

The Contemporary Transformation of the International System

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Lecture 2

**The transformation of the
states-system: the role of the
United States**

Lecture 2

1. Immanuel Wallerstein's World Systems Theory
2. Rise to hegemonic dominance of U.S.A., and its decline?
3. Susan Strange's counter-arguments

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1. Immanuel Wallerstein's World Systems Theory

- a) the 'whole' world economy was a *capitalist* economy;
- b) the capitalist economic system needs a *parallel political system* – the inter-state system – to maintain order;
- c) the capitalist economic system needs a *universal capitalist social system*

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3 periods of hegemonic dominance (one state “*primus inter pares*” (‘first among equals’):

a) *middle of 17th century*

– United Provinces (approx. 1620 -1672)

b) *middle of 19th century*

- United Kingdom (approx. 1815 - 1873)

c) *middle of 20th century*

- United States (approx. 1945 –1967)

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Economic position of enterprises (companies) of hegemonic power

1 1

Agro-industrial 'edge' 1 1

1 1

Commercial 'edge' 1 1

1 1

1 1 Financial 'edge'

HEGEMONY

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Hegemony secured through a 30 year long world war:

1. The 'Thirty Years War' (1618 –1648) – Dutch triumphed over Hapsburg Empire (*Westphalia*)
2. Napoleonic Wars (1792 –1815) – United Kingdom triumphed over France (*'Concert of Europe'*)
3. The 'Long Euro-asian Wars' (1914 – 1945) – United States triumphed over Germany (*U.N. and Bretton Woods agreement*)

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Wallerstein's World System:

1. *Modern Core states*: industrialised, technologically advanced, diversified production and service sector;
2. *Semi-Periphery states*: supply Core states with raw materials and Periphery states with finished goods;
3. *Periphery states*: tied by dependence, monocultural economic activities, over-specialisation

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Wallerstein's 'Strong State':

1. *Mercantilism/liberalism* – state helps own companies compete
2. *Military capacity* – covert and overt military policies
3. *Finance and tax capacities* – state's ability to mobilise financial resources
4. *Bureaucratic capacity* – ability to administer and carry out policies
5. *Class/ideological factor* – dominant hegemonic block/group within the state

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2. Rise to hegemonic dominance of U.S.A.

- a more interventionist form of U.S. state:

a) *The State* – Executive became initiator of recovery

- By end of 1940s new institutional state structures set up to facilitate interventionism
 - Council of Economic Advisors
 - Bureau of the Budget
 - Federal Reserve
 - National Security Council
 - Joint Chiefs of Staff
 - Greater integration of State intelligence Agencies (F.B.I./O.S.S/C.I.A)

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b) ***Politics*** – Roosevelt's 'coalition' developed

- won support of large urban 'blue collar' vote and the southern vote;
- extended rights of workers to organise industrially (more rights to join t.u.)
- extension of welfare and social security

c) ***Economy*** – 'pump priming' by the state

- development of multinational companies
- acceptance of more state intervention
- rise in taxation levels and extension of state's fiscal base
- changes in production processes and techniques
- 'New Deal' institutional structures (National Recovery Agency, Agricultural Adjustment Agency)

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1944 U.S. Senate document: ‘War and Peace Studies of the Council on Foreign Relations’

- argued U.S. should pursue ‘*Grand Area*’ approach to give U.S. companies access to markets and resources in post-war world (‘Open Door Principle’)

– seeds of ‘*Pax Americana*’

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1944 Bretton Woods conference and agreement:

- initiated 4 new world institutions:

1. World Bank

2. International Monetary Fund (IMF)

3. General Agreement on Tariffs and Trade
(GATT)

4. United Nations (UN)

(1,2, and 3 = economic. 4 = political institutions)

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Fred Halliday, *'The Making of the Second Cold War'*, London, Verso, 1983, ch.4.

- wave of 3rd World revolutions and U.S. defeats in 1970s (U.S. 'bloody noses')
 - Ethiopia 1974
 - Cambodia 1975
 - Laos and Vietnam 1975
 - Iran, Grenada and Nicaragua 1979

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Wallerstein's 3 elements that produce change in World system:

1. the location of production processes and plants/factories/businesses shifts to cheaper labour areas;
2. there is a change between a boom ('A' phase) and a slump/downturn ('B' phase) in the world economy;
3. decline of the hegemonic state, and rivalry develops to succeed that state

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Susan Strange – arguments about hegemonic decline of U.S.A. fail to take account of '*the structural power of the modern state*'

- break away from territorially based conceptions of power
- information rich occupations confer power

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- “Is it more desirable that Americans should wear blue collars and mind the machines or that they should wear white collars and design, direct and finance the whole operation?”

(Strange, S. ‘The future of the American empire’, in Little, R. and Smith, M. *Perspectives on World Politics*, 2nd edition, London, Routledge, 1991, p.435)

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4 Interlocking Structures increasing U.S.A. power in 1970s, 1980s and 1990s:

1. *The Security Structure* – ability to offer, withhold or threaten security;
2. *The Financial Structure* – ability to offer, withhold or demand credit;
3. *The Production Structure* – ability to determine the location, mode and content of wealth-creating activity;
4. *The Knowledge Structure* – ability to influence ideas and beliefs, and control access to and communication of knowledge (links to culture)