and England stand out among the others. “Frederick II of Prussia already stated, in 1748, that England and France were the powers that determined what happened in the whole of Europe”. (Black, 1990: 67).

Until the first half of the 18<sup>th</sup> century, the new political system was restricted to the European states, but its territory had already extended much beyond European borders. The first step was given, in 1415, by Portugal, when she conquered the North African city of Ceuta. Less than a century later, in 1494, the Europeans would divide for the first time, in Tordesillas, the world amongst themselves. It followed the Asian maritime empires and the American settlements, an endless march that wouldn't be interrupted for the following 500 years, when eight national states, with only 1.6% of the global territory (Portugal, Spain, Holland, France, England, Belgium, Germany and Italy) conquered, or submitted, almost all the remaining portion of the world, building “supranational political territories”, which they would add, in a way or another, to their original territories, either as colonies, or as dominions, overseas provinces, mandates, protectorates, etc.

It is possible to identify, in those five centuries, two great “expansive waves” made by the European state system' powers and territories: the first occurred in the period between the 15<sup>th</sup> and 18<sup>th</sup> century, and the second, between the 19<sup>th</sup> and 20<sup>th</sup> century. For the creation of the worldwide political system, these two imperial steps made by the Great European Powers had been crucial. Firstly, because they

had approached, and integrated, regions that have been unconnected between themselves, distant and independent “world-economy” and “ world-policies”. And secondly, because it was in these “political territories” colonial space, where the extra-European national states were born, and multiplied, as a product of the two great “waves of decolonisation”. The first one, between 1776 and 1825, when the American colonies search independence, and the second, between 1945 and 1975, when the European colonies in Africa and Asia became autonomous national states, a process that would be complete, after 1991, with the dissolution of the Soviet Union. Between 1945 and 1990, about 100 new states had been created, therefore, most of the states that form today’s worldwide state system were created after World War II, and almost all of them had been colonies of the Great European Powers. This is how the state system was globalised, and the worldwide political system, which continued to be hierarchic even after being universalised, was born. During this process, and even when the number of extra-European states surpassed the ones in Europe, the Great Powers had continued to be the same ones, and determining the geopolitical and geo-economic direction and rhythm of all the system; until the first half of the 20<sup>th</sup> century, when the system incorporated, in its central nucleus, two “expansive” and extra-European powers: the United States and Japan.

The American states, created in the 19<sup>th</sup> century, were unable, at the time of their independences, to create legitimate and efficient centres of power, nor could they depend on “integrated and coherent national markets”, until the moment, around 1860/70, when they had been transformed into specialized productive segments for the British economy. It also lacked in America something that one could call a “political regional system”, with states that completed and competed with each other, as in the case of the European system. This scene repeated itself, after 1945, with the creation of the new states of Africa, Central Asia and the Middle East: in the majority of the cases, they neither possessed a centralised and efficient structure of power, nor made use of true national economies. One can say that only in South and Southeast Asia, from a military and economic point of view, a national system of states, and strong competitive economies, would have

been created, and that they seem to reproduce, up to now, the same conditions of the European original “model”. Those are states that had been born out of millenary civilizations, and do make use of extremely dynamic and complementary national economies, inside of a competitive regional economic system.

To summarise our argument: the creation of the worldwide political system was not the result of a simple and gradual summation of territories, countries and regions, but a creation of the expansive power of few European national states that had conquered and colonized the world, during the five centuries in which they had fought, amongst themselves, for the conquest and monopolisation of the regional hegemonies and the “global power”. As result of this competitive and expansive movement, the Europeans created their supranational “political territories” and their colonial empires, from where the majority of the Worldwide System’s states had been born, created outside of Europe, and without the Great Powers’ economic and political characteristics. Immediately after their independences, the majority of the new extra-Europeans national states became, in one way or another, the Great Powers’ allies or military protectorates. Many of them have not conquered yet a true internal and external sovereignty; they neither have a clear national identity, nor even less demonstrated, until nowadays, any kind of “imperial impulse”. And even the ones that have considered moving their hierarchic position had had enormous difficulty to accumulate the necessary resources of power essential to apply to a Great Power’s candidature, with the great exception of the United States, Germany and Japan, countries that managed to enter the system’s central nucleus in the beginning of the 20<sup>th</sup> century. Therefore, the Great Powers small nucleus keeps its position within the worldwide political system, and they still are the countries which decisions and conflicts determine the system’s dynamics, including the “ windows of opportunity” opened for those states situated in its periphery.

The new system, constituted by the national states, kept the previous, formed by the cities and “imperial units” smaller than the states, political system’s basic characteristics: it was also born competitive and warlike, and it expanded thanks to its territorial disputes and wars of conquest. The historian Jack Levy esteems

that the Great Powers have been at war during 75% of the period that goes from 1495 to 1975, starting a new war at every seven or eight years (Levy, 1983). And even during this history's most pacific period, between 1816 and 1913, he calculates one hundred colonial wars, the majority of them involving England, France and Russia. This is why Charles Tilly rightfully states that war has been the European national states' main activity during those five centuries of their existence, consuming about 80 to 90% of their national budgets until the 19<sup>th</sup> century. Therefore, Norbert Elias's comments regarding the 14<sup>th</sup> century wars remain valid for the new system of power. As before, in the relation between the national states, "the simple preservation of the social existence demands, in the free competition, a constant expansion. Who does not rise, falls." Or that every Great Power is obliged to continue expanding its power, even though it is during periods of peace, and, if possible, up to the limit of absolute and global monopoly. "This Great Powers' tragedy", or their curse, was named by John Mearsheimer "offensive realism": "the great powers have an aggressive behaviour not because they want, but because they have to pursue the accumulation of more power if they want to maximize their probabilities of survival, since the international system creates powerful inducements so that the states are always looking for opportunities to gain more power at their rivals expenses...". (Mearsheimer, 2001: 21). As in the case of the first contiguous "imperial units", the relation between the Great Powers is always one of competition, and their expansive behaviour also responds to the same defensive necessities of security and peace. In the case of the national states, however, the expansive and warlike potential is much bigger, and their struggle is not restricted to common borders, or "security zones", next to their territories. The national states' competition, especially between the Great Powers, turns around the conquest and monopolisation of the regional hegemonies and the building of a global system of power. We have already seen that, before the arise of the national states, competition and war between the first "imperial nuclei" pointed towards the "global power", but it was beyond the means of these first territorial powers. And further on, when they had come close to a global-like power, as in the case of Charles V's Hapsburg Empire, the external and internal

resistances had grown, and the costs had increased up to a point that the project became unsustainable: Charles V declared a moratorium to his bankers, resigned and divided his empire to avoid its fragmentation. After Charles V, France and Germany had tried, several times, and without success, to impose their hegemony upon Europe; and Japan also failed when trying to impose its hegemony in Asia, after 1890. The United States alone have conquered and kept, since the 19<sup>th</sup> century, an undisputed hegemonic position inside of the American continent. And only Great Britain and the United States - the “capitalist state-empires” par excellence - had set the “global power” as an objective; in the case of Great Britain, with the limitations of never having any territorial power on Europe, and never disputing America with the United States. But, after the end of the Cold War, with the disappearance of the Soviet Union, it is a fact that the United States has arrived closer than ever of achieving global power or, at least, the unchallenged exercise of a global power of military nature. “What it is more curious and fascinating in the development of this American empire model is that it is an empire of military bases alone, not of territories, and that these bases currently surround the earth in such a way that the old and age-long dream of a global domination became possible”. (Johnson, 2004: 188-189).

### *The National Economies’ Globalisation*

It was Marx who made the first and most brilliant description of the European national economies’ historical process of expansion, until the formation of the worldwide and capitalist economic system: “The need of a constantly expanding market for its products chases the bourgeoisie over the entire surface of the globe. It must nestle everywhere, settle everywhere, and establish connexions everywhere. The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country.” (Marx [ 1848 ], 1953: 24). Later, in the *Capital*, Marx formulated the “ General Law of Accumulation” and identified the capital’s long-term trend of concentration and centralization, underlining the decisive importance of the competition and access to the credit. Some essential economic aspects of his argument had been confirmed

by the capitalist expansion's history, in the 19<sup>th</sup> and 20<sup>th</sup> century. But Marx's capital and the capitalist development theory does not take into account the importance of the territories and states for the European capitalist economy's victorious expansion, and he believes, in last resort, that the "capital in general" marches towards a cosmopolitan and border free global economy. Marx only includes the issue of the national states and their wars, in his analysis of the "original accumulation" and the "genesis of the industrial capitalist", as transitory moments of a strictly economic history.

In the beginning of the 20<sup>th</sup> century, however, Rudolf Hilferding remade Marx's argument, bringing the national states and their wars inside the Marxist theory of the "monopolist" and "financier" capital development. Hilferding realised that "the political power was critical in the competitive fight of the economic kind, and for the financial capital, the position of the state power is vital for its profit". (Hilferding [ 1910 ], 1985: 311). A little later, Nicolai Bukharin perfects this new Marxist vision of the capitalist development underlining, also, the importance of the national states and their alliance with the financial capital: "Thus various spheres of the concentration and organisation process stimulate each other, creating a very strong tendency towards transforming the entire national economy into one gigantic combined enterprise under the tutelage of the financial kings and the capitalist state, an enterprise which monopolises the national market". (Bukharin [ 1917 ], 1984: 66). Moreover, Bukharin grasped and identified the existence of a basic contradiction in the capitalist globalisation, that was neither seen, nor considered by Marx: "The development of world capitalism leads, on the one hand, to an internationalisation of the economic life and, on the other, to the levelling of economic differences, and to an infinitely greater degree, the same process of economic development intensifies the tendency to 'nationalise' capitalist interests, to form narrow 'national' groups armed to the teeth and ready to hurl themselves at one another any moment." (ibidem: 97). But, in spite of this, precisely after identifying and describing the contradictory nature of the globalisation process, Bukharin, in the end, backs away to Marx' initial position and foresees, in the long-term period, an empire of the capital, without states or

borders “(...) an economic unit limitlessly expending its great power until it becomes a world kingdom - a worldwide empire - such is the ideal built up by finance capital. (ibidem: 99).

Hilferding, on the contrary, does not withdraw, and considers a new concept capable to advance the historical and theoretical analysis of the “territories” and “power’s” role in the victorious national economies’ expansion: “the financial capital’s policy pursuit a triple objective. Firstly, the creation of an ‘economic territory’, as large as possible. Secondly, the defence of this territory by means of customs barriers. And thirdly, its transformation in exploitation area for the country’ monopolies”. (Hilferding [1910], 1985: 314). It does not matter that Hilferding considered this process a novelty belonging to the beginning of the 20<sup>th</sup> century when, in fact, it deals with a much older and permanent objective in the history of the relations between political power and capital, since the first time princes, traders and bankers united themselves to wage war to conquer and protect monopolist positions within the territories conquered by the victorious. As afore mentioned, the birth of “national state-economies” and its competitive and expansive strategy deepened and enhanced this alliance. Therefore, from the 17<sup>th</sup> century on, the supranational “economic territory” conquered by the financial capital was almost always– as referred by Hilferding - the other face of the “political territory”, conquered by the Great Powers. When the coincidence was complete, these new conquered territories became colonies and had been monopolised by their metropolises. But, when neither coincidence was complete, nor occurred a settling, the competition between the Great Powers moves to the monetary, financial and commercial field, and the one that wins the dispute for the new “economic territory” is the same that succeeds in imposing its national currency as a reference currency for the new domain’s foreign trade, creating a non-customs protective barrier for its investments, but, above all, creating also a favourable and safe environment for the multiplication of its financial capital within the “conquered” economy.

What matters, from the capitalist competition point of view, is the permanent conquest of new monopolistic positions, capable to generate extraordinary profits.

This is the capitalist system's prime mover and the only objective of its individual capitals, which needs to permanently innovate to conquer and to keep their exclusive position, from the technological and organisational viewpoint, but also from the viewpoint of controlling the captive markets. Therefore, contrary to the institutionalist common sense, the secret for capital accumulation never lay in the respect and maintenance of rules and lasting institutions. On the contrary, in the capitalist competition, the victorious ones are always those that demonstrate to have a greater capacity to avoid or breach the rules and institutions built for the market's sake and ideal competition, which fulfil the role to block and delay the access to novelty by the competitors that submit to the rules, or are slow in breaching them. Therefore, in spite of the liberal rhetoric, also in this capitalist system that substituted the mercantile "world-economy", the "national states/economies" that were victorious had been the ones that had known to navigate against the "market laws", practising mercantilist policies while struggling to ascend inside of the worldwide hierarchy, but also during the time in which they had kept at the top of the system. In the case of the states, as with the capital, they had had to permanently innovate and to perfect their protective systems, and be able, at the same time, to give some credibility to their liberal rhetoric which was, and will always be, the speech of all those which are victorious inside of the "economic territories", conquered or submitted to the condition of the winners' economic periphery. In principle, from the states and the capital point of view, these new protective barriers would dislocate towards the economy's advanced sectors connect, in a way or the other, to the area that produces useful resources for the "war game". Therefore, the two protective movements are convergent and help each other because, outside the small market economy, the rule that commands the behaviour of the great "national states/economies" is the same that rules their "big private predators": the endless conquest of new monopolist positions and the continuous reproduction of uneven and asymmetrical relations. But this is a game for a few to play, and it was always won by capitals that had been shielded by the Great Powers' strength, which made use of important national quotas within the mass of worldwide financial capital. It is almost

impossible to imagine the existence of “economic territories” that have been conquered without an alliance between the financial capital and the political power, neither is likely that this alliance can be broken, nor that the financial capital could impose its worldwide empire, as Bukharin thinks, without the political power’s support. But in spite of this, Bukharin’s idea is behind all the “economicist” readings of the capitalist economy’s globalisation process.

From our point of view, however, the capitalist globalisation was, and will always be -- faithful to Hilferding’s concept --, an expansive movement and a transitory outcome of the competition process between the Great Powers and their financial capitals for the conquest of new “economic territories”. It was this competition between the Great Powers that widened the “European world-economy’s” original space in the 16<sup>th</sup> century, until transforming it into a “worldwide economy” in 19<sup>th</sup> and 20<sup>th</sup> centuries, and the globalisation is the name given to this continuous movement, the widening, through finance and war games, of the victorious powers’ “economic territory”. The state system’s territory was always wider than the capitalist territory, and, from this point of view, the capitalist competition always had new spaces to be disputed and conquered. But, as already seen, only two of these Great Powers, had succeed to expand their national economies’ borders, until they had become worldwide “economic territories”: Great Britain and the United States. A slow and agelong process that made a great step after the 1870s generalisation of the gold standard and the financial deregulation promoted by England, and which will give another gigantic step after the generalisation of the “dollar-flexible” standard and the financial deregulation promoted by the United States, from the 1970s on.

To sum up our argument: the capitalist system’s expansion and universalisation were not a work of the “capital in general”; they had been, and they will always be, the result of the “national state-economies” competition and expansion that succeed to impose their currency, their “public debt”, their system of credit and their “taxation” system, as a monetary reserve for their financial capital within these supranational economic territories in continuous expansion. This is why the victorious states’ indebtedness capacity and international credit always run in front

of the other states' competing capacity and credit. In the winners' case, the "public debt" can grow beyond the product generated within its national territory, contrary to the other economies, even those of the Great Powers that are prisoners of a lesser indebtedness capacity, restricted to a more limited zone under their monetary influence.

The winners of this competition had always been the ones that had succeeded to go farther and guarantee the control of supranational "political and economic territories" larger than the ones of their competitors, either in the form of colonies, or dominions and independent peripheries. Consequently, this worldwide economic and political system created after the European expansion was, and will always be, uneven. However, not because the Great Powers depend, from either economic, or political, viewpoint, on the exploitation of poorest or weakest to survive. What happens is that the system's expansive logic imposes the promotion and continuous renewal of situations that, by definition, will be always unequal. In other words, as in the political field, also from the economic viewpoint the expansion of this system's capitalist units doesn't need poverty, on the contrary, it needs other units to be also rich and powerful, but the system's expansive and implacable logic renews, at the same time, to every step the inequalities; therefore, one can say that this system is essentially "unequalising".

### *Colonies, "Proto-States" and Periphery*

As we have seen, the inter-state system's central nucleus, formed by the Great Powers, was always small and impermeable. What is more, it had a very steady composition through the centuries, with very low ascending mobility. The first powers of the 16<sup>th</sup> century group suffered defections, as in the case of Portugal, Spain, Sweden, Holland, and, later, Austria. But the group formed by France, England, Prussia and Russia hold on until the 21<sup>st</sup> century. In these 500 years, the only great change was the simultaneous entrance of Germany (unified in 1871), United States and Japan, in the end of the 19<sup>th</sup> century. During all those centuries, always existed political and military regional powers, with their competition and wars, but their power never went beyond their own region, or threatened the

hegemonic position of the system's central nucleus. In the 20<sup>th</sup> century, ascending mobility became even more difficult, and it was practically impossible for the states that did not make use of an extremely vigorous national economy.

This problem of concentration of power inside the worldwide system increased with the multiplication of the national states outside Europe, from the beginning of the 20<sup>th</sup> century on. Since then, the Great Powers' central nucleus is facing the challenge of the economic and political association with these new international participants, which have been born out of the empires created by the expansion of their "national states-economies". They had been their former colonies that, in most cases, became "proto-states", with a sovereignty that was economically and politically extremely limited. For the central countries, the problem had been always how to keep the hierarchy and prevent the emergence of new regional powers that could threaten their historical supremacy. From the former colonies' point of view, the problem always has been the affirmation of their new sovereignties, together with a claim for economic and political mobility within a more and more polarised World System time, and a more and more impervious central nucleus of power.

After the creation in America of the first national states outside the European territory, a victorious Great Britain immediately placed the problem concerning the new partners in the inter-state system. Broadly speaking, it is possible to identify, in this economic and strategic debate, two basic positions that are kept till nowadays. On the one hand, Adam Smith, and almost all the classic political economy, was convinced that British economic power, in the end of the 18<sup>th</sup> century, dismissed the use of colonial monopolies and, from the human and financial point of view, very costly territorial conquests. They supported the thesis that the British economic superiority - punctuated by the Industrial Revolution - and the vigour of its financial capital were sufficient to compel the would be independent economies into a "primary-exporter" specialization, transforming them into a "political-economic periphery" of the more powerful and rich states. On the other hand, Benjamin Disraeli, Cecil Rhodes, and all the others that defended,

inside and outside Great Britain, the resume of colonialism placed themselves in an opposing position during the second half of the 19<sup>th</sup> century.

Adam Smith's viewpoint predominated in the first half of the 19<sup>th</sup> century, but Disraeli and Cecil Rhodes' positions imposed themselves in an overwhelming way after 1870. However, it is important to outline that this was not just an intellectual or political victory; it was to a large extent the result of the employment of Adam Smith's own proposition. It is exemplary, in that sense, the history of the conquest and colonisation of almost all the territories that, at some moment, belonged to the old Ottoman Empire. In almost every case, that story would start with the signature (many times imposed by force) of a Commercial Treaty that compelled the signatory countries to eliminate their trade barriers, allowing free access for the European merchandises and capitals. Those treaties had been signed with countries from almost every corner of the world, which end up by specializing themselves in the exportation of the necessary raw materials to European industrialisation. By opening their economies, the governments of those countries became indebted to the English and French private banks to cover the loss of resources due to the end of their customs tax revenue. For that reason, during the moments of cyclical retraction in the European economies, those peripheral countries had faced, invariably problems bankrolling their payments, being coerced to renegotiate their external debts, or to declare national moratoriums. In Latin America's case, the debts and moratoriums had been solved through renegotiations with the creditors and the transference of these costs for the national populations. However, in the rest of the world the history was different: the collection of the debts end up justifying the invasion and political domination of many of these new colonies, created in the 19<sup>th</sup> century.

During the 20<sup>th</sup> century, the two powers that created the post-World War II bipolar world, United States and Soviet Union, opposed to the continuation of the European empires to be able to expand their own global power, having a decisive role in the independence of the African and Asian colonies. After the new independences, socialism and "developmentist capitalism" became, for those new states, either the utopia, or the hopefulness. They had only one goal: an

accelerated economic growth that would allow the recovery of the delay, social mobility and the decrease of the Worldwide System's asymmetries of wealth and power. In the end of the 1970s, however, "developmentism" already was breathless in the majority of the peripheral countries, as well as socialism, which would soon after also enter in crisis, and lose its enticement power as a strategy to reduce the economic delay. After the 1980s, the clock worked backwards in almost all the former colonies, moving towards a 19<sup>th</sup> century liberal Smith-like project: again, the development promise and the hope of mobility in the international power and wealth's hierarchy would come through the acceptance, by these peripheral "national states-economies", of free trade rules and orthodox economic policy proposed, or imposed, by the Great Powers, as it had occurred in the second half of the 19<sup>th</sup> century. Finally, in the 1990s, after the end of the Cold War, it was re-established, in another level, the problem of political anarchy and economic inequality within the worldwide system, now about 195 states and "proto-states", and not counting anymore on the political bipolarity and ideology that had kept "in line" this post-World War II immense universe. It was in this context that Richard Cooper, a British political scientist and international adviser to Tony Blair government, published a book that replaces the old 19<sup>th</sup> century British problem and considers a "synthesis" of the current debate between the Great Powers. Cooper suggests a worldwide management structure supported by three simultaneous kinds of imperialism: a "cooperative imperialism", between the Anglo-Saxon world and the remaining developed countries; an "imperialism based on the law of the jungle", between the Great Powers and the countries incapable to secure their own national territories; and, finally, a "global economy's voluntary imperialism, managed by an international trust of financial institutions such as the IMF and the World Bank", and suitable for countries that "would pacifically open themselves and accept the international organizations and the foreign states' interference" (Cooper, 1996). Summing up, a coalition of the Great Powers, that would apply together the "law of the jungle" on the "pre-modern" states and the "free trade" imperialism on the countries that Adam Smith called "our most faithful, liked and grateful allies".

The Worldwide System, however, is hierarchic and polarised, but it doesn't have one side alone, since it has already generalized the national state political form and the development expectation of the competitive national capitalisms. Therefore, it is possible and necessary to also look at the functioning of the system, from the viewpoint of states that, although peripheral, keep as a strategic goal to change their positions within the global wealth and power hierarchy. At this point it is possible to ascertain a first general rule: there are rich countries that are neither, and will never be, expansive powers, nor will take part in of the Great Powers' competitive game. And there are, in the worldwide system's periphery, some militarised states that will never succeed to become economic powers. But there isn't any possibility for any state to become a new power without making use of a competitive, vigorous and innovative economy. It has been so since the beginning of this system's history, and today it is rigorously impossible to conceive a sustained process of accumulation of power without the support of a dynamic, expansive and victorious economy. And it is each time more difficult that any individual capital, or a block of peripheral capitals, could expand outside their national borders, without counting on the active support of states that have equally expansive pretensions.

We have identified, after the first industrial revolution and the first international division of the work led by Great Britain, three basic models of successful capitalist development, in the 19<sup>th</sup> century, and three others, after the United States has imposed its supremacy within the 20<sup>th</sup> century capitalist world. In the 19<sup>th</sup> century, there have been: i) the dominions, or "British white colonies", Canada and Australia, in particular; ii) the countries belonging to the independent economic periphery that had specialized and promoted a liberal and complementary integration with the British economy, lacking an expansive project of power, such as Argentina, Mexico and Brazil; iii) and, finally the case of countries that had made a *catch up* with England, adopting neomercantilist, or nationalist, policies, such as the United States, Germany and Japan. While in the 20<sup>th</sup> century it is possible to speak of economic success in: i) "the United States' zones of strategic co-prosperity, true military and economic American protectorates, as in the cases

of Japan, Korea and Taiwan, in Asia, and also, of Germany and Italy, inside of Europe; ii) some few cases of “developmentist” success outside the strategic zones, as Brazil and Mexico, but which had ended up in great crises; iii) and, finally, the contemporary versions of the old *catch up* and the neo-mercantilist, or nationalist, policies, in which China and India currently stand out.

The 19<sup>th</sup> century British “dominion’s” model and the 20<sup>th</sup> century American “military protectorates” did allow the accumulation of wealth, but they both hinder any independent project for building a Great Power; in its turn, the “liberal integration’s” model, of the kind practised by Great Britain in Latin America, in the second half of 19<sup>th</sup> century, can generate wealth, as in the case of Argentina, but it is also incompatible with national projects of power; and “the developmentist” model, with neither military, nor nationalistic connotation, as the one tried in Brazil and Mexico, during the second half of the 20<sup>th</sup> century, had an economic success in a few countries and was abandoned after the 1980s external debts’ crisis. This was a frustrated development experience of the productive forces, with neither social inclusion, nor national project, and, therefore, without possibility, or any right to, any kind of extraterritorial expansion of their national power or capital, which was not in the form of patrimonial multiplication of their bourgeoisie’s private wealth. Finally, it is much more complicated to make the evaluation of the, either neomercantilist, or nationalist, *catch up* model followed by some victorious countries, in 19<sup>th</sup> and 20<sup>th</sup> century. Those were countries that did not hold a large GDP growth, but certainly they had been the only cases where the national development provoked a redistribution of international power. They all had had expansionist national projects, considering joining the Great Powers’ central nucleus and had used nationalistic rhetoric. But, at the same time, despite the apparent paradox, all had kept relations of virtuous and cumulative complementarities with the world system’s economy-leader, first England, and later the United States; until the moment they wage war against their old “protectors”. On other words, the countries that had chosen this kind of strategy had counted, in the beginning, on the dominant economic power “inattentiveness” or “invitation”, but the moment they had considered to expand outside their borders, they had

been blocked. So one can better understand the reason why mercantilist/nationalist projects of power and capital expansion always reach a “saturation” point that leads to war. From our point of view, their “militarism” was not an automatic and necessary consequence of their nationalism, or mercantilism. More often than not, what occurred was precisely the opposite: the war imposes itself in the hour when those “national states-economies” consider to expand beyond their national borders and are blocked by the powers that already had previously expanded, monopolising and blocking new opportunities of expansion. The great exception was the United States because in that case its expansion was associated with Britain’s, which became the new victorious power preferential partner.

It is this historical rule in the struggle for the regional hegemonies that is behind John Mearsheimer’s commentary on the relations between United States and China, in his book *Tragedy of Great Power Politics*: “the United States’ policy in China is badly guided, because a rich China won’t be a power that would accept the international *status quo*. On the contrary, it will be an aggressive state determined to conquer a regional hegemony. Not because a rich China would have evil instincts, but because the best way any state has to maximize its perspectives of survival is to become hegemonic in its region of the world. Now, well, if it is of China’s interest to be the *hegemon* in the northeast of Asia, it is not of America’s interest that this should happen”. (Mearsheimer, 2001: 402). What John Mearsheimer does not understand is that China needs the United States, but as we have seen already, the United States also needs the Chinese competition to be able to expand its own economic and military power. From our point of view, this is the true secret of the Worldwide System’s success and tragedy.

### *Hegemony, Empire and “Global Governance”*

Despite the continuity of wars within the World-wide System’s history, there is neither a convincing explanation for its regularity, nor could one manage to know precisely why some periods of peace are longer than others. The several existing theories on the “cycles of wars” do not present conclusive evidences, and while

some attribute the periods of peace to the existence of situations of “balance of power” between the Great Powers, others think, on the contrary, that peace depends on the existence of one power alone, or a hegemonic power, capable to impose its “*pax*” to the rest of the world. Concerning the Worldwide System’s economic aspect, there are much more developed theories on the causes and regularities of the great capitalist crises, but when associate to the “cycle of wars”, they are, in general, done in a very superficial and mechanical way.

On the one hand, from the “peace” point of view, Raymond Aron considered a distinction between two kinds of international systems that would coexist, side by side, and would keep different relations with the “compulsion to war”, of which Thucydides refers in his *History of the Peloponnesian War*. The first would be the more “homogeneous” one, and the second, the more “heterogeneous”, depending on what extent the states that are involved shared, or not, the same conceptions and values. The wars would be, for Aron, a typical, or more frequent, phenomenon of the “heterogeneous” subsystems. Henry Kissinger considered a similar separation between two opposing international orders, one of them “legitimate”, and the other, “revolutionary”, depending if the states share, or not, the same code of international behaviour. In both typologies, the wars would have to be more frequent in the systems that Aron calls “heterogeneous”, and Kissinger, “revolutionary”. But neither Raymond Aron, nor Henry Kissinger succeed in explaining why the Great Wars that had affected the Worldwide System’s history took place precisely between the “homogeneous”, or legitimate, “countries”. Those are the wars between the Great Powers in their struggle for “global power” that had affected the totality of the system, provoking periodic and radical changes in the worldwide political order, and the wars waged by the same powers in the peripheries of the system, for the control of the economic and political regional hegemonies.

On the other hand, from the point of view of the Worldwide System’s stability and economic crises, the most ambitious explanatory attempt was of the “theory of the hegemonic stability”, which was already introduced and criticized in the initial topic of this article on “The Paradox of American Hiperpower”. In few words, since the

second half of 1980s, the world was under the “undisputed” leadership of only one power guided by a strong *liberal commitment*. During this period, the United States has arbitrated the international monetary system, actively promoted the opening and the deregulation of the national economies and the free trade, stimulated the convergence of the macroeconomic policies, and acted - at least in part - as the *last resort lender* in all the financial crises that had shaken the business world by keeping, at the same time, an undisputable military, industrial, technological, financial and cultural power. In spite of all this, the world lived, in the last quarter of the 20<sup>th</sup> century, a moment of great systemic economic instability, and the theory was incapable to give an explanation to that. Therefore, it is crucial a reevaluation of the idea itself of economic and political hegemony, before any proposal on the subject of “global governance”. First of all, one must clearly differentiate an economic hegemony from the exercise of a mediatory or “peacemaker” power. Moreover, the *hegemon* cannot, even in the economic field, be understood either as a “functional manager”, or as an institutional function that could be engaged in any kind of collective governance. On the contrary, the economic hegemony, as well as the global political power, is always a position in dispute and a transitory conquest, and it will never be the result of a consensus or “a democratic” choice. The hegemonic position, therefore, is a conquest, a victory of the most powerful state in a determined moment, and one could say in that sense that it is only one “possible point” in the ascending curve of the “empire-states” that fights for global power. Only after occupying this transitory position was possible for the hegemonic countries to be able to eventually exert a favourable global power to the development of the system’s other members. What is, in general, less visible or outlined, in the discussions about the “worldwide hegemonies”, is that dispute that is behind the hegemonic power. When one looks at the system from the geopolitical side it is easier to perceive what always existed, in the state system’s history, and especially in the history of its Great Powers: a central conflict, which is more long-lasting and serves as an organiser axle of the whole system. A more or less clear polarity that guides the strategic options of the other states, and which functions as a kind of “denialchy”, hindering the abusive and unilateral liberties of

the more powerful because, “in the absence of other powers and a real veto capacity, the exercise of a unrestricted power, as the past history fully demonstrates, does not lead the world towards an absolute and benevolent sovereignty as Bodin and Hobbes had dreamed, but to arbitrariness, arrogance and, in last resort, to fascism”. (Fiori, 1997: 131). These polarisations had been a recurrent, and very specific, form of organising the “balance of power”, which never gets to be rigorously multilateral, and which revolves around at least three great centres of economic and political power. This is what happened during: the prolonged war between Spain and Austria (the Hapsburg Empire) and France, in the 16<sup>th</sup> century; the economic competition and military conflicts, later on, between France and England and Holland, at specific moments during the 17<sup>th</sup> century; the long-lasting competition between France, England and Russia, in 18<sup>th</sup> and 19<sup>th</sup> century; and, finally, in the conflict between England, Germany and United States, in the first half of the 20<sup>th</sup> century, and in the “Cold War” after World War II.

The main actors in the economic competition had not always been the same ones at the political-military competition, but the contenders in both cases had coexisted with an enormous complementarity involving all the states. Sometimes the conflict, sometimes the complementarity, predominated but it was this “tie-up” that allowed the existence of comparatively lasting periods of peace and convergent economic growth among the Great Powers. It is only during these exceptional moments, when this convergence took place, that one can speak of a worldwide hegemony, in that sense, just in two moments of the modern system’s history: between 1870 and 1900, and 1945 and 1973. Even then, the cooperation that existed between the Great Powers, in these two unique hegemonic periods of history, was based on objective situations, with completely different rules and institutions.

Britain built a colonial empire that was decisive for the reproduction of her economic and military power, and her hegemony did not depend on any kind of collective regime or governance. During the period of British hegemony there were neither regimes, nor any institution at a multilateral or supranational level, and that cooperation resulted from Britain’s own particularities, having an extremely opened economy depending on her foreign trade. The international monetary system

based on the British currency did not result from any kind of agreement, or monetary regime, settled amongst the Great Powers. On the contrary, it was a system born of the other states and European economies' gradual adhesion to it, compelled to use the pound sterling in their new commercial and imperial offensives, on a world that already was a "British economic territory". The United States, in its turn, has not resorted to the direct colonisation of peripheral peoples, and organised its hegemony in different way of Britain, after World War II. The period between 1945 and 1973 was the only moment, in the political and economic worldwide system's history when the exercise of a "global governance" was attempted, based in a system of supranational regimes and institutions, although several of these regimes and institutions, conceived in the first hour of the military victory, had never materialise themselves. Moreover, the cooperation and convergence amongst the main capitalist countries, in this period, owe much more to the Cold War's threat and the fear of the mobilisation of the great unsatisfied masses, inside and outside Europe, than the choice for a regime of "international governance".

Consequently, is out of question, once again, to explain the formation and the crisis of "hegemonic situations" without taking in account the *hegemon's* expansive, and simultaneously "destructive", impulse, and the "tie-up" inside of which the hegemonic leadership is constituted and developed amongst the Great Powers. In the British case, it consisted of Great Britain's strategic alliance with the countries belonging to the Holy Alliance, and her military and colonial competition with France and Russia. In the American case, it was based on the United States' alliance with the Atlantic countries, and its military and global competition with the Soviet Union. Last but not least, one should not forget the decisive importance of Britain's preferential and specific economic relations with the United States and India; and, after World War II, the United States' with its just-defeated two "military protectorates", Germany and Japan.

In 1973, the United States left the Bretton Woods' international monetary system agreement and, at that moment, a new "non-hegemonic" conjuncture started, where conflict overcame cooperation within the Great Powers' core, in such a

progression that culminated in the end of the Cold War. In 1990s, however, after the liberal ideas and United States' victory, the Worldwide System was closer than ever to reach the last boundary of its trend to the formation of a "worldwide empire". However, after the year 2000, what one sees is an extremely fast reversion of this process. What seemed to have been liberalism's almost religious victory became, on the one hand, a return to the world of the national interests excludent primacy in every one of the Great Powers. On the other hand, in the 1980s and 90s, the American economy grew in an almost continuous way, while the other powers' economies stagnated, and the possibility of mobility of the periphery within the system was practically reduced to the cases of India and China.

From every standpoint, the world never was so far of anything that could be called hegemony. There have been two decades since the United States is championing the deregulation of all the markets and communication, energy and transport systems. Nevertheless, the Americans have successively abandoned every international agreements, commitments and regimes that could affect their capacity of unilateral action. Their currency is now rigorously universal and is not bound to any regime, except to the FED's sovereign decisions. Their national economy conquered basic spaces towards the globalisation of their currency, debt and tax system. The support, however, to their moral-international leadership was shattered at the same time, and every one of the Great Powers is committed "to collect the pieces" and to redefine, under the shade of American hiperpower, their interests and spaces of influence.

From our point of view, at this moment of history, it is not possible to imagine the future, and the worldwide system' eventual governability without starting from the premises that we have tried to demonstrate in this article: i) in the "state-empires" and their capitalist national economies' universe in expansion, there is neither a logical possibility for a "perpetual peace", nor for balanced and stable markets; ii) there is no possibility for the Great Powers to practise, in a permanent way, a policy exclusively directed toward the preservation of their *status quo*, halting the struggle for a change in the worldwide distribution of power, as Hans Morgenthau

came to think, although he is one of the authors of the realistic theory in the international political relations' field; iii) neither exists any possibility that the "great predators", allied to their own "Great Powers", would let go the capitalism economic expansion's leadership to the hands of the ideal-sort entrepreneur, seen in the "market economy" handbooks; iv) the system moves as a whole, as Nicolai Bukharin correctly perceived, though two contradictory political-economic forces: on the one hand, a tendency that points towards a universal empire, or state, but, on the other, an "anti-tendency" that points towards the strengthening of the blocks of capital and national power; v) these forces are not only systemic or global, they act through the competition between national states and economies, and in particular of the permanent struggle of every Great Power that has to oppose actively to the imperial vocation of their "peers", knowing that "empires do not have any interest in operating within an international system; they aspire to be their own international system" (Kissinger, 2001: 84); vi) and, finally, if the creation of the "worldwide empire" was not possible until nowadays, neither was the chaos, because the system became a hierarchy and created, in practice, several competitive and complementary structures that periodically "had delayed" the wars. But these structures have very little to do with the "worldwide hegemony" concept and, even less, with the federative and cosmopolitan and liberal dream of Kant. On the contrary, they had always been imperfect and transitory "forms of management", recurrently run over and destroyed by new impulses of the other states and national economies' imperial trend.

### *The Global Power's Tendencies and Limits*

To theoretically explore the future of the Worldwide System, created from the European states and national economies' expansion, the most fruitful way is to start from its basic contradiction and consequences, to be able to calculate its capacity of reproduction and endurance limits. On the one hand, as we have seen, this contradiction points, ultimately, towards the "global power" and the construction of a "worldwide empire", and, on the other, towards the strengthening of national states and capitals' territorial power. It is not impossible to speculate

about the limit of this global empire, since it would mean - by definition - the political end of the inter-state system. And what is most likely, from the economic point of view, it will also mean the end of capitalism. As stated by Max Weber, "it was the well delimited national State that provided capitalism with its chance of development—and, as long as the national State doesn't yield to a worldwide empire, capitalism will also persist". (Weber, 1961: 249). In a language closer to physics and thermodynamics, than the Hegelian dialectic, one can say that the global power's expansion towards the worldwide empire, is a thrust that would lead to the system's entropy by provoking its internal homogenisation, with the disappearance of its constituent units' hierarchies and conflicts, which are responsible for the system's own dynamism and order. "A single empire alone would be a synonymousness of a single "economic territory" with only one currency. This would presume the simultaneous elimination of sovereign policies and national currencies, all dissolved in the empire's single monetary and political command that would begin to be responsible for the monetary and budgetary policies of all the provinces. In that case, the financial capital, which feeds itself from the inter-estate competition, habitat would also be eliminated. The most likely scenery for this empire would be a tendency to a condition of stagnation, or a great historical reversion, in direction to the past, to what has been for centuries the former Chinese empire ". (Fiori, 1999: 63). But, even in the hypothesis that the disappearance of the inter-estate and capitalist system would take place, it is impossible to surmise, in the present, any actual indication of a new system to appear that would be, for example, more pacific or egalitarian. In this global history of the national states and economies, it is not possible to identify any state that is bearing any revolutionary project of reorganisation of the Worldwide System. They all move with the same objectives and their internal differences, either of political regime, or social organisation, it does not seem to have a significant impact in their international behaviour, at least at history's decisive moments, as in their involvement in conflicts of vast proportion. Therefore, in the Great Powers' world, as in all the other national states and economies, it doesn't exist the good and the bad, neither better nor worse, in absolute terms. What exist are states that, in

determined moments of history, assume more or less favourable positions to peace and the convergence of national wealth. But, even in those cases, one must separate the ideological rhetoric from the concrete behaviours, and, moreover, must be attentive to this very state changes of behaviour, depending on the moment and the position that it would occupy within the international hierarchy of power and wealth. Almost all the Great Powers already have been colonialist and anticolonialist, pacifist and warmongering, liberal and mercantilist, and, besides, almost all of them already have changed several times their position in history. In this context, all the forecasts, either Liberal or Marxist, about the end of national states or economies, or even about the formation of some kind of cosmopolitan and pacific federacy, are utopias, with all the dignity of the utopias that start from ethical arguments and generous expectations, but still are ideas or projects that have no objective support in the analysis of the Worldwide System's logic and history. And at this point, as Hobsbawm says, it is good "to remember that hope and forecast, although inseparable, are not the same thing (...) and all forecast about the real world have to lean on some kind of inference about the future from what happened in the past, in other words, from history". (Hobsbawm, 1998: 67). Despite this opacity, as in physics, in the Worldwide System's case also are forces that act in an opposing direction to this global power and the worldwide empire, forces that, until nowadays, had hindered this process of centralization of power to reach the point of the entropy, or the system's dissolution. The first and most important of these contrary tendencies operates in the geopolitical and geoeconomic field, and has to do with the contradictory behaviour of the expansive powers themselves aiming to the worldwide empire. We have seen already that there is no logical possibility that a victorious power could continue to accumulate power and wealth without expecting new economic and military competitors and adversaries. Therefore, it is the victorious power itself that promotes, always when necessary, the economic development of its future competitors, as has happened with England in relation to Germany, and the United States to Japan, during the 19<sup>th</sup> century, and happened again in the 20<sup>th</sup> century with the United States in relation to Germany, Japan, Korea, Taiwan and, more recently, with China itself.

Today one also can better see the United States' contribution in the success of the old Russian project of building a Great Power during the 20<sup>th</sup> century, when it considered, in its Cold War strategy, the Soviet Union as its primary enemy. The expansive and victorious power can foresee, based on past history experience, that the economic and military growth of its next competitors will produce, in a medium-term period, a territorial redistribution of wealth and a displacement of its centres of worldwide accumulation. And it will, most probably, end up by provoking, in a long-term period, a redistribution of worldwide power itself. But the expansive power does not have the means to avoid this consequence, therefore one can say, in last resort, that it is its own behaviour that creates its main obstacles and adversaries. It is the worldwide power itself that feeds the other states' "nationalistic" contrary tendency, which blocks the former march towards global power and the worldwide empire.

But one must be careful, since this behaviour is not restricted only to the economic field. No matter how paradoxical it can seem, it also happens in the military field because, in last resort, it is the victorious power that also arms its future and eventual adversaries, at least until the moment when they acquire technological-military autonomy. Even after the end of the Cold War, the United States (with 56,7% of the market) and Russia (with 16,8% of all sales in 2003) continue to dominate the international market of weapons, and the Asian countries, China in particular, remains their great buyers. And it should not be necessary to add, that after the United States and Russia, the great sellers are Germany, England and France, the other members of the Great Powers' club. In spite of the fact that the majority of the international analysts considers that the biggest challenge to American power will come, in the long-term period, from Asia and, particularly, China. It has been like that in the past, after World War II, for example, when the United States decisively stimulated the economic growth of its competitors and war adversaries; but then, Germany, Japan and Italy, were kept, however, in the condition of its "military protectorates". While now, in the most recent period, the United States neither exert any kind of protectorate, nor have any kind of direct military presence inside of the Chinese territory. Moreover, the Great Powers also

sell their weapons for all the other countries of the world, even the ones that have no perspective whatsoever of becoming a power. By doing so, they contribute for the militarisation of the international conflicts in all the levels of the Worldwide System, feeding the wars between the peripheral countries, which may not have a greater impact on the system's big co-ordinates, but which are permanently renovating its functioning rules, in all the levels of the struggle for power and wealth. As if the history of the "war game" between the former "imperial units", that Braudel spoke of, would reappear and recommence again, and every unit would start to compete for security with its closest neighbours. At this level of competition, the global asymmetry of power between the Great Powers does not matter, because it is about a more restricted struggle that involves the lesser partners in the "great game", and the Great Powers can experiment their new technologies there without any serious global risk, and at the same time use the others to settle their "differences". This re-creation of the competition and conflicts and wars, in these lower strata of the military power hierarchy, makes difficult the convergence of interests and the possibility of a stable alliance between the states unsatisfied with their worldwide *status quo*. But, at the same time, these conflicts reproduce and deepen the own system's contradictions and contribute for the internal mobilisation of the populations that almost always unite and support their states when their government decides to fight for changes in their country's position within the worldwide hierarchy of power and wealth; even more when inside of conjunctures of extreme polarisation, or "inequality", in the distribution of wealth between the nations and social classes. From this point of view, there is no doubt that the multiplication of these local conflicts breaks up the peripheral countries and makes difficult the "internationalism of the poor countries", concurrently these conflicts increase the strength of the social and national fights against the centralisation of international power and wealth. "Except for a few exceptions, one can affirm that the elites' nationalistic approach of their peoples only occurred when some kind of political, military or economic bipolarisation, or competition, in the international field threatened or affected the interests of the State and the local bourgeoisies' wealth. This "law" worked in an implacable way

during European history and continues effective in the relations between the great powers that constitute the system's central nucleus, but only exceptionally manifest itself in the system's periphery when a true geopolitical or geoeconomic challenge does not exist ". (Fiori, 2001: 72).

When studying this same periodic convergence between the "national" and the "social", Karl Polanyi formulated a thesis and an original and extremely provoking version of the Worldwide System central contradiction's effect within some national societies and economies. To sum up his argument, Karl Polanyi identifies the existence, since the 20<sup>th</sup> century, of a "double movement" in capitalism's history resulting from the permanent and contradictory action of the market economies and societies' two organising principles, each one of them pointing toward different objectives. One would be the "principle of economic liberalism", which considers, since the system's origins, the globalisation, or universalisation, of the self-regulated markets through the permanent apology of the *laissez faire* and free trade, an analogous process to the one, foreseen by Nicolai Bukharin, of the building of the financial capital worldwide empire. And the other would be the principle of the "social self-protection", a defensive reaction that is historically articulated "not around the interests of classes in particular, but around the defence of "social substances threatened by the markets". (Polanyi [ 1944 ], 1980: 164). Several of Polanyi interpreters have read his thesis about capitalist economies and societies' "double movement" as if it was a sequence in the time, or as if it dealt with an oscillating movement through history. Karl Polanyi's vision, however, is more dialectic than oscillatory because, for him, the two principles have material and social roots that coexist inside of capitalism in a necessary, permanent and contradictory way. The "antibodies" that will end up by paralysing and correcting the self-regulated markets entropic expansion are born within the mercantile expansion itself, and they are eventually revealed in the interstices of the liberal world, fortifying themselves with the destruction perpetrated, in the long-term period, by the deregulated markets within the world of the work, land, money, and the nations' productive capacity. Besides, this principle of "social self-protection" can be disclosed in two different ways: i) inside national societies through the

many ways of social and political democratisation and the building of collective networks for the protection of populations; ii) and inside the international system, as defensive reaction of states that decide, in situations of crisis or unfair competition, to protect their national economic systems. In the case of the European countries, and the historical period studied by Polanyi, these two movements of self-protection had converged, invariably, due to the permanent European inter-state competition and the central place occupied by the wars within these competitions. According to Polanyi, in the countries that took part in these competitions and wars, the external challenge dilutes the class borders and stimulates several kinds of national solidarity and conscience, as happened during the “age of catastrophe”, between 1914 and 1945, a moment when the bases for the biggest democratising and “distributive shock” in capitalism history were created, that would take place after 1945 with the full employment policy and the public and universal protection of the populations, two proposals considered to be true heresies during the golden age of the “liberal civilization”, between 1840 and 1914. Nowadays, one can see retrospectively that the communist revolution itself, “in one country” - independent of its gigantic social specificity - also fulfilled the victorious role to bring up to date, during the 20<sup>th</sup> century, the old Russian project of building a Great Power.

In the turn of the 21<sup>st</sup> century, history could be announcing a new stage of convergence, according to Polanyi’s model, between the national and social struggles of the less favoured peoples. The Worldwide System lived in an age of liberal euphoria after 1990 and again, in a very short time, of disorganisation of the world of work, land and money, that led to the 19<sup>th</sup> and 20<sup>th</sup> century imperialist race and the Great Wars. Besides, *mutatis mutandis*, one can already hear again the beat of war drums, announcing the return to the “power of the arms” to the Worldwide System epicentre, and at the same time the Great Economic Powers are multiplying the expedients of protectionism. Therefore, a new moment of convergence between the social movements of national self-protection, which questions the international *status quo*, and movements that bring pressure against the extreme polarization of wealth between the social classes, is not improbable. It

is interesting to notice, however, that if this convergence would take place again, it will also be a movement of resistance against the Worldwide System's entropy, announced by the accelerated centralization of power in one national state alone, the United States, which today explicitly impersonates Kant's forecast, to whom "the desire of all state and its rulers is to reach, through the conquest of the entire world, a condition of perpetual peace".

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