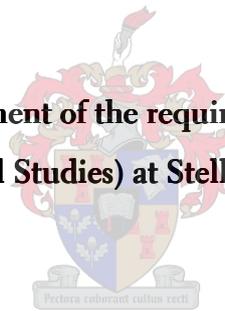


**The Role of Great Power War in the Rise of Hegemons:
A Study of Dutch Hegemonic Ascent in the
Modern World-System**

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**Thesis presented in partial fulfilment of the requirements for the degree of Master of
Arts (International Studies) at Stellenbosch University**



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March 2010

DECLARATION

By submitting this thesis electronically, I declare that the entirety of the work contained therein is my own, original work, that I am the owner of the copyright thereof (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

Date: 27 October 2009

ABSTRACT

This study explores the claim that Great Power Wars are a necessary condition for successful hegemonic ascent in the modern world-system, primarily from the standpoint of World-Systems Analysis. This study advances the conception of hegemony primarily in economic and state terms, and it was investigated, by way of a historical case study, how the Thirty Years' War (1618-1648) impacted the economic domains of agro-industrial production, commerce, and finance of the United Provinces of the Netherlands, and its main rival for systemic leadership, Hapsburg Spain.

The variables utilised in the study were Great Power War, and the 'material base' of the state involved (both independent), the three abovementioned economic domains (intervening), and hegemony or defeat (dependent). The case study was primarily descriptive and explanatory, with the use of process-tracing in its compilation, and a method of within-case structured, focused comparison was utilised with the aim of tentatively producing standardised, generalised knowledge concerning the wider link between Great Power War and hegemony beyond the Dutch case.

The findings of the study, although derived from only one historical case of hegemonic ascent in the modern world-system, strongly support the argument that Great Power War is necessary to secure the hegemony of the leading insular core state, which is physically removed from the fighting during the conflict, since the full mobilisation of its economy is effected, while the economies of most other core states are impaired, especially the main continental rival for hegemony. However, the ascending hegemon must also possess the requisite favourable 'material base'. Further research on this topic is called for, given the potential destructiveness of a future Great Power War, and its role in establishing hegemony in the modern world-system.

OPSOMMING

Hierdie studie ondersoek die bewering dat Groot Moontheid Oorloë 'n noodsaaklike vereiste is vir suksesvolle hegemoniese bestyging in die moderne wêreld-sisteem, hoofsaaklik vanaf die standpunt van Wêreld-Sisteem Analise. Hierdie studie bevorder die konsepsie van hegemonie hoofsaaklik in ekonomiese en staat terme, en dit het ondersoek, deur middel van 'n historiese gevallestudie, hoe die Dertig Jaar Oorlog (1618-1648) ingewerk het op die ekonomiese arenas van agri-industriële produksie, handel, and finansies van die Verenigde Provinsies van Nederland, en hul mededinger vir sistemiese leierskap, Spanje.

Die veranderlikes wat in die studie ingespan was, was Groot Moontheid Oorlog, en die 'materiële basis' van die state in kwessie (onafhanklik), die drie bogenoemde ekonomiese arenas (albei tussenkomend), en hegemonie of nederlaag (afhanklik). Die gevallestudie was hoofsaaklik beskrywend en verduidelikend, en proses-nasporing (oftewel 'process-tracing') is in die samestelling daarvan benut, en 'n metode van gestruktureerde, gefokusde vergelyking (oftewel 'structured, focused comparison') is gebruik binne die gevallestudie met die doel om tentatiewe gestandaardiseerde en veralgemeende kennis te genereer wat bydra tot die verduideliking van die wyer skakel tussen Groot Moontheid Oorlog en hegemonie buite die geval van die Verenigde Provinsies.

Die bevindinge van die studie, hoewel gegenereer aan die hand van slegs een historiese geval van hegemoniese bestyging in the moderne wêreld-sisteem, het sterk steun verleen aan die argument dat Groot Moontheid Oorloë nodig is om die hegemonie van die vernaamste insulêre kern staat te bewerkstellig, wat fisies verwyderd van die gevegte is tydens die oorlog, aangesien die volle mobilisasie van die ekonomie van hierdie staat bewerkstellig word, terwyl die ekonomieë van die meerderheid van die ander kernstate benadeel word, veral die vernaamste kontinentale mededinger om hegemonie. Die opkomende hegemoon moet egter ook oor die vereiste gunstige 'materiële basis' beskik. Verdere navorsing in hierdie veld word benodig, gegewe die waarskynlike vernietiging wat gesaai kan word deur 'n toekomstige Groot Moontheid Oorlog, en die rol daarvan in die daarstelling van hegemonie in die moderne wêreld-sisteem.

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~ *Supremus totus, perseverantia* ~

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LIST OF ABBREVIATIONS AND ACRONYMS

IGO Intergovernmental Organisation

IPE International Political Economy

IR International Relations

WSA World-Systems Analysis

CHAPTER 1 INTRODUCTION

1.1 BACKGROUND AND RATIONALE

The modern – that is, capitalist – world-system, that first emerged in Europe in the ‘long’ sixteenth century, and that has since expanded to incorporate the globe in its entirety, is marked by certain secular trends and cyclical rhythms, one of which is known as the hegemonic sequence (Wallerstein, 2000a:253,257; Chase-Dunn and Grimes, 1995:411). This hegemonic sequence consists of a “fluid continuum” which, at the one end, represents a roughly even balance between the great core states that populate the world-system at any given time, with all being approximately equal in strength, i.e. there is a multicentric power distribution (Wallerstein, 2000a:255). In the middle of this continuum, the great core powers find themselves grouped together in roughly two camps, with some important players as yet undecided or uncommitted, but with neither camp being clearly superior to the other, to the extent that it can “impose its will on others.” At the other end of this continuum, one finds that a single great core power has achieved hegemony in the world-system, that is, it has amassed disproportionate amounts of political, military, and economic power for a prolonged (yet finite) period of time, i.e. there is a unicentric power distribution (Chase-Dunn and Grimes, 1995:412). Hegemony has thus far been achieved by only three core states since the emergence of the modern world-system – the Dutch Republic of the United Provinces in the seventeenth century, the United Kingdom in the nineteenth, and the United States in the twentieth (Wallerstein, 2000a:256). Importantly however, both ends of the hegemonic sequence represent rare, unstable, and temporary situations that eventually give way to the “great middle” of the continuum (Wallerstein, 2000a:255). This is an important observation since the third and most recent hegemon mentioned above – the United States – that for a great part of the previous century enjoyed the peak of its hegemony, has already entered its period of hegemonic decline (Wallerstein, 2000a:387).

In fact, the hegemony of the United States has been declining for quite some time, essentially since 1970, although its period of hegemony could arguably be extended to the end of the “Great American Peace,” and the dissolution of the Soviet Union, around 1990 (Wallerstein, 2002a:60; Wallerstein, 2000a:387,392). No doubt American hegemony was more extensive than any of its predecessors, and that the United States continues to possess the most powerful military on earth – what Wallerstein (2002a:66) calls its “only card” – yet it has declined to the point where it can be argued that the world-system has now moved “beyond any semblance of U.S. hegemony,” with the United States “no longer even a superpower at all” (Wallerstein, 2008a; Wallerstein, 2008b). With this in mind, it becomes apparent that the world-system finds itself moving once again, and with increasing rapidity, away from the one end of the hegemonic continuum to the other – to a multipolar international order, albeit with the US remaining a strong player, but now “merely a partner with other power centers” (Wallerstein, 2008d). Indeed, as Wallerstein (2008b) contends, the “end of Act I of the new world geopolitical order” has arrived, and the states that will dominate the world stage in the coming decades are now clearly identifiable.

However, in the wake of US hegemonic decline, if historical experience is any indication, an “erosion of the alliance network which the hegemonic power had created patiently” is inevitable, and will be followed by a major restructuring of the interstate system along new patterns of alliances (Wallerstein, 2000a:259). In this tumultuous phase (the “most terrible of all” for the declining hegemon), on the back of what may be termed the law of uneven

development – which posits that “a differential growth in state power [and, particularly, in economic power], creates disequilibrium in the system as the actual distribution of power no longer matches the authority structure” – new contenders for hegemonic succession are emerging, around which the reshuffling international alliances may, as has been the trend since the sixteenth century, eventually form more or less two camps, dividing the interstate system once more, and returning the continuum to its centre (Wallerstein, 2000a:409; Kauppi, 1991:106). However, before a hegemonic successor to the United States can emerge, it should be noted, as Goldstein (emphasis added, 1988:366) observes, that hegemony “has come about *only* as a result of hegemonic war.” Indeed, as Wallerstein (2000a:258) concurs, “in each case [of hegemony in the modern world-system], the hegemony has been secured by a thirty-year-long world war.” Known by various names, these ‘hegemonic’ or ‘world’ wars will be referred to as ‘Great Power Wars’ throughout this study since, by definition, they involve the participation of “almost all of the major military powers [that is, Great Powers]” of the world-system at the time (Wallerstein, 2000a:258).

Given thus that hegemony in the modern world-system has always been preceded by a Great Power War, which acts to re-establish “international equilibrium by bringing back into line the hierarchy of prestige with the hierarchy of power [here one can include *economic* power],” and that Great Power Wars are ‘total’ in terms of “intensity, duration, and geographic scope,” the question may be raised as to whether, in the course of the hegemonic sequence, the world will again witness a Great Power War before a new hegemon can emerge at the head of the world-system (Kauppi, 1991:108). Given the contemporary existence of nuclear, biological, and chemical weapons, if such a Great Power War is indeed to occur at some point in the future, its effects will no doubt be totally devastating, and it is questionable whether there can indeed be any ‘winner’ at all. Clearly then, an investigation into the link between Great Power War and hegemony is pertinent since, as various experts have claimed, hegemony can only be established through the waging of such a total war. This study will be dedicated to the investigation of the role that Great Power War plays in establishing or ‘creating’ hegemony, particularly so that it may be possible for future research to examine the likely nature, and the major participants, of hegemonic rivalry in the twenty-first century, and to anticipate if, and how, Great Power War will feature in a fourth cycle of the hegemonic sequence.

1.2 RESEARCH PROBLEM

In order to clarify the link between Great Power War and hegemony, it is first necessary to arrive at a clearer conception of what it means for any single state to be considered ‘hegemonic’. Although this concept will be elaborated upon in greater detail at a later point in this chapter, at this stage it is useful to regard what Wallerstein (2000a:255) terms the foundation “of such power [that is, hegemonic power].” Since both Wallerstein and proponents of World-Systems Analysis in general tend to place the greatest emphasis on economic relationships in order to account for the underlying nature of the world-system, and to explain its features, it makes sense that Wallerstein’s (2000a:255) conception of hegemony and hegemonic power should sprout from an economic advantage of one core state over all others (Shannon, 1989:138). Indeed, for any core state to be considered hegemonic, the enterprises domiciled within that state must first attain (simultaneous) economic advantages over their foreign counterparts in three major arenas or domains of economic activity: agro-industrial production (particularly the production of consumer and capital goods requiring the use of advanced technologies and techniques), commerce (especially long-distance oceanic trade in the abovementioned consumer and capital goods),

and finance (including the provision of financial services). However, since the spheres of politics and economics are inseparable in World-Systems Analysis, the success of the particular core state's enterprises (that could not have been effected without strong state support in the first place) then so benefits the parent state that it is able to pull ahead in the ongoing rivalry between the core states. However, as Wallerstein (2000a:255) is eager to remind, hegemony refers to periods during which that "power differential is really great," *but* that differential never becomes so large that it confers to the hegemonic state the power to do anything it wants. Indeed, as Wallerstein (2000a:255) emphasises, "omnipotence does not exist within the interstate system."

Returning to the advantage of the core state's enterprises in the three economic arenas, Wallerstein (2000a:255) iterates that the edge in efficiency of which is being spoken is "so great that these enterprises can not only outbid enterprises domiciled in other great powers in the world market in general, but quite specifically in very many instances within the home markets of the rival powers themselves." This edge is made possible by what Wallerstein (1996:229; 2002b:18) terms the creation of "quasi-monopolies in world production," specifically in the leading sectors (or industries) of the time. These quasi-monopolies are "extremely profitable," not only to the companies involved, but also to the parent state and much of its population, who access these profits in various ways, such as through taxation, wages, and investments (Wallerstein, 1998:38). In this way, Wallerstein (2002b:12) contends, economic strength is "translated into political/military and cultural strength."

Regarding the three economic arenas, Wallerstein (2000a:257) specifically points out that the rising hegemonic state's enterprises first gain their edge in agro-industrial production, then in commerce, and lastly in finance. During the phase of hegemonic decline, the edge is lost in this sequence as well. However, hegemony only "refers to that short interval in which there is *simultaneous* advantage in all three economic domains" (Wallerstein, 2000a:257). As such, true hegemony is not gained until the state in question is the leader in world finance, while it is lost as soon as other states are able to catch up to, and emulate, the technologies and techniques of production utilised by its enterprises operating in the agro-industrial arena.

With regards to this study, if it is the case that Great Power War is essential to the establishment of hegemony, as various authors claim, and as will be maintained here, on the one hand; and if the foundation of hegemony consists of the attainment of advantages by one core state's enterprises over their rivals in the three economic domains mentioned above, on the other hand; then the link between Great Power War and hegemony could be conceptualised in the following way: a specific core state is able to ascend to hegemony in the modern world-system as a result of Great Power War, since that conflict *benefits* the industries operating within that state by conferring upon them an advantage in the three economic domains of agro-industrial production, commerce, and finance, while *harming* the industries of rival states, particularly the rival for hegemony. Since economic strength is translated into political/military and cultural strength, the core state that is benefitted by Great Power War in the three economic arenas is then able to emerge as hegemon at the conclusion of the conflict.

Each of the hegemons mentioned earlier in this chapter faced a main rival and competitor during their ascent, a rival that Wallerstein (2002b:12) argues has always been a "land-based power, [that] went the route of attempting to transform the world-system into a world-empire." These differed from the states that eventually emerged hegemonic, since the latter were "sea/air power[s], [that] with the aid of the erstwhile hegemonic power ... sought to maintain the looser complex of economic, political, and cultural structures that define a

capitalist world-economy” (Wallerstein, 2002b:12). These pairings of sea/air powers on the one hand, and land-based rivals eventually attempting to transform the world-system into a world-empire on the other, are as follows: United Provinces of the Netherlands – Habsburg Spain; the United Kingdom – Monarchic, Revolutionary and Napoleonic France; and the United States – Imperial and National Socialist (Nazi) Germany (Wallerstein, 2000a:258).

Since Great Power War can thus be argued to have brought about hegemony for particular core states (and without which they might not have attained hegemony at all), the pertinent question then, and the main problem to be investigated in this study, is thus *how* Great Power War benefits one hegemonic contender with regards to the three economic domains, while harming the performance of the enterprises of its main rival in the same economic domains. This will be the central problem that will be addressed in this study, and from which it is hoped that future research may derive insights regarding hegemonic rivalry and the prospects for Great Power War in the twenty-first century.

1.3 INITIAL THEORETICAL FRAMEWORK

Before proceeding with a clarification of the individual facets of the study, such as the specific objectives, and the methodology to be employed, it is beneficial to elaborate further on the theoretical framework that informs the study. Specifically, as mentioned above, the broader theoretical framework within which this study is located is that of World-Systems Analysis. This “protest against the ways in which social scientific enquiry was structured for all of us at its inception in the middle of the nineteenth century” can trace its roots back to the work of sociologists, especially Immanuel Wallerstein, in the early 1970s (Wallerstein, 2000a:129; Chase-Dunn and Grimes, 1995:387; Bradshaw and Lynn, 1994:439). It has become a transdisciplinary, or more accurately, a *un*disciplinary, undertaking that eschews artificial boundaries between ‘disciplines’ such as economics and sociology, the roots of which, as the comment above indicated, can be traced back to the nineteenth century (Sanderson, 2005:185; Wallerstein, 2000a:129-130). In fact, World-Systems Analysis strongly regards the four ‘disciplines’ of anthropology, political science, economics, and sociology (and indeed the social sciences as a whole) as a single discipline. As Wallerstein (2000a:134) maintains, “the three presumed arenas of collective human action – the economic, the political, and the social or sociocultural – are not autonomous arenas of social action,” and “there is a single ‘set of rules’ or a single ‘set of constraints’ within which these various structures operate.” Additionally, history must also be included with the (unified) social sciences, since “the modern world can only be understood in its historical context” (Wallerstein, 2000a:135; Wallerstein, 2000b:34; Sanderson, 2005:184). This, Wallerstein (2000b:33-34) argues, constitutes the foundation of *historical social science*, since “all useful descriptions of social reality are necessarily simultaneously ‘historical’ ... and ‘social scientific’.” Indeed, by specifically taking into account the *longue durée*, World-Systems Analysis has become a historically-grounded (as opposed to ahistorical), and thus a particularly rugged, perspective on what is conventionally termed the International Political Economy (IPE).

As mentioned above, World-Systems Analysis as a perspective (or indeed, a paradigm) can be traced back most directly to the work of Immanuel Wallerstein –also its central and most prominent proponent (see for instance Wallerstein {1974}), who was the first to employ the perspective in an attempt to understand the “origins and the interactions of what were typically called the first, second, and third worlds and their roles in the rise to dominance of capitalism and industrialization,” and whose work constitutes the foundation upon which this study will be built (Chase-Dunn and Grimes, 1995:389-390; Hall, 1996:441,443). Some

of the main features of the modern world-system are discussed elsewhere in this chapter, but one of the most notable is the hegemonic sequence, whereby states ascend to hegemony but eventually decline, as part of the oscillation between the centralisation and decentralisation of political organisation within the world-system (Chase-Dunn and Grimes, 1995:411). This oscillation has been significantly influenced by capitalism, which has had specific consequences, such as the prevention of the formation of a world-empire.

However, the key aspect of this hegemonic sequence that is of importance to this study is the occurrence of global war at some point in the transition between the hegemony of one state and that of another. One of the most important consequences of such a Great Power War is the way in which it ratifies the global power hierarchy that exists at the conclusion of the war (Chase-Dunn and Grimes, 1995:412). This study thus attempts to shed light on the hegemonic sequence of World-Systems Analysis, by exploring the impact of Great Power War on one historical hegemon (the Dutch Republic) and its main rival for hegemony (Hapsburg Spain), and the choice of this hegemon will be motivated in a later section in this chapter. An expanded discussion of the theoretical elements of this study, including the major criticisms lodged against World-Systems Analysis, and the literature review, can be located in the second chapter.

1.4 HYPOTHESIS, OBJECTIVES OF STUDY, AND RESEARCH QUESTIONS

Essentially, the hypothesis employed in this study, simply stated, is that Great Power Wars not only facilitate the rise of hegemons, but are in fact *necessary* for them to do so. This hypothesis can be expanded and clarified by identifying the variables involved. To this end, the (first) independent variable can be identified as *Great Power War*, since the argument has been advanced by various scholars that hegemony can only come about as a result of such a conflict, and that it secures or encrusts that resultant hegemony in the world-system. The dependent variable is, of course, *hegemony* in the modern world-system, a concept that has already been briefly explored, and is returned to later in this chapter. However, since the emergence or foundation of hegemony can be attributed to the lead of a particular core state's enterprises in the *three economic domains* of agro-industrial production, commerce, and finance, these domains constitute the intervening variable of the hypothesis, since they act as the essential link or mechanism between the independent and dependent variables.

Additionally, this study will also consider what Flint and Shelley (1996:489) call 'locational factors' (a country's material, or resource, base and its geopolitical foundation), alongside levels of technology (especially as manifested in leading sectors), forms of social organisation, and the extent of capitalist economic development¹ (along with the capitalist advantages thus conferred to enterprises) existing within the particular rivals for hegemonic succession *prior* to the eruption of the Great Power War, since these also impact their likely success or failure during a Great Power War. To this end, these (endogenous) locational, economic, and political factors will also be included as a (second) independent variable, termed the '*material base*' for the sake of brevity. As will be seen in chapter two, the inclusion of these endogenous factors will go far to address serious criticisms of World-Systems Analysis concerning its structural determinism and overemphasis on exogenous factors to account for the location, and internal features, of the states within the hierarchy of the modern world-system.

¹ Included here are Wallerstein's (1980) conceptions of state strength, and Wallerstein's (1980) and Cox's (1983; 1987) contributions in terms of historic or hegemonic blocs within states. This will be elaborated upon especially in chapter two.

Stated more elaborately, the causal hypothesis employed here is as follows:

Great Power Wars, interacting with the *material base* existing prior to the conflict, benefit the enterprises of one hegemonic contender (the predominant sea/air power) with respect to the *three economic domains* of agro-industrial production, commerce, and finance, while harming the enterprises of its main rival (the predominant land power), while the subsequent economic advantage of the enterprises of the hegemonic rival that was benefitted by the conflict, is so large that it confers disproportionate military and political advantages upon the parent state, thus establishing its *hegemony*.

Thus, Great Power Wars have different impacts on the economic domains of different core powers, thus leading to different outcomes with regards to the hegemonic rivalry. A large part of the reason for this difference comes down to the existence (or lack) of a strong material base prior to the eruption of the conflict. For instance, if one hegemonic contender is richly endowed with strategic natural resources, such as iron and coal, while its principle rival is poorly so endowed, then it stands to reason that the former will have an advantage over the latter in any conflict that requires the use of these resources. Moreover, if the enterprises of one hegemonic contender are more competitive than those of the main rival, then it would make sense if the enterprises of the former are better able to exploit the opportunities offered by the conflict. In this manner, the two independent variables interact, and *both* are required in order to establish the sizable lead in the three economic domains that constitute the foundation of hegemony.

With the hypothesis thus established, it is possible to regard the objectives of the study in more detail. This study aims to investigate, and illuminate as far as possible, in general terms, the manner in which Great Power War, and the material/geopolitical bases existing prior to those Wars, interact in conferring advantage to the enterprises of one hegemonic contender in the three identified economic arenas, while disadvantaging the enterprises of that state's main rival. Once this link has been investigated, the manner in which Great Power Wars allow hegemonic ascent, via the three economic arenas, should be much better understood.

In support of these core objectives, a series of research questions can be formulated, some of which will be employed in a very specific manner later in the study. Although elaborated upon in a later section of this chapter, a method of 'structured, focused comparison' will be employed in this study (in a within-case context) – a method which, at its core, consists of asking a series of general questions (reflecting the research objective) of the findings of the research (here to be collected in a historical case study), so as to guide and standardise data collection, while permitting systematic comparison and cumulation of findings (George and Bennett, 2004:68). As such, the research questions stated below (and identified as such), will be explicitly posed and answered later in this study (in chapter four).

With regards to the primary objective of the study, and for use in the structured, focused comparison, the following research questions will be posed:

1. What was the eventual hegemon's position in the world-system prior to the outbreak of the Great Power War?
2. Which state was the eventual hegemon's main rival during the War, and what was the position of that rival in the world-system prior to the outbreak of the War?

3. How did the Great Power War impact the economic domain of agricultural production (and thus the position of the enterprises operating in that domain) of both the eventual hegemon and its main rival?
4. How did the Great Power War impact the economic domain of industrial production (and thus the position of the enterprises operating in that domain) of both the eventual hegemon and its main rival, and what was the role of the leading sectors of the epoch?
5. How did the Great Power War impact the economic domain of commerce (and thus the position of the enterprises operating in that domain) of both the eventual hegemon and its main rival, and how did sea power factor into the conflict?
6. How did the Great Power War impact the economic domain of finance (and thus the position of the enterprises operating in that domain) of both the eventual hegemon and its main rival?
7. How did the material base – i.e. locational factors (geopolitical setting and natural resources), and the relative strength of the capitalist economy and state – of the eventual hegemon compare to its main rival, and what effects did these have upon the War effort of each?
8. What were the major consequences of the Great Power War, and how did the hegemon restructure the international system at the conclusion of the conflict, in other words, how did it secure its hegemony, and what was the settlement through which it did so?

1.5 SCOPE OF STUDY

With regards to the completion of the objective of the study, as outlined above, it is necessary to reiterate that, according to World-Systems Analysis, only three states have managed to achieve hegemony since the emergence of the modern world-system in the sixteenth century. Ideally, in order to examine the causal mechanism between Great Power War and hegemony to the fullest extent, the ascent of each of these three hegemonic states – the United Provinces, the United Kingdom, and the United States – should be investigated *comparatively*. However, given the practical implications of the space required to do justice to such an undertaking, only the ascent of the first of these hegemons – the Dutch Republic – and its main rival – Hapsburg Spain – can be investigated here. As such, functionally, the scope of the study will be limited to an investigation of the impact of the Thirty Years' War, as the first Great Power War of the modern world-system, upon the three abovementioned economic arenas of the Dutch Republic and Hapsburg Spain. It is thus apparent that the temporal scope of the study is mainly limited to the early era of the modern world-system, that is, the seventeenth century, with a background discussion of relevant events in the 'long sixteenth century'; while the geographical scope will be restricted primarily to Europe, the Baltic, the Mediterranean, and the European colonies in peripheral America, in other words the world-system of the seventeenth century. The case study will thus have to be elaborate and requires detailed descriptive foundations in order to allow for sufficiently meaningful findings.

In addition to the impact of the War on the three key economic arenas, other factors will also be considered, such as the locational factors and material bases of the states under investigation, the relationships between those states and their enterprises and state strength (in Wallerstein's {1980} understanding of the term), and population movements, which often favour emerging hegemons. The case study will open with an investigation into the emergence of the particular hegemonic rivalry in question, and apart from the central investigation of the War and its impact on the three economic arenas, brief observations regarding the now-hegemonic state's role in shaping the post-War world order will also be

made. As such, the scope of the study will, in fact, cover a longer period than the Great Power War (the Thirty Years' War) mentioned above. The aim is to make possible the production of empirically richer findings than would otherwise be the case.

1.6 RESEARCH DESIGN AND METHODOLOGY

The study will be empirical, and will use the world-system as the unit of analysis, since the changing distribution of power within that system is the focal point of the investigation. Indeed, as Hall (1996:441) remarks, Wallerstein has always argued that the world-system in its entirety "is the fundamental unit of analysis within which all other social processes and structures should be analyzed." Due to the study's focus on the early era of the modern world-system, which is often neglected in contemporary mainstream discourse in favour of a discussion of American hegemony, it will be historical in nature, since the emergence of the hegemon at the end of the Great Power War under study took place at a specific point in the past, in an era spanning several decades, from as far back as the late sixteenth century to the middle of the seventeenth century.

As a consequence of the employment of a case study, the study uses the logic of analytic induction (Neuman, 2003:33). Similar to most case study research, the study will be qualitative in nature which, as Neuman (2003:139) points out, often relies on interpretive or critical social science. This is indeed the case here since, as mentioned earlier, Wallerstein (2000a:129) essentially considers World-Systems Analysis to be a protest against the ways in which social scientific inquiry has 'traditionally' been structured (from the nineteenth century), and it is thus an appropriate example of critical social science.

The study, as a consequence of the examination of a complex and expansive subject, will contain descriptive and explanatory elements. In the investigation of the historical case study, the core of the research will be descriptive (in the account of the Great Power War, its run-up, and the period immediately following) and explanatory (in the discussion of the impact of the Great Power War on the three economic domains of the ascending hegemon and its chief rival).

Although this study will by necessity be unable to include more than one case study, it will nevertheless adapt features from the method of structured, focused comparison, which is particularly suited to case study research. Here, this method will be used primarily for within-case comparison between the impact of the Thirty Years' War on the Dutch Republic and Hapsburg Spain. The method is structured, in that general questions "are asked of each case under study [here only one case, but within that case are two states being compared to establish why one ascended to hegemony while the other did not] to guide and standardize data collection," while it is focused in that it investigates only "certain aspects of the historical cases examined" (George and Bennett, 2004:67). One of the primary benefits of this method of enquiry is that it allows the study of "historical experience in ways that would yield useful generic knowledge." After the 'universe' to be studied, that is, the specific class of events or instances of a phenomenon has been identified – here hegemonic ascent – and a suitably defined research objective has been formulated – here the investigation of the impact of Great Power War on (Dutch) hegemonic ascent, specifically via the three key economic arenas – variables of theoretical interest are to be formulated, as has been done earlier in this chapter (George and Bennett, 2004:69). Following on these steps, and the subsequent research, a set of standardised, general questions is to be asked of the case/s under study. These questions have also been outlined earlier in this chapter, in an attempt to implement as closely as possible the method of structured, focused comparison. It is also hoped that such a method will facilitate the future production of a study that will be able to

investigate British and American hegemonic ascent alongside that of the Dutch, and this is an endeavour that I aim to carry out personally.

Additionally, the method of process-tracing is also employed in this study. This method, according to George and Bennett (2004:206), is used to “identify the intervening causal process – the causal chain and causal mechanism – between an independent variable (or variables) and the outcome of the dependent variable.” This method is especially useful in theory testing or theory development, making it particularly relevant to this study, since it attempts to “specify the causal process that leads from the independent variables associated with the theory [Great Power War] to variance in the outcomes [either hegemony or defeat]” (George and Bennett, 2004:209). This also constitutes one of the primary strengths of this study, in that it attempts to shed light on the causal process between Great Power War and hegemony, which has not enjoyed sufficiently intensive examination in existing literature. In particular, the ‘analytic explanation’ variety of process-tracing will be employed, since it “converts a historical narrative into an analytical causal explanation couched in explicit theoretical forms” (George and Bennett, 2004:211). As an additional benefit, process-tracing makes it possible to develop an “appropriate, though necessarily circumscribed, covering law [a ‘statement of regularity between a set of events’]” for each step in the causal sequence, which aids in specifying the causal relation or connection between terms (George and Bennett, 2004:225,227).

The use of the process-tracing method in this study is indeed already visible in this chapter, since an attempt has been made to clarify the causal process between Great Power War and hegemony – by way of considering the impact of Great Power Warfare on the three economic domains that constitute the foundation of hegemony in the modern world-system. Since two independent variables have been suggested in this chapter, the form of process-tracing to be employed here may be further defined as ‘convergent colligation’, since the outcome to be explained flows from “the convergence of several conditions, independent variables, or causal chains” (George and Bennett, 2004:229). Thus to reiterate, this study will employ a method of structured, focused comparison, as well as process-tracing, with the latter specifically belonging to the analytic explanation variety, here making use of convergent colligation. To this end, secondary sources, consisting of books and articles from journals and selected online sources, will be employed. Moreover, the historical narrative will be used in the discussion of the Dutch case study.

1.7 LIMITATIONS AND DELIMITATIONS OF STUDY

With regards to the limitations of this study, perhaps the most significant is the fact that it is unable, in the context of a Master’s thesis, to present a complete historical comparison, which would have made possible speculation about hegemonic rivalry in the current century. Practicality however demands that, instead of attempting to provide a superficial and fleeting survey of all three cases of hegemonic ascent, it will be more fruitful to provide an in-depth investigation of one, and then to speculate about possible similarities to, and links with, the other two cases, and to produce a study in future that can incorporate all three cases comparatively. However, even one case study should be sufficient to illustrate whether the claims made by Wallerstein and Goldstein, as mentioned above, are valid, and whether Great Power War is a necessary condition for hegemony to be established in the modern world-system. Elsewhere² I have argued in greater detail that there is indeed a strong

² Apart from the investigation in this study, I have examined in detail the role of the Great Power War in both British and American hegemonic ascent. This research may be accessed online at <http://andresiebrits.weebly.com/works1.html>

correlation between Dutch, British, and American ascent in terms of the impact of Great Power War, and as such, the opportunity will be taken here to investigate in detail the impact of the Thirty Years' War on Dutch hegemonic ascent. Although this is certainly a limitation as far as generalisable results are concerned, it will have to suffice.

In addition, World-Systems Analysis, which constitutes the theoretical framework encapsulating the study, has proven, as a form of critical social science, to be "highly controversial" (Shannon, 1989:137). As such, numerous criticisms of Wallerstein's work (and the work of other authors) regarding World-Systems Analysis have been lodged, of which that of Skocpol (1994) is but one example. This study, by operating within this framework and by relying on its assumptions, will therefore necessarily also be subject to the same criticisms. As such, the most serious of these criticisms and concerns will be highlighted and discussed in chapter two, and where possible, suggestions for addressing these will also be made. However, an in-depth critical evaluation of the entirety of World-Systems Analysis will not, and cannot, be provided, since such an endeavour would fall outside the scope of this study, since it could, in fact, occupy an entire study itself. Instead, an awareness of the main criticisms of World-Systems Analysis will be lodged, alongside the recognition that this approach also possesses numerous strengths, such as its emphasis on the *longue durée*. Indeed, many of the staunchest critics of World-Systems Analysis (and Wallerstein), such as Skocpol (1994:69), have conceded that Wallerstein "has had the unparalleled boldness of vision to raise all the important issues." As such, this study treats World-Systems Analysis as an imperfect approach, albeit one that comes nearest to producing what Shannon (1989:166) calls a "theory of history."

It should also be recognised here that this study deals with a topic that is complex, and which, true to World-Systems Analysis, incorporates a variety of traditional 'disciplines', most notably political science, history, and economics. Add to this the limitation of only including one of the three historical case studies, and the realisation emerges that it is beyond the reach of this study to produce 'all the answers' and, as such, it rather constitutes an attempt to advance knowledge regarding a very specific and small, yet highly significant, aspect of a much larger theoretical body (specifically the link between Great Power War and hegemony).

Methodologically, George and Bennett (2004:222) point out that process-tracing is also not without its limitations. For instance, process-tracing can only provide "a strong basis for causal inference ... if it can establish an uninterrupted causal path linking the putative causes to the observed effects, at the appropriate level(s) of analysis as specified by the theory testing." Moreover, if "evidence on whether a certain step in the putative causal path conformed to expectations is simply unobtainable," then the "inferential and explanatory value of a causal path is weakened." Thirdly, there may be more than one hypothesised causal mechanism "consistent with any given set of process-tracing evidence."

Regarding the first concern, the speculated causal path stated earlier in this chapter already provides a sound point of departure, making it possible to evaluate the hypothesis proffered in this study by examining the evidence collected during research. Here, the method of structured, focused comparison is a particularly useful tool. As Mouton (2001:151) observes, one of the frequent limitations of case study research is that results often lack generalisability. Although this study cannot produce truly generalisable data from all three case studies, a sufficiently detailed investigation of Dutch ascent, and the role played by Great Power War therein, should produce some useful results, and should provide at least a cursory indication of those results that might be suited to generalisation.

With regards to the second concern, the case under study has been the subject of a respectable body of literature, particularly in the fields of history and political science, while the outcome of the Great Power War is also well known and researched. Evidence that Great Power War benefitted the agricultural producers of one hegemonic contender, while harming those of another, for example, can be readily obtained from this literature. However, it behoves this study to not merely accept these existing conclusions, but to produce its own account of the Great Power War and its effects, as guided by the goals, hypothesis, and research questions outlined in this chapter. It is for this reason that an expansive discussion regarding the Great Power War of the seventeenth century will be included in this study, and so that those elements of import (such as the War's impact upon the three economic arenas of the states in question) may be highlighted.

Regarding the third concern, about multiple competing causal mechanisms, only one such mechanism between the rise of hegemonies on the one hand, and Great Power Warfare on the other, has suggested itself here, and this study is specifically limited to its investigation. It is indeed up to future researchers to suggest alternative causal mechanisms, and to critique the findings presented here.

With regards to the delimitations of the study, these have already been touched upon earlier in this chapter, in the section concerning the scope of the study. Firstly, the study is restricted to an investigation of one historical case study, spanning the fifteenth to seventeenth centuries. It is centred on the ascent of the first hegemonic state in the modern world-system, and this state has been clearly identified in world-systems literature, such as Wallerstein (2000a:256), as being the Dutch Republic of the United Provinces. However, concomitant to the objectives of this study, a single aspect of the hegemonic ascent of this state will be the central focus of the case study, namely the manner in which Great Power War facilitated that ascent, and particularly the way in which it affected the enterprises operating in the economic domains of agro-industrial production, commerce, and finance, which together constitute the foundation of hegemony in the world-system. In addition, in order to provide more meaningful results, the impact of the Great Power War on the main rival of the ascending hegemonic state will also be investigated. This rival has also been clearly identified in the literature, for example Wallerstein (2000a:258), as being Hapsburg Spain.

In terms of subject matter, the study is principally concerned with the testing of International Relations theory, and to this end political, economic, and military history will be particularly relevant. It can also be noted that world-systems literature will form the core of the material with which will be engaged throughout this study, but literature from various approaches to International Relations theory will be included.

Geographically, the study is delimited to the world-system, which has progressively expanded to incorporate the entire globe. Since this study will focus on the less frequently discussed early period of the modern world-system, its geographical scope, as mentioned earlier, will be delimited primarily to western and central Europe and the bodies of water surrounding them, as well as the Americas (which were primarily under Spanish control), since these areas witnessed much of the early bulk trade in commodities, a defining characteristic of the world-economy. Clearly then, this study is ambitious in its design and objectives, but throughout the focus will remain on Great Power War and its role in facilitating or establishing hegemony within the modern world-system.

1.8 CENTRAL CONCEPTS

For the sake of clarity, it is necessary to elaborate sufficiently on the key terms that will be used throughout this study. Some of these have already been briefly discussed above, but can benefit from further clarification.

1.8.1 Modern World-System

In order to clarify the concept of the modern world-system, some of its main features will be highlighted here. However, an extensive discussion would be out of place here, and as such only a few of the most important points will be touched upon. According to Chase-Dunn and Grimes (1995:338), the modern world-system can be understood as:

a set of nested and overlapping interaction networks that link all units of social analyses – individuals, households, neighbourhoods, firms, towns and cities, classes and regions, national states and societies, transnational actors, international regions, and global structures.

Moreover, within its boundaries the modern world-system contains a single division of labour, and those boundaries have progressively expanded to include the entire globe since the mid-nineteenth century (Wallerstein, 2002b:14). The two main features of the world-system are, on the one hand, the global spread of the capitalist mode of production since the 'long' sixteenth century, predicated on the endless accumulation of capital, and on the other, the existence of states as the only viable units of sovereignty (Wallerstein, 2000a:254). Within this system there exists a definite hierarchy between core and peripheral states, with the semi-periphery in-between (Chase-Dunn and Grimes, 1995:389). The relationship between the core and periphery is characterised by exploitation and unequal exchange, and for the most part states maintain their positions within this hierarchy (Chase-Dunn and Grimes, 1995:396). However, there are notable exceptions, and some instances of upward or downward mobility have occurred, such as the rise of the United States from periphery to core between the eighteenth and twentieth centuries.

The modern world-system is characterised, as has been discussed in the opening section of this chapter, by certain trends and cycles, one of which is the hegemonic sequence (Chase-Dunn and Grimes, 1995:411). The hegemonic sequence is, as noted, of particular relevance to this study. Additional details regarding these cycles, and an expanded discussion regarding World-Systems Analysis will be provided in chapter two.

1.8.2 Great Power War

One of the earliest descriptions of what can be termed Great Power War, as it is used in this study, was provided by the Greek historian Thucydides (1951) in his history of the war between Athens and Sparta, and is recounted by Gilpin (1989:15). According to Gilpin (1989:15), Thucydides argued that fundamental changes in the international system (such as the disproportionate growth in a subordinate state's power) were the basic causes of hegemonic or great wars. These changes would serve to undermine the position of the existing hegemon, while slowly eroding the hierarchy that existed internationally. This would eventually lead to a struggle between the two most powerful states, with other states choosing sides, leading to a bipolarisation of the system. Eventually, in an environment of mutual distrust and suspicion, small (political) events would have the power to finally trigger war, although these were never the underlying (or 'true') causes of the conflict (Gilpin, 1989:21). At stake in such a war is the leadership and overall structure of the post-war international system, with major political, economic, and ideological issues to be settled (Gilpin, 1991:32; Gilpin, 1989:30). Thucydides, according to Gilpin (1989:17), furthermore asserted that

human nature is unchanging, and that consequently this ‘cycle’ would repeat itself indefinitely (Gilpin, 1989:17).

As identified by Gilpin (1989:16), this theory of hegemonic war contains three propositions, which are echoed in this study. Firstly, hegemonic or Great Power War is distinct from other wars in that its causes are broad changes in the international system (including economic, strategic, and political). Secondly, relations among states constitute a system, which today exists as the modern world-system discussed above. Thirdly, Great Power War transforms the structure of the international system, and consequently the hierarchy among states within that system.

In Wallerstein’s view (2000a:258), these global wars are primarily land-based conflicts (but include significant fighting at sea as well), which include almost all of the Great Powers of the time, and involve tremendous destruction of land and population. As Kauppi (1991:108) adds, these Wars are total “in terms of intensity, duration, and geographic scope.” At the War’s end however, there occurs a major restructuring of the interstate system, which is consistent with Thucydides’ view. The main difference between the views of Thucydides and Wallerstein is that Wallerstein limits his study (and his understanding of these ‘world wars’) to the modern era (that of the existence of a capitalist world-economy), and thus he excludes instances such as the war between Athens and Sparta. This study will also echo this delimitation. Accordingly, World-Systems Analysis identifies three instances of Great Power Warfare: the Thirty Years’ War (1618-1648), the Wars of the French Revolution and Napoleon (1792-1815), and World Wars I and II (parts of the same conflict, 1914-1945).

As an additional point, the discussion in this section serves as a suitable example of how various approaches to International Relations can be reconciled in this study, since the arguments of Gilpin (a neo-Realist) as outlined above, fit well with those of Wallerstein (a structuralist/neo-Marxist), and it may be argued that Wallerstein’s conception of how the interstate system operates is very close to classical Realism. As such, throughout this study, elements from various approaches to International Relations theory will be utilised to compliment the World-Systems Analysis framework.

1.8.3 Hegemony

According to Wallerstein (2000a:255), hegemony refers to:

that situation in which the ongoing rivalry between the so-called ‘great powers’ is so unbalanced that one power can largely impose its rules and its wishes (at very least by effective veto power) in the economic, political, military, diplomatic, and even cultural arenas.

As indicated in the opening section of this chapter, only three core states have managed to achieve hegemony within the modern world-system in its roughly 500 years of existence – the Dutch Republic of the United Provinces, the United Kingdom, and the United States (Wallerstein, 2000a:256). At the peak of their hegemony, Wallerstein (2000a:255) argues, the lead of these states in the economic domains of agro-industrial production, commerce, and finance was in fact so great that their enterprises were able to outbid those of rival countries, even within those rival countries themselves. This edge in efficiency also serves to turn allied powers into what Wallerstein calls “*de facto* client states,” but it is important to emphasise that the hegemon is never in a position to act with a free hand. This is due to two particularities of the world-system, namely the interstate system and the capitalist mode of production. Indeed, all historical attempts to turn the world-system into a world-empire (such as those of Habsburg Spain, France, and Germany) have been thwarted through the “balance of power,” whereby the states that are in danger of losing their independence work

together to defeat the aggressor (Chase-Dunn and Grimes, 1995:411; Wallerstein, 2000a:255).

On a related point, as Chase-Dunn and Hall (1994:274) argue, the hegemon itself never attempts to transform the world-system into a world-empire since the use of direct political/military power is not necessary with a capitalist mode of accumulation (as opposed to a tributary mode of accumulation). Indeed, commodity production and the sale of commodities is the primary mechanism of capitalist accumulation, and since the hegemon enjoys strong advantages in these fields over the other core states, as well as those in the semi-periphery and the periphery, it is less inclined to attempt empire formation, and instead the hegemon actively preserves the interstate system because “this form of polity is more compatible with the interests of capitalists as a class than world empire would be” (Chase-Dunn and Hall, 1994:275). However, this certainly does not preclude the use of coercion, or political and military power, by the hegemon.

In all, the rise to hegemony is one of the most engaging aspects of World-Systems Analysis, and it is significant because of the worldwide influence of the hegemon. In order to understand how it has been possible for the few privileged states mentioned above to achieve hegemony, it is necessary to study those events that have helped these states along their path to the top of the world. Since Thucydides believed that this sequence of rising and falling hegemonies would repeat itself indefinitely, the realisation that Great Power War has accompanied the rise of each hegemon bids us to expand our understanding of this particular feature of hegemony.

1.8.4 Core

Essentially, within the modern world-system hierarchy, states find themselves in one of three groups. Core states are powerful, wealthy, technologically advanced societies, which enjoy high standards of living (Chase-Dunn and Grimes, 1995:389; Shannon, 1989:73). These are the states that are conventionally referred to as ‘developed’ countries – the so-called ‘First World’. According to World-Systems Analysis, these countries exploit the periphery and semi-periphery either overtly or covertly for their own advantage, and reproduce the international power hierarchy through subtle means, such as through market mechanisms and the net transfer of value via unequal exchange (Chase-Dunn and Grimes, 1995:396). Thus, in general terms, the core can be said to have more economic, political, and military power than the periphery (Chase-Dunn and Grimes, 1995:397). Also, hegemonies must necessarily come from this grouping, since states in the periphery and semi-periphery lack the economic and military strength to successfully compete with the predominant land power of the time, which seeks to establish a world-empire.

1.8.5 Periphery

The second group to which states can belong is referred to as the periphery. This can be considered to be the category of ‘less developed’ states, or the so-called ‘Third World’ (Chase-Dunn and Grimes, 1995:389-390). These states are seen as being weak and poor, and they are often (but not universally) considered to be passive victims of core exploitation. These countries have at various points in time been (forcibly) incorporated into the world-system, as it spread outward from Europe to cover the globe, in order to produce raw materials and low-wage commodities for the core.

Historically, workers in peripheral states have been subjected to forms of extreme exploitation, more so than workers in the core, as is evidenced by the practice of slavery and other forms of coerced labour, such as serfdom, debt bondage, and the exploitation of peons

on sugar plantations in much of the Americas in the eighteenth and nineteenth centuries (Wallerstein, 1988:241-253). Even today, the power of employers over their workers remains much higher in the periphery than in the core, and various forms and combinations of sharecropping, cash-rent tenancy and wage labour can be found in peripheral states.

1.8.6 Semi-Periphery

Semi-peripheral states are located somewhere between the core and the periphery, and they contain features of both (Chase-Dunn and Grimes, 1995:389). These states have a much larger capitalist class and commercial and industrial sectors than can be found in the periphery, but the middle class is smaller and overall development is lower than that of core countries (Shannon, 1989:72-73). Although the semi-periphery is also exploited by the core, it in turn exploits the periphery. Semi-peripheral states are thus located in intermediate positions within the larger structure of the world-system.

Before turning to the next section of this chapter, it should however be noted that the use of the above concepts of core, periphery, and semi-periphery, to organise states into the world-system hierarchy, has been the subject of much debate and criticism (for instance Sanderson {2005}). This criticism will be discussed in the next chapter, but since these concepts figure centrally in world-systems literature, they have been included and clarified here.

1.9 IMPACT OF STUDY

The primary expected impact of the research conducted in this study concerns the additional light that it will attempt to shed on the causal process between Great Power War and hegemony. For instance, as was indicated at the beginning of this chapter, several experts on World-Systems Analysis, most notably Wallerstein himself, have claimed that hegemony can come about only as a result of Great Power Wars, and that those Wars act to secure that hegemony. However, the existing literature lacks a sufficiently rigorous examination into this purported link, and references to this connection are generally only implicitly suggested. For instance, even though Wallerstein's monumental and groundbreaking studies concerning the modern world-system (1974; 1980; 1988) provide a richly detailed discussion of the struggles between the individual hegemon-rival pairs – such as Britain and France – often referring to how the Great Power War of the time either benefitted or harmed these states with regards to their economic arenas, a study has yet to be produced that focuses *exclusively* on Great Power War in the modern world-system as its central subject, or that argues that the various Great Power Wars have proved *essential* to the rise to hegemony – while generating *generalisable* data. In short, it is this gap that this study will attempt to fill, although as argued above, it will be left to future research to produce a single study that is able to comparatively investigate the three instances of hegemonic ascent.

It should also be repeated here that this study will work with the assumptions of World-Systems Analysis, and will only highlight the most pressing critiques of the approach, instead of attempting to produce a rigorous theoretical critique. This has been done often elsewhere, and many authors have attempted to point out the weaknesses of World-Systems Analysis, while offering alternatives or ways in which these could be ameliorated. This study will thus be dedicated to clarifying the purported link between Great Power Warfare and hegemony, while making theoretical connections to the existing theories on this topic. Ultimately, it is hoped that the findings of this study may help, in future, to illuminate the ways in which Great Power War may still act as a viable mechanism (if at all) for bringing the 'hierarchy of prestige' in the interstate system into line with the new 'hierarchy of power' that is likely

develop in the twenty-first century, while considering the feasibility of alternative mechanisms for achieving the same end, as suggested by relevant literature on the topic.

1.10 STRUCTURE OF STUDY

This study encompasses four chapters. Of these, one will be dedicated to the literature review and one to the historical case under study, and these will constitute the core of the study. However, equally important will be the final chapter, which will present the findings of the empirical research regarding the role of the Thirty Years' War, as a Great Power War, in the ascent of the Dutch Republic to hegemony.

The individual chapters of the study are outlined below:

Chapter 1: Introduction

This chapter contains the introduction and general background to the study. The problem statement, objectives, research design, methodology, and central concepts used, are outlined, and an introduction to the theoretical framework provided.

Chapter 2: Literature Review and Theoretical Framework

The second chapter provides an in-depth overview of the relevant literature, and discusses the pertinent theories in the domain of the study. It also locates the study within the world-economy approach to International Relations (IR), while a detailed elaboration on the structural realism and long cycle approaches (or research schools) is also provided. In the final instance, the work of selected scholars who do not fall clearly within any one school, but who nevertheless contribute to the understanding of the war/hegemony question, is also discussed. The ultimate goal of this chapter is to lay the theoretical foundation for the remainder of the study, and when the findings of the empirical research are discussed in chapter four, the IR theories discussed in chapter two will be returned to, and the implications of the findings for those theories will be discussed.

Chapter 3: The Thirty Years' War and the Rise of the Dutch Republic

The third chapter of this study presents the historical case study that will be examined to clarify the link between Great Power War and hegemony. Here, a background to the independence struggle of the Dutch will be provided, after which the Thirty Years' War will be investigated as a Great Power War. The discussion regarding the Great Power War will be mainly descriptive, and will introduce the discussion regarding Dutch ascent according to the world-economy perspective, which will be mainly explanatory. The three economic domains outlined in this chapter will form the core of the discussion, since they have been suggested here as the essential link between Great Power War and hegemony. To conclude, the settlement to the Great Power War (centred on the Peace of Westphalia), and the consequences thereof, will also be investigated.

Chapter 4: Conclusion

The fourth and final chapter of this study will present the findings of the aforementioned case study. In this chapter, the structured elements of this study come to the fore particularly strongly, as guided by the series of general questions, reflecting the research objective and outlined in this (first) chapter, which will be asked of the case under study in chapter three. Following this, the relevance and implications of the findings for theories of International Relations will be discussed, linking up with the discussion concerning the theoretical

framework in chapter two. Finally, future research directions will be suggested and discussed, after which the study will reach its conclusion.

CHAPTER 2

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 INTRODUCTION

Due to the complex nature of the social phenomena under investigation in this study, as highlighted in the previous chapter, it is necessary to provide a clear theoretical framework that will allow the study to be accurately placed within the broader academic context, and that will draw from the insights of various approaches, since no single one can provide all the answers to the issues investigated here. It is to this goal that the current chapter is dedicated.

Since the 1970s, three 'schools' or approaches have emerged in the debate surrounding the link between Great Power War and hegemony. Although these schools have been labelled differently by different authors, their fundamental assumptions have remained more or less constant, which makes it possible to reach general conclusions regarding the wider academic debate around Great Power War and hegemony.

After a brief overview of the different theoretical schools, the contributions of the most notable authors within each will be discussed below. Following this, the most pressing criticisms of World-Systems Analysis will be presented, and the utility and relevance of this approach as the core of the theoretical framework of this study will be defended. Finally, those elements from the different schools that will be utilised in the following chapter, which investigates the ascent of the Dutch Republic, will be highlighted in order to create the framework within which the empirical research of the study will be conducted. The broad outline provided by this overview will be used as a guide to structure and focus the theoretical debates as they pertain to the relationship between Great Power War and hegemony.

2.2 BROAD THEORETICAL APPROACHES TO STRUCTURAL CHANGE IN INTERNATIONAL RELATIONS

In order to organise and make sense of the debates surrounding the relationship between Great Power War and hegemony, they must be contextualised and placed within the broader theoretical approaches to the study of International Relations. The work of two authors will be used in this regard, namely Thompson (1988) and Goldstein (1988). Both of these authors attempted to place the debates surrounding structural change, and the war/hegemony question, into distinct categories in order to highlight the differences and similarities between the main arguments. These categories will be identified, and then discussed individually, in an attempt to place this study within the broader theoretical framework.

Thompson (1988:33) created three models of structural change, and built upon earlier work done by Rosenau (1982), and Holsti (1985). In order to clarify where his three models of structural change fit into the broader International Relations theory framework, Thompson investigated Rosenau's main approaches to studying world affairs (1988:23). Rosenau identified three approaches: the state-centric approach, the global-centric approach and, fitting in-between, the multicentric approach.

The state-centric approach can be equated with classical realism, where the interstate system is characterised by its anarchic and fragmented nature, where the state is considered to be the predominant actor, and where the time frames utilised in the study of specific events are of limited duration (Thompson, 1988:23). In contrast, the global-centric approach represents an interstate system that is highly integrated, and characterised by a world

capitalist economy and a clear division of labour. In this approach, much longer time frames are utilised in an effort to account for the long-term development of the global political economy. Here, the central focus does not fall upon states, but rather on production, trade, and the distribution of goods (Thompson, 1988:24). Finally, the multicentric approach places its emphasis on “interdependence, change, and complexity” (Thompson, 1988:23). In this approach, both state and non-state actors are important, and recurring patterns form one of the central themes. As a consequence, quantitative analysis is often employed in an effort to identify and understand these patterns.

Thompson (1988:25) also investigated the theoretical perspectives identified by Holsti, and found that they closely resemble the approaches set out by Rosenau. Holsti’s analysis of contemporary International Relations literature also resulted in the identification of three distinct perspectives, namely the classical, the neo-Marxist, and the global society. Once again, the classical perspective can be said to emphasise states and the anarchic international system, while the central focus falls upon war and the pursuit of security and order (Thompson, 1988:26). The neo-Marxist approach focuses on inequality in the international system, while class, the world capitalist system, and the division of labour form important elements in understanding this inequality. The final, global society, approach has as its focus global change and transformation, while the key feature of the international system is its complexity. This approach also utilises variable units of analysis. Works representative of each approach are those of Morgenthau (1973) - classical; Wallerstein (1974) - neo-Marxist; and Modelski (1972) - global society.

Building upon these frameworks, Thompson (1988:36) identifies three models of structural change, which explore the linkages between structural change and war from the broader theoretical traditions identified by Rosenau and Holsti (see Table 2.1). Since these three models help to organise the main scholarly contributions to the subject of war and structural change (which leads to hegemony), they will be highlighted here in order to help provide the broader theoretical framework for this study. They can be identified as the *structural realism* (classical), *long cycle* (global society), and *world-economy* (neo-Marxist) models (Thompson, 1988:33). The basic features of each of these models will be discussed below, in order to clarify the main debates.

Another author who has attempted to structure the war/hegemony debate is Goldstein (1988). Goldstein (1988:99) notes that the war/hegemony debate can be traced back to the work of Quincy Wright in the 1940s. Wright’s work (1942) has resulted in three strands of research, one of which leads up to the contemporary debate surrounding war and hegemony. The main focus of Wright’s research falls on what he called “fluctuations in the intensity of war” (quoted in Goldstein, 1988:101). He found that concentrations of warfare seemed to occur around every fifty years, with every second concentration being more severe. Due to the limited scope of this study however, the details of the early debates will not be discussed here.

One of the strands of research which originated from Wright’s work is the debate on “cycles of war and hegemony” (Goldstein, 1988:111). This strand is the basis of the contemporary debate around the issue. In this approach the focus did not fall on fifty-year cycles, but rather on one-hundred year cycles, following from Wright’s observation that every second fifty-year cycle culminated in the most severe wars, namely Great Power Wars. Naturally, depending upon the general framework of International Relations theory used by individual authors, different conceptions of what constitutes hegemony, hegemonic war, and so forth will lead to different interpretations (Goldstein, 1988:112). This reveals the

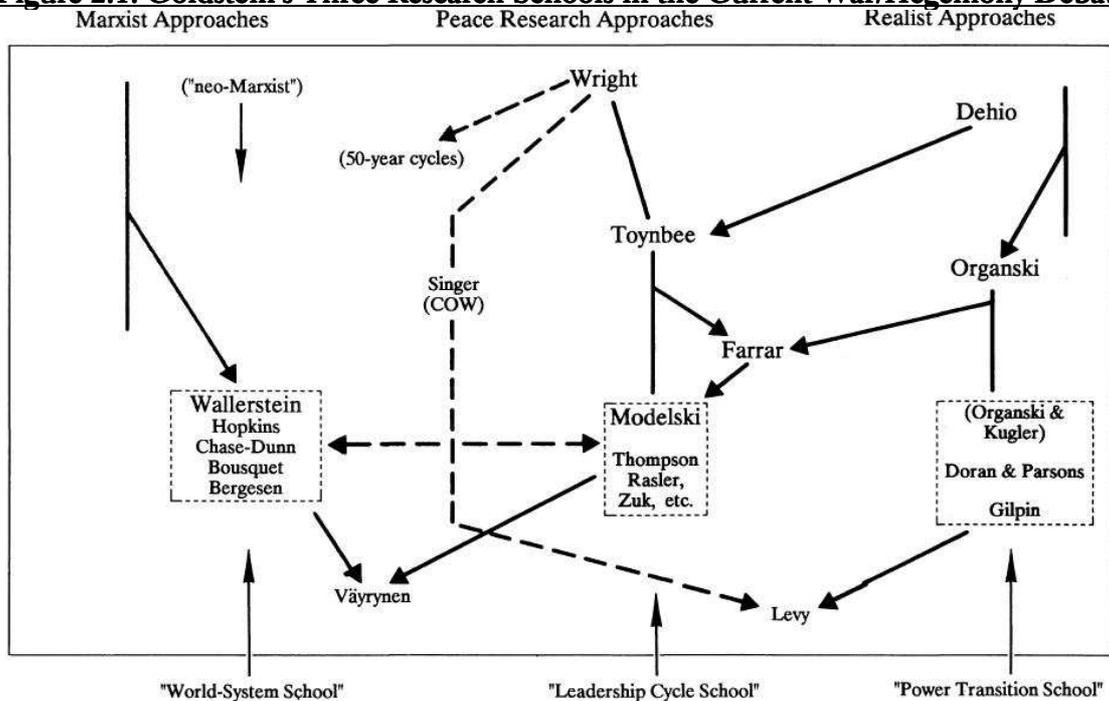
Table 2.1. A Comparison of Thompson's Three Models of Structural Change

Characteristic	Selected Characteristics of Structural Realism, Long Cycle, and World-Economy Analysis		
	Specific Approach		
	Classical: Structural Realism	Global Society: Long Cycle	Neo-Marxist: World-Economy
System/subsystem dominant	Subsystem dominant	System dominant	System dominant
Internal/external distinction	More inter-dependent	Interdependent	Interdependent
Structural hierarchy	Hegemon vs. nonhegemons	World power, global powers, others	Hegemon, core powers, periphery
Power concentration	Intermittent	Intermittent	Intermittent
Focus on wars	Variable/hegemonic warfare	Global warfare	Hegemonic warfare
Temporal scope	19th/20th centuries	From late 15th century	From late 15th century
Use of history	Qualified stress on continuity	Stress on continuity	Stress on continuity

Source: Thompson (1988:33).

importance of understanding the broad approaches identified by Thompson (from the work by Rosenau, and Holsti), and it is no surprise that each of these approaches have different understandings of the cycles of war and hegemony.

Figure 2.1. Goldstein's Three Research Schools in the Current War/Hegemony Debate



Source: Goldstein (1988:124).

Goldstein (1988:123) also finds that in the current debate around Great Power War and hegemony, three theoretical groupings or research schools can be identified. Unsurprisingly,

they correspond closely with Thompson's three models of structural change. Goldstein identifies the first school as the *leadership cycle school*, led by Modelski. The second school is the *world-system* school, led by Wallerstein, which approaches the war/hegemony debate from a Marxist perspective. The final school, led by Organski and Gilpin, is known as the *power transition school*.

These schools differ in their interpretations, as well as in their findings. For instance, the concept of hegemony has different meanings depending on the school, and while some authors emphasise military and political predominance when referring to hegemony, others (such as Wallerstein) emphasise economic predominance (Goldstein, 1988:125). Different schools also recognise the existence of different hegemons, and consequently place emphasis on different wars. These differences will be discussed when each individual school is reviewed in the next section.

2.3 THE THREE RESEARCH SCHOOLS

This study follows Thompson's (1988:33) classification of the three models of structural change (they will also be referred to here as research schools or approaches). The main features and arguments of each school will be identified, followed by a brief discussion of the work and main contributions of the most notable authors belonging to that school. In essence, this represents a synthesis of Thompson's and Goldstein's classifications. Following the discussion of the three research schools, the contributions of other authors to the Great Power War/hegemony question, who cannot be clearly placed within one of the identified schools, will be noted.

2.3.1 The structural realism school

As noted by Thompson (1988:36-37), there are considerable difficulties encountered when attempting to give a broad overview of the literature that can be said to belong to this school. This is due mainly to the large degree of divergence within the literature, and the 'polarization' of the interests of authors in this school. For instance, many authors within the structural realism school have shown little interest in global warfare. Others again ignore the international political economy to focus intensively on issues of 'classical' war and peace. However, Thompson identifies the work of Robert Gilpin as being the most representative of the structural realism approach, and the features of Gilpin's argument will be discussed shortly.

Goldstein (1988:123) summarises it well when he argues that the foundation of the realist approach can be condensed to the search for "timeless laws of national behaviour" and accordingly, there exists a strong focus on national power and balance-of-power politics within this school. As such, this school regards hegemony primarily in terms of political-military predominance (Goldstein, 1988:125). Goldstein (1988:141) traces the origins of the school back to the approach taken by Organski (1958), according to whom a state's relative power position affects the likelihood of war. Doran and Parsons (1980) continued within Organski's tradition (and added a cyclical element that was not present in Organski's work), and noted that all the major powers after 1815 have passed "through a cycle indexed by relative capability" (quoted in Goldstein, 1988:142). This cycle revealed how states gained and lost their share of world political-military power over time, and Doran and Parsons found that extensive wars were most likely to occur at points when the rate of growth (or decline) in this cycle of world power shifted suddenly, in other words when changes were rapid and "disruptive of past trends."

The time frame used by Doran and Parsons (1980) reflect the tendency for this school to limit its temporal scope to the relatively recent past, namely the nineteenth and twentieth centuries, and Thompson (1988:34) concludes that, in general, the authors of this school are unwilling to apply their framework to periods before the nineteenth century (Gilpin is a notable exception). As will be seen later, this contrasts markedly with the other two schools. Furthermore, the structural realism school emphasises subsystemic units of analysis, specifically the hegemonic state, and while certain wars are regarded as ‘watersheds’, in general very little attention is given to the consequences of those wars (Thompson, 1988:33-34).

2.3.1.1 Gilpin

Robert Gilpin (1981:x) primarily uses rational-choice theory that builds upon the assumption that individual behaviour is determined by rationality. Gilpin maintains that this ‘rational actor’ model (originating in the field of economics) can be applied to politics (Goldstein, 1988:143). For Gilpin (1981:xi), the purposes and natures of social institutions are determined by self-interest, as well as by the relative power of the individual members of those institutions. A political institution (such as the interstate system) thus reflects the interests of its most powerful members, until the relative power of the members changes. Gilpin (1981:xii) furthermore follows in the tradition of Kenneth Waltz (1979). For Waltz, the interstate system is composed of individual states, and due to the fact that they have only limited control over its operation, these states must conform to the “logic of a competitive, anarchic system of interacting states” (Gilpin, 1981:xii). From this, Gilpin proceeds to build his main argument.

Despite the growing belief that increased interdependence among states in the interstate system has worked to foster peaceful cooperation, and that economic and welfare goals have consequently replaced security concerns as the top priority of states, Gilpin (1981:7) argues that the fundamental nature of international relations has not been altered, and that states are still engaged in an age-old struggle for wealth and power. For this reason, Gilpin considers lessons learned in the pre-modern world as valid, and places particular emphasis on the history of the Peloponnesian War, as related by Thucydides in the fifth century B.C. (1951).

As mentioned above, Gilpin (1981:9), in his argument accounting for structural change, maintains that the interstate system at any given time reflects the interests of the most powerful members of the system. This status quo does not remain constant however, due to technological, economic, and other developments, which over time alter the balance of power within the system. This disequilibrium between the growing power of some states, and the declining power of others (whose interests are still encrusted in the interstate system), results in a need for change – which is brought about by the waging of hegemonic war. These changes then result in the redistribution of benefits and costs to members of the system (Gilpin, 1981:10). It is for this reason that Gilpin’s focus falls on the interstate system as a whole, and on the efforts by individual states to alter that system for their own benefit.

For Goldstein (1988:143), Gilpin’s theory fits well into the power transition school, since the disequilibrium arising from differential rates of economic, technological, and military growth are corrected by periodic hegemonic wars. This also correlates with the “power cycle” – the rise and fall of a state’s relative capabilities – as identified by Doran and Parsons (Goldstein, 1988:141). It can also be noted that the work of Paul Kennedy (1988) relates closely to this point regarding differential rates of growth, and will be returned to later in this chapter.

Thompson (1988:40) considers the fundamental problem of international change in Gilpin's view to be that, as the distribution of power in the interstate system changes, disequilibrium and crisis is to be expected, until the system's structure is brought back "into realignment with the new distribution of military, economic, and technological capabilities." Hegemonic war is the primary means by which this disequilibrium and crisis is resolved (Thompson, 1988:41). These hegemonic (or Great Power) wars have as the primary issue at stake, the nature and governance of the interstate system, and as a result they are intense conflicts which act as the confrontation between the (declining) dominant power and the (rising) challenger, and their respective allies. The treaties which are negotiated at the conclusion of these Great Power Wars then represent the new status quo, and act as 'constitutions' for the interstate system (Gilpin, 1981:36).

As mentioned before, Gilpin (1981:200) does not restrict his inquiry to the modern (post 1500) world, and he classifies the Peloponnesian War and the Second Punic War as hegemonic wars. In the modern era, the Thirty Years' War, the wars of Louis XIV, the wars of the French Revolution and Napoleon, and World Wars I and II meet Gilpin's criteria.

After these decisive wars, the new hegemonic power becomes a champion of free trade and supplies the economic rules of the system, while providing investment capital and an international currency, and protecting property rights on a global scale (Thompson, 1988:44). However, this is not done out of altruism, but because the hegemonic power, which has the most technologically advanced and efficient economy, stands to benefit most from such an arrangement. Self-interest is thus once again the guiding principle for states, according to this school.

2.3.1.2 Mearsheimer

John Mearsheimer (2004) is another author who openly casts himself in the realist tradition (specifically 'offensive realism'). Although not identified as such by either Thompson or Goldstein, in this study Mearsheimer will be placed within the structural realism school. Mearsheimer follows in the tradition of Hans Morgenthau (1973), and argues that the structure of the interstate system accounts for the aggressive actions of states toward each other (2004:184). Mearsheimer identifies three features, very much representative of the realist perspective, as being responsible for this, namely the 'anarchy' of the interstate system (the lack of a central rule-making authority), the fact that states always possess some form of offensive military capability, and the ever-present uncertainty about the intentions of other states. For Mearsheimer (2004:184), hegemony is the ultimate guarantee of a state's survival, since no other state could "seriously threaten such a mighty power."

However, Mearsheimer sees hegemony in a much more limited light than many other authors, including Wallerstein (2000a:185). For Mearsheimer, this stems from the difficulty for any state to project its power over the world's oceans, even with a powerful navy. No state, hegemonic or otherwise, can have the same dominance in other areas of the world that it enjoys in its own region. As a consequence, Mearsheimer argues that the only kind of hegemony to which any state can aspire is *regional* hegemony (2004:186-7). If a state manages to be the only regional hegemon in the world, it occupies the highest position available in the interstate system. Maintaining regional hegemony, while preventing other states from becoming hegemons in their own regions, is the task with which hegemons are faced. For Mearsheimer, the hegemon therefore becomes an 'offshore balancer'.

Mearsheimer further identifies the United States as the only regional hegemon in modern history, although other states, such as Germany and Japan, have sought regional hegemony but ultimately failed to achieve it (2004:186). This represents a marked difference in

interpretation, especially in contrast to Wallerstein (2000a:256). In the next chapter however, it will be argued that Dutch hegemony can be interpreted as regional in nature, given that the early modern world-system was primarily centred on Europe and the American periphery (primarily the Spanish colonies).

Naturally, Mearsheimer's argument is embedded in the realist tradition, which places military-political power above economic power, which is so vital in the world-economy school. In fact, for Mearsheimer, hegemony means that a state is so powerful that no other state can challenge it militarily, and that in effect, the hegemon dominates all the other states in the system (2004:185). Furthermore, Mearsheimer clearly states that, in his view, "security also trumps wealth when those two goals conflict" (2004:192). The wider academic tradition within which authors find themselves thus has a significant influence on the approach taken, and the conclusions reached, when investigating the link between Great Power War and hegemony.

For Mearsheimer, the structure of the interstate system is what compels states to strive for hegemony (2004:196). It is thus not a consequence of agro-industrial efficiency, commercial or financial domination, but very clearly the result of a (military) decision that states make to enhance their chances for survival in an anarchic and uncertain world.

2.3.2 The long cycle school

According to Thompson (1988:32-33), the long cycle and world-economy approaches share a greater resemblance to each other than to the structural realism approach. For instance, both the long cycle and world-economy schools trace the beginning of the modern system back to the late fifteenth century, and as a consequence these schools utilise a much longer time frame than structural realism. However, all schools share some points of convergence, such as the importance of intermittent power concentration and the structural hierarchy that flows from this.

At this juncture, recall Wright's observations regarding fifty-year war cycles (Goldstein, 1988:111). This formed the basis of the research strand that led to the current debate around the war/hegemony issue. Following this formulation of fifty-year war cycles, where every second war concentration was more severe, other authors such as Toynbee (1954), reformulated this into a scheme of one-hundred-year war cycles. Dehio (1962) also contributed to such a reformulation, following his research on the efforts of Continental European states to gain hegemony, and his contributions will be discussed separately below. This scheme of one-hundred-year war cycles forms the foundation of the long cycle school, and especially Modelski's work, which will also be reviewed below.

Thompson (1988:44-45) points out that, in the past, the long cycle approach has been wrongfully depicted as being neo-realist in orientation. For Thompson, this flawed categorisation stems from Modelski's emphasis on the military power of the major states in the interstate system. Some confusion has also stemmed from the scattered papers that have been written on this perspective. However, as both Thompson (1988:26) and Goldstein (1988:123) point out, the work done by Modelski has become the main body that represents this approach and, accordingly, an in-depth analysis of Modelski's work is required in order to gain a clear understanding of the long cycle approach.

2.3.2.1 Dehio

As Goldstein (1988:111-112) notes, the German historian Ludwig Dehio was one of the first authors to write about the recurrent attempts of certain European powers to achieve world domination (depending of course on what constituted 'the world' at the time). Although he

cannot be strictly categorised as belonging to the long cycle school, and is indeed placed in the realist tradition by Goldstein (1988:124) as depicted in Figure 2.1 (on page 20), due to his emphasis on politico-military predominance, in this study his work is placed in the long cycle school due to his contributions to the development of this approach, especially with regards to the role of sea power. It should be clearly noted however that Dehio was writing as a historian, not as a political scientist, and he never assigned a cyclical component to this recurrent drive for domination. Yet, his work is insightful as it shed new light on the relationship between war and hegemony.

Dehio (1962:5) placed his primary emphasis on states. Throughout European history there have been recurrent attempts by Continental powers to achieve politico-military predominance in the world, yet in each instance that attempt was thwarted by an island power (at the head of a “grand coalition”) (Goldstein, 1988:112; Dehio, 1959:17). For Dehio (1962:25), this distinction between Continental and island (or insular) powers is significant, since this feature of their geography placed states on different paths of development. In short, insular powers are either partially or totally surrounded by water (such as the Dutch Republic and Great Britain respectively) or, as in the case of the United States, happen to be a continent-sized power also isolated by water.

These insular powers differed on several counts from Continental ones, such as France, which was forced, due to its long frontiers with other Continental States, to give priority to the development of its army instead of its navy, although it borders both the Mediterranean and the Atlantic, with access to the North Sea via the English Channel. In essence, while Continental states tended to feature absolute monarchies, strong bureaucracies, grand foreign policy strategies, and perhaps most significantly, raised large armies to achieve greatness, insular powers were in many ways characterised by the opposite features (Dehio, 1962:70). In insular states, the monarchy was generally kept in check, and government by the people was emphasised over government by the bureaucracy since, as Garst (1985:479) notes, decentralised and indirect methods of revenue extraction were generally more efficient than those found in absolute monarchies with their associated direct taxation (often exempting the wealthy), which in turn allowed insular states to consistently finance “the naval buildup necessary for world-wide commercial expansion.”

The cause of this dichotomy between land and sea powers (apart from the obvious role of geography) is well summarised in the work of Fox (1971), who explored the underlying cause of the European maritime-Continental dualism, which features centrally in Dehio’s arguments. Essentially, to trace the roots of the dichotomy, Fox investigated the towns of early modern Europe, and concluded that although all towns engaged to some extent in the exchange and distribution of goods, there was a clear distinction between those that were oriented primarily to local trade or barter, and those that were involved primarily in the long-distance trade of commodities (Rasler and Thompson, 1989:36). As a consequence, two categories of towns can be identified – *agrarian towns* were those specialising in the circulation of produce at the local level, and were most likely to be found on the flanks of the central corridor formed by the urban trade route that connected Italy and the Mediterranean with the North Sea and Baltic; and *commercial towns*, which were located near, and consequently integrated into, the larger trade network that ran through the “heartland of the old Western Empire” (Rasler and Thompson, 1989:30,36-37).

The political units of early modern Europe were, in turn, influenced by the class of town which predominated within them. This is not to say that pure categories of commercial and agricultural political units ever existed, but it can aid in explaining the dominant character of European states in the early modern world, in that, as Rasler and Thompson (1989:37)

observe, agriculturally dominated units were “apt to encompass large conglomerations of a number of small, largely self-sufficient economic units,” and in order to maintain political cohesion between those units, “a political system evolves that emphasises military force, an administrative chain of command, and a marked propensity for concern with territorial control and expansion.” Meanwhile, since commercially dominated units are more interdependent given the network of urban trading centres to which they belong, “the interest in territorial jurisdiction is minimal,” while the involvement of wealthy merchants in this long-distance trade network means that “the dominant political emphasis is more likely to favor negotiation and consensus, both within the commercial city [and the government of the political unit to which it belongs, hence the diminished power of the monarchy] and between the various cities in the larger network” (Rasler and Thompson, 1989:38).

The differences in character between these agriculturally and commercially oriented units mean that “agricultural units [are] predispose[d] ... toward continuing conflict with other agricultural units as well as with the commercial units,” and that the wealth of the commercial units “poses a constant temptation for nearby agricultural societies” (Rasler and Thompson, 1989:38). Following from Fox’s agrarian-commercial dichotomy, a number of comparative statements about the “structures and behaviors associated with preindustrial societies in which one or the other type of town predominates” can be posited, as is done in Table 2.2. Although Rasler and Thompson (1989:38) caution against creating ideal type dichotomies that “risk exaggerating the types of abstract characteristics that must ultimately be applied to the real world,” Fox’s work nevertheless helps to expand the understanding of the underlying cause of the maritime-Continental dichotomy that forms the foundation of the work of scholars such as Dehio, and which features centrally in this study.

Table 2.2. Fox’s Societal Dichotomy

<i>Conceptual Distinctions</i>	<i>Societal Types</i>	
	<i>Agrarian</i>	<i>Commercial</i>
Basic nature of economic system	Many small, relatively limited, autonomous agrarian units	Extended system of relations between independent urban units
Economic exchange focus	Immediate environs	Long-distance networks
Division of labor tendencies	Emphasis on self-sufficiency	Emphasis on specialization
Economic orientation of towns	Usually agricultural market centers	Emphasis on shipping and receiving high value/volume goods to and from distant points
Principal transportation medium	Land	Water
Characteristic relationship with other like units	Independent	Interdependent
Emphasis on territorial control	Strong	Limited
Predominant decision-making style	Administrative hierarchy	Consultation and negotiation
Characteristic political institutions	Bureaucracy	Representative institutions
Military specialization	Army	Navy
Principal source of strategic vulnerability	Dependence on maritime supply lines	Existence of land frontier with dominant land power

Source: based on the discussion in Fox (1971).

Source: Rasler and Thompson (1989:37).

Turning to Dehio once again, he concludes that since insular powers developed strong navies, they could act as intermediaries between different regions and cultures of the world (Dehio, 1962:25). This, for instance, allowed the British to acquire their formidable overseas empire, while the Continental powers were more preoccupied with battling each other for dominance of the European continent (Dehio, 1962:15). In times of war, this *global reach* was used to the great advantage of the insular powers (who acted to maintain the balance of power), since they could rely on the territories outside of the European continent for assistance in the fight against the Continental powers seeking supremacy (Dehio, 1962:264). Insular powers, particularly Britain, could also use their naval strength to ‘quarantine’ the European continent with the aim of preventing any Continental power from breaking out onto the world stage during their quests for supremacy (Dehio, 1962:85). Naval blockades, and the ability to land troops at any location on the Continent’s coast, were also significant advantages for insular powers during times of war (Dehio, 1962:168).

For Dehio (1962:55) the great wars of European history can be condensed into a confrontation between two ways of life (which have their roots in Fox’s societal dichotomy as discussed above). On one end lay the Continental powers, characterised by the rigid authority of the military and the bureaucracy, and by strict rule that was imposed from above (Dehio, 1962:136). In the insular powers, on the other end of the spectrum, faith and tradition were elastic and fluid, and there existed space for new innovations without risk of chaos (Dehio, 1962:135). In fact, Dehio (1962:272) goes so far as to say that the insular powers were endowed with the free spirit of humanity, which was protected by a “shield of insularity.” Insular powers, like the Dutch Republic, were furthermore marked by general religious tolerance, unlike the Continental powers, and cultural life in insular powers was marked by a flourishing of art and science. This confrontation, Rasler and Thompson (1989:28) maintain, has taken place “in iterative fashion over the past 500 years because their interests [those of the insular, commercial, sea powers on the one hand, and those of the Continental powers on the other] have diverged on how best to organize and manage the global political system and world economy” – the very issues that are decided in a Great Power War.

Among the insular powers, Dehio (1962:25,49-50,55,239) counts Venice (as the prototype), the Dutch Republic, Britain, and the United States. Dehio remarks however, that the Dutch still had to focus *some* of their attention on defending a land frontier, and that consequently their advantage was less marked. This ‘amphibious’ setting in which the Dutch found themselves nevertheless proved to be vital in the long struggle for independence from Spain, since they were better able to resist Spanish advances (and those of France in 1672). Dehio (1962:51) also remarks that although the Portuguese were the first to initiate long-distance oceanic trade with Asia, their glory was “as fleeting as a meteor,” since they lacked an insular position, and were eventually absorbed by Spain in 1580.

Among the Continental powers that launched bids for world domination are Spain (under Charles and Philip), France (under Louis XIV and later Napoleon), and Germany (during World War I and II). In each Great Power War a single ocean battle crippled the Continental powers’ attempts to expand beyond the Continent, and forced them to turn inwards, placing them on the path to eventual defeat (Dehio, 1962:78). Goldstein (1988:113-4) summarises these turning points as the defeat of the Spanish Armada (1588), the defeat of the French fleet of Louis XIV (1692), the defeat of the French fleet at Aboukir (1798), and a further defeat of the French and Spanish fleets at Trafalgar (1805). In the case of the German attempt to invade Britain in World War II however, the decisive battle took place primarily in the air (the Battle of Britain). Indeed, this fact has led Dehio (1962:281) to

remark that with the dawning of the aircraft, “the sea has begun to lose its importance as a protective belt.” This reflects the contemporary need for both a strong navy and air force during wartime, as shown by the British in World War II.

2.3.2.2 Modelski

George Modelski, whose work is highly representative of the long cycle school, follows Toynbee’s reformulation of Wright’s fifty-year war cycles (Goldstein, 1988:126). Modelski (1978) traces the origins of the modern global political system to around 1500. However, in his work, Modelski has stressed that global political processes are autonomous from economic processes, which distinguishes this approach from that of the world-economy school, and which explains why Modelski has been depicted in a neo-Realist light, as mentioned earlier.

For Modelski, ‘world powers’ are those states which “monopolize the function of order-keeping in the global system” (Goldstein, 1988:126). However, Modelski prefers to use the term ‘world leaders’ when referring to these states which, although carrying the same fundamental meaning as Wallerstein’s preferred moniker hegemon, is intended to emphasise cooperative instead of exploitative aspects of the relationship between the leader and the other states in the interstate system, which places Modelski in the liberal tradition (Modelski and Thompson, 1988:3).

Modelski identifies four states that have occupied this world leadership role since 1500, namely Portugal, the Dutch Republic, Britain, and the United States (Goldstein, 1988:126). Each of these powers remained dominant for roughly a century, forming part of the ‘leadership cycle’. A fundamental difference between the approaches taken by Dehio and Modelski is where the focus of each lies – for Dehio it is with the states that failed in their bids for supremacy, while Modelski stresses those powers that were successful. However, Modelski shares with Dehio one of the key features of the long cycle approach – a respect for sea power. Here, Modelski follows in the tradition of Alfred Mahan (1890), who wrote about the topic of sea power at the end of the nineteenth century (Modelski and Thompson, 1988:4).

For Modelski, it is this facet of world leadership, namely naval strength, which forms the cornerstone of the explanation of why certain states, and not others, have managed to become ‘world leaders’. The reason for this, simply and eloquently stated, is because “there can be no global system without global reach” (Modelski and Thompson, 1988:3). Having a strong command of the sea is thus an inescapable requirement for a state to carry, or ‘project’, its power over long distances and large areas. Since the only states capable of exercising this global reach are those possessing superior navies, the study of sea power (the use and command of the sea) must form an integral part of the endeavour to understand how world leadership (and hegemony) comes about.

Modelski and Thompson (1988:11-12) identify four reasons why sea power proved to be the crucial ingredient in creating (and preserving) world order. The first reason is because states with powerful navies are able to contain or destroy the navies of their opponents, severely limiting the reach of the latter. Secondly, navies protect the home bases of states possessing them, while enabling direct attacks on the territories of their opponents. This ties in directly with Dehio’s argument that Continental powers were at a disadvantage against insular powers. Thirdly, powerful navies protect lines of communications and trade, while disrupting those of enemy states. Lastly, navies help to cement coalitions and to protect links between allied states. This was particularly clear in World War II, when the oceanic ‘lifeline’ between Britain and the United States helped the former to resist German attacks.

Modelski and Thompson (1988:17) make the proposition that those countries which rise to world leadership are those which acquire preponderant naval strength in the course of global (Great Power) war. For this reason, Modelski classifies all global wars as naval wars (Modelski and Thompson, 1988:18-19). The reason for this is because these wars were contests for world leadership and, as previously mentioned, there can be no world leadership without sea power. The five contests which Modelski classifies as global wars are the Italian and Indian Ocean Wars, the Dutch and Spanish Wars, the Wars of Louis XIV, the Napoleonic Wars, and the First and Second World Wars. Like Dehio, Modelski identifies crucial ocean battles in each war (see Table 2.3). Although not ending the fighting directly, these battles created the “preconditions of final victory” (Modelski and Thompson, 1988:22). Furthermore, no power could launch a successful bid for world supremacy if it did not control the oceans, which leads Modelski to also classify all global wars as “containment wars.” Naturally, as Table 2.4 demonstrates, the world leaders identified by Modelski (1988:133) have also been the major naval innovators of the modern world.

Table 2.3. Modelski’s Global Wars and their Key Sea Battles³

<i>Global war</i>	<i>Sea battle</i>	<i>Comments</i>
Italian and Indian Ocean Wars	Diu (1509)	Portuguese squadron (Almeida) defeats Mameluk-Gujerati fleet
Dutch-Spanish Wars	Zuider Zee (1574)	Dutch (Boissot) establish local command of the sea
	Terceira (1583)	Spain (Santa Cruz) defeats French fleet in Azores
	The Armada (1588)	English and Dutch fleets defeat Spanish attempt at landing in England
Wars of Louis XIV	La Hogue (1692)	Anglo-Dutch fleet wins command of the sea
Napoleonic Wars	The Nile (1798)	Britain (Nelson) cuts off French army in Egypt
	Trafalgar (1805)	Britain (Nelson) defeats Franco-Spanish fleet
First World War/Second World War	Jutland (1916)	Britain (Jellicoe) forces retreat of the German fleet
	Pearl Harbor (1941)	Japanese surprise attack (Nagumo) on US Pacific fleet
	Midway (1942)	US carrier forces (Nimitz) defeat Japanese attack
	Normandy (1944)	Allied amphibious landing in France
	Leyte Gulf (1944)	United States (Halsey) sinks Japanese fleet in greatest battle in naval history

Source: Modelski and Thompson (1988:21).

Another concept central to Modelski’s argument is that of long cycles (Modelski and Thompson, 1988:97). These long cycles of world leadership refer to the fluctuations in the concentration of global reach capabilities, which as seen above, refer specifically to naval capabilities. Between the bouts of global war mentioned above, there occur fluctuations in the concentration of naval power. During global wars, naval capabilities become highly

³ Although not explicitly identified as such by either Modelski or Wallerstein, the Spanish-Ottoman Wars of the sixteenth century, which culminated in the sea battle of Lepanto (1571), can be regarded as an integral part of the Dutch-Spanish, English-Spanish, and French-Spanish Wars of the same era.

Table 2.4. Naval Innovations by Various World Powers

<i>World power</i>	<i>Hardware</i>	<i>Software</i>	<i>Other powers</i>
Portugal	Caravel, <i>circa</i> 1430 Nau (Great Ship), <i>circa</i> 1500 Galleon, <i>circa</i> 1515 Naval gunnery	Ocean power, 1415 Oceanic navigation (<i>Regimento do astrolabio</i> , 1480) Oceanic base network concept (<i>Regimento for Almeida</i> , 1505)	
Netherlands	Copper sheathing	Mercator map, 1554	Weather gauge Racebuilt galleon (England)
Britain I	Ship-of-the-line 'Sovereign of the Seas' (1637)	Fighting instructions, 1653	
Britain II	Chronometers, 1765–73	Pitt's system	Explosive shells
United States	Armoured battleship in battle (1862) Naval aviation (1908)	Naval War College (1884) <i>Sea power</i> (1890)	Ironclads, 1850s Dreadnought, 1906 (Britain) Aircraft carrier (Britain, 1916)

Source: Modelski and Thompson (1988:25).

concentrated, and this concentration lasts for a finite amount of time after the war, providing the state with the highest concentration the foundation for executing its world leadership. However, as time progresses, naval capabilities become increasingly deconcentrated, as the dominant naval power begins to shift its priorities away from maintaining its navy. This opens up space for future challengers to expand their navies. Then, when the next global war erupts, one state succeeds in obtaining a superior navy to its adversaries, which lays the foundation for the next post-war international order.

For Modelski, this naval-power concentration is a useful measuring tool to identify the state that can be classified as the world leader at any one time. Specifically, states qualify as world powers when they possess 50% or more of the total naval capabilities in the world (Modelski and Thompson, 1988:105). This constitutes what Modelski calls a “monopoly of seapower” and according to him, four states have held this position since 1500, namely Portugal, the Netherlands, Britain, and the United States (Modelski and Thompson, 1988:133). This reinforces Modelski’s view that these four powers can be classified as world leaders, and that sea power is one of the key ingredients of world leadership.

Modelski and Thompson (1988:248) also support Dehio’s argument that Continental states struggled to create powerful navies due to the fact that they had to concentrate their resources on the army. The reason for this was because Continental states had to prioritise the defence of their borders, and were constantly jostling with their powerful neighbours. Island states (or insular states on the fringes of the European continent), did not have to divide their focus or resources between the army and the navy, and could therefore gain a significant advantage over their Continental rivals, whose sailors lacked sufficient experience and sustained momentum and support to allow them to compete on the same level as the insular powers.

Finally, in order to understand what underpins the long cycle of world leadership, Modelski turns to long waves (Goldstein, 1988:129). Goldstein (1988:6-7) identifies a long wave as an economic cycle lasting around fifty years (recall Wright’s fifty year cycles in the concentration of wars). Long waves, also known as Kondratieff waves, are composed of alternating economic phases, an expansion phase (or upswing), and a stagnation phase (downswing). Goldstein notes that the cycle repeats roughly every fifty years, and that it is synchronous across borders, which is indicative of a systemic-level phenomenon. The leadership cycle of one hundred years was thought to be connected with pairs of long waves, with innovation acting as the driving force (Goldstein, 1988:129).

Originally, Modelski tied each one of the four phases of the leadership cycle to either an upswing or downswing in the long wave, with global war occurring on the first upswing, the establishment of world power on the first downswing, delegitimisation occurring on the

Table 2.5. Years During Which a Single State Possessed 50% or More of the World's Naval Capabilities⁴

<i>Years in which 50% concentration levels were attained or exceeded</i>	<i>State controlling 50% or more of naval-power capabilities</i>
1494	England
1502–1544	Portugal
1594–1597	Spain
1608–1619	Netherlands
1624	Netherlands
1632–1633	Netherlands
1635–1636	Netherlands
1640–1642	Netherlands
1719–1723	Great Britain
1809–1812	Great Britain
1814–1834	Great Britain
1843	Great Britain
1854–1857	Great Britain
1861	Great Britain
1868–1869	Great Britain
1880–1881	Great Britain
1889–1890	Great Britain
1944–	United States

Source: Modelski and Thompson (1988:105)

second upswing, and deconcentration taking place on the second downswing. However, Modelski later moved away from the close linkage between the leadership cycle and the long wave, citing that due to fundamental dissynchronisation these phenomena should be treated as separate albeit related processes (Goldstein, 1988:133).

2.3.2.3 Thompson

William Thompson, whose contributions regarding the classification of approaches to structural change have been heavily relied upon in this study, can also be said to belong to the long cycle school (Thompson, 1988:xxii). He also contributed, along with Modelski, to the study of sea power in global politics, and as a result there is great agreement between the works of these two authors.

Thompson (1988:7) sets out by identifying global wars as those contests deciding “who will provide systemic leadership, whose rules will govern, whose policies will shape systemic allocation processes, and whose sense of vision or order will prevail.” Thompson (1988:123) then highlights the economic aspects of both his and Modelski’s work. Thompson explains that hegemonic powers tend to have the lead economies of the time. This means that the location of the ‘active zone’ in the world-economy gives a good indication as to which country will likely be the next hegemon. In short, this active zone is comprised of an area that utilises advanced agriculture and intensive food production, and that has a high concentration of leading sectors (innovative new industries). The active zone is also heavily engaged in world trade, and is a major source of foreign investment. For long cycle theorists however, it is not a matter of economic centrality coming first (like the world-economy school), or political and military centrality (like the structural realism school). Here, both are seen as mutually reinforcing, as the political role of world leadership requires a material

⁴ Spain is also listed as one of the states with a monopoly of sea power, between 1594 and 1597. As will be argued in the next chapter, Spain was the dominant power in Europe during the second half of the sixteenth century, but it was never a true maritime power. This is reinforced by the brevity of the Spanish monopoly of sea power, lasting a total of three years.

base, and conversely, political and military leadership creates the framework for economic transactions, and act in defence of economic interests (Thompson, 1988:122).

Thompson (1988:133-135) emphasises the concept of the leading sector, since the industries which encompass this sector are one of the keys to achieving hegemony. Thompson explains that different sectors of the economy grow at different rates, yet some sectors, at critical points in time, introduce major technological breakthroughs that have important implications for the growth of the economy as a whole. Thompson builds upon the study done by Rostow (1978) in this regard, which leads him to identify the following leading sectors since the eighteenth century: cotton textiles, iron, railways, steel, chemicals, electricity, and motor vehicles. When a country has a higher concentration of the leading sectors of the time, its economy benefits greatly; some of the possible implications for the national economy include lower prices and transport costs, population relocations, increased exports and employment, and spin-offs for other sectors of the economy. An excellent example would be the introduction of the railway and its related innovations, which certainly involved all of the implications mentioned above.

Thompson, together with Reuveny (2008), also utilise the concept of leading sectors to account for what they regard as the growing economic gap between the developed North (core states) and the developing South (semi-peripheral and peripheral states) in the world-economy. Since “intermittent upsurges in radical technology [are] generated principally in the system’s lead economy [thus enabling that state to become hegemonic],” and since these “growth impulses diffuse outwards from the centre of the North unevenly,” it stands to reason that the economies of the North are the “primary beneficiaries of these periodic extensions of the technological frontier” (Reuveny and Thompson, 2008:579). Indeed, when considering the issue of Southern development, Reuveny and Thompson (2008:587) find that “the North-South arena is not necessarily static, but there seem to be limitations in diffusing technology. The international political economic structure seems *stacked against a substantial or near-future diminishment of the North-South gap*” (emphasis added). Thus, while the core states benefit from the “diffusion of ideas, technologies, and know-how” brought about by new leading sectors, the periphery remains the recipient of older ‘past-prime’ technology (Reuveny and Thompson, 2008:600). While this may seem to confirm arguments that the periphery does experience “real development,” (such as that of Sanderson {2005:197}), Reuveny and Thompson (emphasis added, 2008:583) soberly conclude that:

the Southern problem is more one of avoiding falling further behind than it is of catching up or evading exploitation. If the South is generally unable to adopt or adapt to successive technological breakthroughs, it will *likely fall further behind* a frontier that is intermittently advanced in the North. Some Southern catch-up may be feasible in terms of *earlier technological waves*, but it is likely to remain too many waves behind to make much progress vis-à-vis convergence.

Since most of the gains in new technology are concentrated in the “pioneer economy” of the time, it is able to benefit disproportionately, at least until other core states “improve on the initial innovations [or] ... simply copy [them]” (Reuveny and Thompson, 2008:582). Moreover, these authors argue that these “ascent and decline patterns in relative technological gains, with late developers challenging early developers” constitute “both an economic foundation and *substantial motivation* for the world wars of 1914-1918 and 1939-1945 [although, as this study will maintain, the same could be said for the Thirty Years’ War]” (emphasis added, 2008:582). A clear link can thus be said to exist between leading

sectors, Great Power War, and hegemony, and this link will be explored in the following chapter of this study. Indeed, as Reuveny and Thompson (2008:584) succinctly argue:

The key to global ascent is the successful monopolization of radical innovations in leading sectors of commerce and industry ... [while] the introduction of leading sectors leads to the growth of the pioneering lead economy and, in turn, the growth of the lead economy stimulates world growth. The monopoly profits [then] finance the buildup of the leader's military capabilities of global reach. [Thus, that] state emerges as the principle winner or systemic leader [during a Great Power War] thanks in large part to its lead in technological innovation.

Thus, the concept of the leading sector, and more broadly technological innovation, can certainly help to illuminate why some states ascended to hegemony, while others did not, and these are also closely related to Wallerstein's own arguments concerning hegemony. Moreover, as the comment above reveals, in order to construct and maintain a superior navy, which is vital for global reach and world leadership, a state must possess an economy that is vibrant enough to support such an enterprise. Even though neither Rostow nor Thompson discusses the concepts of leading sectors and a lead economy in the period before the industrial revolution, it does not preclude the usefulness of applying the concept to earlier eras. For instance, shipbuilding and its related innovations can be considered to be a leading sector in the era of Dutch ascent, as identified by Bousquet (1980) (Goldstein, 1988:139). An investigation of this is thus warranted in the relevant section of this study.

A further account of Great Power War's impact on the lead economy is also provided by Thompson (1988:149), who explains that wars of such a scale have tended to do much more damage to the economies of the losing side, since much of the fighting has taken place there. Another factor, which is more beneficial to the lead economy than to its competitors, is the war-induced demand for goods, which the lead economy (with its more efficient industries and leading sectors) is better able to supply. As the comment above also revealed, states that ascend to hegemony after Great Power Wars were in fact already in a strong position *before* the Wars broke out, and that their relative power was thus *enhanced* and their leadership *solidified* by the Wars. In essence, the War therefore helps to push the near-hegemonic state over the top into full hegemony (Thompson, 1988:165). Thus, understanding processes such as changes in relative power *before* the outbreak of Great Power Wars is crucial when attempting to account for a state's ascension to hegemony, and reveals the motivation for the inclusion of a second independent variable (the material base) in this study, as discussed in the previous chapter. Furthermore, as Thompson (1988:165) remarks, both economic *and* military power concentrations are required together to provide the new systemic leader with the underpinnings it needs in order to alter the rules of the system and to promote its new world order.

In conclusion, to tie in with Dehio's argument that Continental powers tended to be absolutist, while insular powers were more representative, Thompson and Rasler (1989:23) used a study conducted by Mann (1986) in order to explain why insular powers tended to specialise in naval strength, while Continental powers focussed on armies (this is also closely linked to Fox's societal dichotomy as discussed earlier). The conclusion they reached was that as military costs spiralled in the sixteenth century, states could either learn to mobilise fiscal resources, or manpower, depending on whether they possessed a stable and sizeable wealth base or a large and malleable population. Since sea powers tended to generate more wealth through trade (which was also relatively easy to tax) they could mobilise their fiscal resources to a much greater extent than Continental powers. This would prove decisive, as the costs of war continued to spiral upwards, and would lay the foundations for the

institutionalised access that these insular powers would have to both short- and long-term credit, which helped them to defeat their (often apparently wealthier) opponents (Rasler and Thompson, 1989:103). In a very real sense, this leadership in financial capabilities and public finance systems was decisive for ensuring victory in increasingly expensive Great Power Wars. Other authors have also discussed this issue in detail, which will be addressed below.

2.3.3 The world-economy school

This brings us to the third and final approach used to investigate the relationship between hegemony and warfare, namely the world-economy school. This study can be classified as belonging to the world-economy school, and therefore reflects many of its assumptions and ideas.

An important feature of this school is the focus that it places not only on core (advanced capitalist) states, but on core-periphery *relations*, which for the most part constitutes a difference between neo-Marxist approaches and traditional Marxism, excepting Lenin (1939), who argued that the imperialism of the core capitalist states helped capitalism to avoid (or perhaps delay) its ‘final crisis’ of declining profits and returns on investment, the impoverishment of the core working classes, and finally revolution (Goldstein, 1988:133). This school, as was discussed in the first chapter of this study, approaches the question of war and hegemony within the context of the capitalist world-economy. Consequently, a greater emphasis is placed on economic processes and features than on political or military ones (which, as will be discussed below, has led some critics to accuse World-Systems Analysis of economism). Indeed, they are considered to be two parts of a single logic, and it is this very nature (capitalist) of the modern world-system that gives rise to hegemonic sequences and not to world-empires (Chase-Dunn and Grimes, 1995:390).

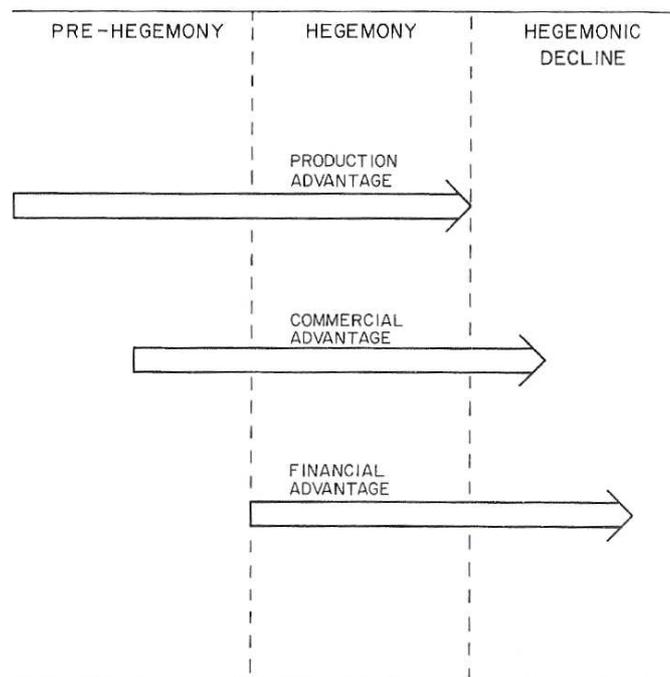
Since much has already been said in the previous chapter regarding the features of World-Systems Analysis, which is representative of the world-economy approach, including the definition of key concepts such as the world-system, this section will not repeat these details. However, a few additional aspects of the world-economy school’s approach to the war/hegemony question warrant further discussion, including the most notable criticisms which have been directed at World-Systems Analysis, and some of the responses to these.

2.3.3.1 Wallerstein

For Wallerstein, two dynamics are central to the modern world-system, representing political and economic processes (Thompson, 1988:58-59). The first is of course the ‘hegemonic sequence’ whereby hegemonic core states rise and fall, and which was discussed in chapter one. To summarise, in order for a state to become hegemonic, it must first gain an edge over its core rivals in agro-industrial production, followed by an edge in commerce, and finally in finance (Wallerstein, 2000a:255). Wallerstein contends that enterprises located within the hegemonic state in question achieve their edge in efficiency in this order, and they lose them in this order as well (2000a:257). True hegemony is only achieved during the short time that the state can maintain its advantage in all three economic domains simultaneously, as seen in Figure 2.2.

Various authors within the world-economy school, including Wallerstein, identify four phases in every hegemonic cycle (Shannon, 1989:121). During the first phase – ascending hegemony – the old hegemonic power is no longer economically or militarily predominant to the extent that it was during its height. Furthermore, violent conflicts erupt during this

Figure 2.2. True Hegemony, as a Confluence of Productive, Commercial, and Financial Advantages



Source: Thompson (1988:118). Based on Wallerstein (1984:40).

time, as the major (rising) core powers battle out who will be the next hegemon. This is the phase of the Great Power War (see Table 2.6).

Table 2.6. The Dating and Constitutive Parts of the Hegemonic Cycle

Hegemonic Power	Dates	Part of Cycle
United Provinces of Holland	1575-1590	Ascending hegemony
	1590-1620	Hegemonic victory
	1620-1650	Hegemonic maturity
	1650-1700	Hegemonic decline
Great Britain	1798-1815	Ascending hegemony
	1815-1850	Hegemonic victory
	1850-1873	Hegemonic maturity
	1873-1897	Declining hegemony
United States	1897-1913/1920	Ascending hegemony
	1913/1920-1945	Hegemonic victory
	1945-1967	Hegemonic maturity
	1967-?	Hegemonic decline

Source: Hopkins, Wallerstein et al (1979:118). Reprinted in Shannon (1989:121).

The second phase is that of hegemonic victory, when one state emerges with an economic and military advantage over all its core rivals (Shannon, 1989:121). By this stage the new hegemonic power has supplanted the old. Next follows hegemonic maturity (full hegemony), when the newly hegemonic state attains full productive, commercial, and financial hegemony over all others. This stage never lasts long though, and is invariably followed by hegemonic decline, and although the hegemonic power may still have the largest military force, it no longer enjoys the level of economic superiority that it did during the phase of hegemonic maturity. As discussed in chapter one, we are in this stage today.

Unlike Modelski and Gilpin, Wallerstein identifies only three hegemonic states in the modern world-system and as a result, only three genuine Great Power Wars (2000a:258).

These were World War Alpha (the Thirty Year’s War), World War Beta (the wars of the French Revolution and Napoleon), and World War Gamma (traditionally referred to as World Wars I and II). The first of these will be investigated in the appropriate section of this study, along with the subsequent hegemon.

Table 2.7. World Wars and Hegemons as Identified by Wallerstein⁵

World Wars	Hegemon	Succession Contenders
Alpha Thirty Years’ War (1618–1648)	United Provinces of the Netherlands (1620–1672)	England France
Beta Napoleonic Wars (1792–1815)	Great Britain (1815–1873)	Germany United States
Gamma Euroasian Wars (1914–1945)	United States (1945–1967)	Western Europe Japan

Source: Thompson (1988:59). Based on information in Wallerstein (1984:37-46).

Table 2.8. Differences between Wallerstein and Modelski Regarding the Identification and Timing of Hegemonic Wars, and the Victors of those Wars

Wallerstein		Modelski	
		1494–1517	Portugal
1618–1648	Netherlands	1579–1609	Netherlands
		1688–1713	Britain (1)
1792–1815	Britain	1792–1815	Britain (2)
1914–1945	United States	1914–1945	United States

Source: Goldstein (1988:138).

However, as Peter Gowan (2004:472) argues, the differences between the schools and authors regarding those states that are considered to be hegemonic arise as a result of the different understandings of hegemony. The structural realism and long cycle approaches subordinate the economic dimension to the issue of military-political capacity, while the world-economy approach sees military-political power as supporting the struggle for dominance at the level of production. Accordingly, if one emphasises military (specifically naval) strength, one would arrive at different conclusions regarding which states can be considered to be hegemonic, than if one emphasises productive dominance in capital-intensive commodities (Gowan, 2004:473).

Wallerstein (2000a:259) notes that a major restructuring of the interstate system takes place at the end of each Great Power War. This closely resembles the arguments of both Gilpin and Modelski, in that the interstate system is restructured to reflect the new distribution (and reconcentration) of power. Furthermore, Wallerstein argues that, as the hegemonic state’s power wanes, two states emerge as contenders (as evident in Table 2.7). These pairs of contenders were Britain and France after Dutch hegemony, and Germany and the United States after British hegemony. What is clearly noticeable is that, in each instance,

⁵ Since this table was compiled from research conducted during the 1980s, one may certainly add China, India, Brazil, and (a resurgent) Russia to the list of possible succession contenders that may vie for hegemony in the twenty-first century.

one of these contenders was a major land power, while the other was a major naval power. Also, the land powers initiated each conflict, but failed in both cases to obtain victory (Dehio's argument that the naval powers are able to mobilise the support of the outside, or non-European, world provides an attractive explanation for this). Hegemony, it seems, always passes to the dominant sea power of the time, which joins the winning coalition but never initiates the conflict.

Wallerstein also contends that although Great Power Wars have significant political and military consequences, their greatest impact is on the economic sphere (2000a:261). The rising hegemon's lead in the economic domains may not be very significant over that of its nearest rival immediately before the War, but the War alters this situation significantly. The winning state's economic edge is strengthened by the War, and this strengthened position is then protected by the post-war settlement, which reorganises the interstate system in a manner that is favourable to the newly hegemonic state. This strengthening effect of the War on the economic domains of the hegemonic state will also be investigated in this study.

The second dynamic, which is present within the modern world-system, is that of economic expansion and stagnation/contraction (Thompson, 1988:60). Whereas the hegemonic sequence represents political dynamics within the world-system, this process of expansion and stagnation/contraction represents the economic dynamics. Wallerstein (1979:74) identifies two different kinds of economic cycles, namely long waves (Kondratieff waves) with a length of around fifty years, and 'logistics' with a much longer duration of between one-hundred and fifty and three-hundred years.

Essentially, Wallerstein, together with other authors such as Hopkins (1979), argue that the inherent contradictions within the capitalist world-economy do not allow a linear pattern of growth (Goldstein, 1988:134). Long waves roughly correspond to the hegemonic sequence, in that each hegemonic sequence is composed of two pairs of long waves (which is similar to both Toynbee and Modelski's arguments). These pairs of long waves follow an A1-B1-A2-B2 pattern, whereby the first upswing is followed by the first downswing, and the second upswing is followed by the second downswing.

Shannon (1989:117) explains that these long waves are essentially driven by the creation of new economic activities and production techniques. These new activities or techniques generate large profits in the early stages when the market is not yet saturated, and spin-off benefits are generated for the economy as a whole. This argument is very similar to that of the leading sectors identified by Thompson and other authors. Since the market eventually becomes saturated, and as competitors emulate the new economic activities, those activities or techniques can no longer generate ever-increasing profits, and stagnation sets in. In an effort to find new ways in which to off-set the negative consequences of this period of stagnation, core capitalists work to increase their exploitation of the periphery via increased broadening (incorporation of new areas into the world-system) and deepening (increased commodification) (Shannon, 1989:118).

It is in this B-phase that core states increase their direct control over the periphery, and enter into fiercer competition with each other as they scramble to minimise the impact of the economic stagnation on their economies (note the link here with Lenin's argument). This coincides with periods of extensive colonisation, such as that experienced in the late nineteenth century (Thompson, 1988:60). The influx of cheap resources from the periphery, coupled with greater economic concentration, and investments in the periphery, then result in a new expansion phase. Furthermore, during the period of economic stagnation (phase B), there exists a strong focus on economic innovation, which helps to create the basis for the

creation of new economic activities and products that will help drive a next A-phase expansion.⁶

These long cycles have been linked to the different phases of hegemonic succession, mentioned above (Goldstein, 1988:135). The first phase of economic expansion coincides with the stage of ascending hegemony, which is marked by increasing levels of conflict between the rivals to succession. This is followed by a phase of general economic stagnation, during which the new hegemon bypasses the old and achieves hegemonic victory, thanks to its new economic activities and techniques (especially in leading sectors). During the next expansion phase, the new hegemon achieves its maturity (and holds a simultaneous advantage over its core rivals in the three economic domains of agro-industrial production, commerce, and finance). Then, as the next phase of stagnation sets in, the now declining hegemon is faced with new rivals ready to take its place. However, as Goldstein notes, there has been a tendency to detach the hegemonic sequence from that of long waves, as has been done in the long cycle school (1988:133). Although they are still seen as related, they are no longer as tightly connected (due to the fact that they are not perfectly synchronised).

As for logistics, Wallerstein argues that these are the cycles which are composed of an expansion phase and a *stagnation* phase (1979:74). The expansion phase of the logistics cycle is characterised by growing populations, increasing trade, greater areas of land under cultivation, the strengthening of political apparatuses, and the broadening of the world-system. The stagnation phase is largely characterised by the opposite trends. However, Wallerstein (1979:75) makes the point that the effects of the stagnation phase are not the same in all areas, and that instead of weakening the obligations of labourers to their lords (in the early era of the modern world-system), the B-phase was marked by a strengthening of these obligations in the periphery (then Eastern Europe).

These phases of stagnation are also characterised by increases in the concentration of capital in the core, protectionist policies (such as mercantilism), and an increase in the level of peripheral control by core states (Wallerstein, 1979:76-77). However, as Shannon notes, the dating of these logistics is very ambiguous, especially after the eighteenth century, which is why Wallerstein and other authors are willing to consider the disappearance of logistic at that time (1989:119).⁷ Further work is thus required in order to refine the concept of logistics.

2.3.3.2 A Critical View of World-Systems Analysis

At this point, it is useful to investigate and discuss some of the most significant criticisms of World-Systems Analysis that have emerged over the years. As Hall (1996:441) contends, World-Systems Analysis has, since its inception, been viewed as “highly contentious” by many critics, and it certainly lies beyond the scope of this study to provide an exhaustive

⁶ There exist some differences in the literature on whether the B-phase of the long wave constitutes a period of economic *stagnation* or *contraction*. For instance, Wallerstein (1979:74) contends that the B-phase of the long wave is marked by economic contraction, while Thompson (1988:60), Goldstein (1988:7), Shannon (1989:116), and Sanderson (2005:182) argue that phase B is a period of stagnation or slower growth. This study follows the latter understanding.

⁷ Shannon (1989:119-120) further points out that logistics are possibly linked to “periods of generally rising (phase A) or falling (phase B) prices,” with the price of grain being the most important in pre-industrial Europe. Although logistics may be “quite similar” to Kondratieffs, they are understood as constituting “‘deeper’ or more ‘fundamental’ economic fluctuations,” but much progress still needs to be made regarding the nature and timing of logistics, and the possible survival thereof after the Industrial Revolution.

discussion of all the critical debates that have emerged. Although there have been many areas of debate and contention, such as the role of luxury trade, the applicability of World-Systems Analysis to the pre-modern era, the operationalisation of economic cycles (such as that of logistics discussed above), long-term trends of underdevelopment, and the role of foreign investment therein, for the most part these are irrelevant for the purpose of this study. However, four particular criticisms of World-Systems Analysis do warrant closer investigation, namely that the theory is teleological, that it engages in reification, that is economistic, and that it is too structuralist and does not allow for agency. These four problem areas will be explored and discussed in turn below, and in the context of this study some responses to these criticisms will be issued.

When considering these complaints however, it is evident that many of them emerged in response to Wallerstein's first groundbreaking volume of *The Modern World-System* (1974). From the following discussion, it will be seen that Wallerstein has responded to many of the concerns raised regarding his first volume in the subsequent second (1980) and third (1988) volumes, and in the countless other books and articles that have followed. Indeed, in many instances, as Garst (1985:469) notes, Wallerstein's later work has helped to mitigate some of the serious criticisms lodged against his arguments contained in his first volume, but this is not to say that all shortcomings have been addressed, or that they should be overlooked. However, it is also true that World-Systems Analysis as an approach has evolved considerably since its early beginnings, due in no small part to cross-fertilisation with other strands of the social sciences, and to the inputs of a multitude of other world-system scholars.

In the first instance, Wallerstein's arguments concerning the functioning of the modern world-system have been regarded as displaying a *teleological* (or functionalist, in the words of Zolberg {1981:255}) tendency, and the arguments of Skocpol (1994) can be viewed as particularly representative of this criticism. Teleology, Neuman (2003:546) reminds, is a statement or a line of argument that "appears to be a *causal explanation*, but it is not, because it cannot be tested *empirically*," since the independent variable is "an amorphous idea, a long-term goal, a future intention or [of particular relevance here] characteristic of an entire system." As such, the ultimate causes of the nature or of the actions of a phenomenon can be related to their ends, utility, or function.

Several related points of contention regarding the charges of teleology in World-Systems Analysis can be identified, and all revolve around what Skocpol (1994:58) calls "system-maintenance arguments" or, as Zolberg (1981:255) elaborates, political configurations that arise "when needed by the system, without any other explanation." First, Skocpol posits that Wallerstein (in his 1974 volume) is unable to adequately account for the demise of feudalism and the subsequent emergence of the capitalist world-system, and that his arguments surrounding these developments are teleological since they maintain that "the crisis [of feudalism] 'had to be solved' if 'Europe' or 'the system' were to survive." In Skocpol's (1994:58) view, related very closely to these arguments concerning the emergence of the capitalist world-system, is the argument concerning the stability or self-reinforcing nature of the system, whereby Wallerstein appears to posit that "once the system is established, everything reinforces everything else," which "convey[s] a sense of the massive stability of the whole." As such, Skocpol (1994:68) summarises, Wallerstein "repeatedly ... argues that things at a certain time and place had to be a certain way in order to bring about later states or developments that accord (or seem to accord) with what his system model of the world capitalist economy requires or predicts."

One such example relates to the hierarchical structure of the modern world-system, whereby authors such as Sanderson (2005:186) contend that Wallerstein has always

maintained from his earliest works that “in order for there to be a rich core there *had* to be a poor periphery subject to superexploitation, and, since such a highly polarized system would be unstable, in order to persist it *required* an intermediate structure, or semiperiphery” (emphasis added). Shannon (emphasis added, 1989:150) argues in a similar vein that although it has been maintained in World-Systems Analysis that the “exploitation of the periphery has been beneficial and *necessary* for the core,” there is substantial empirical grounds to doubt this claim since the core never managed to extract as much surplus from the periphery as world-system theorists have argued, and that the core’s development since the sixteenth century can be explained more by internal factors than by its exploitation of the periphery.

Skocpol (1994:63-65) and Gourevitch (1978:423-427) also posit that Wallerstein’s arguments in the first volume of *The Modern World-System* concerning patterns of state development are “at best unclear, and at worst wrong,” and that his views on the timing, nature, and causes of the “second serfdom,” which are closely related to the patterns of state development, are deficient and do not match the historical evidence. Here too do charges of teleology emerge, as will be seen shortly. To elaborate on the criticisms of Skocpol and Gourevitch, their central objections revolve around the links that Wallerstein make between state strength and coercive agriculture, and location in the world-system hierarchy. For instance, Gourevitch (1978:424) argues that Wallerstein offers “no explanation for the variance found not only within zones between strong and weak [states], but also none for the variance within each of those categories (different types of strong and different types of weak).” Part of the problem, in Gourevitch’s (1978:423) view is that Wallerstein’s arguments regarding state strength and location within the world-system hierarchy appear to be circular and teleological, since Wallerstein (1974:354-355) argues that:

It cannot be the case that all these entities be equally strong. For if they were, they would be in the position of blocking the effective operation of transnational entities whose locus were in another state. It would then follow that the world division of labor would be impeded, the world-economy decline, and eventually the world-system fall apart.

Zolberg (1981:270) has also contributed to this debate by highlighting what appears to be a highly teleological argument embedded in Wallerstein’s work – that it appears “that the position of countries in the world economy *determines* the character of their political regimes [related also to the charge of economism] and, concomitantly, that the world economy *requires*, for its maintenance as a system, strong states at the core as well as weak political structures in the peripheral areas.” However, Gourevitch (1978:423) and Skocpol (1994:64,67) argue that despite Wallerstein’s claim that strong states are to be found in the core of the world-system, this does not always appear to be the case, since “some strong states were located in the peripheries (Prussia, Austria, Sweden),” and that if, as a result, strong states are also to be found in the periphery, “then according to Wallerstein’s own logic [as encapsulated in the quote above] the economic division of labor cannot be presumed likely to hold together over time as a ‘system’ and the differential flow of surpluses to the core is likely to be disrupted.” Wallerstein’s (1974:87) related argument, concerning coerced cash-crop labour and the “second serfdom” in the periphery of early modern Europe, Gourevitch (1978:425-426) argues, not only “does not fit the timing of these developments in Eastern Europe,” but also appears contradictory to his views on core state strength, since “strong states were needed in the periphery to impose servile controls on labor.”

At this point, it is useful to regard some of the response to these criticisms issued by various scholars, not least of which Wallerstein himself. Regarding issues of historical

accuracy and evidence, Shannon (1989:160) contends that “readers of world-system analysis must understand that the historical interpretations on which world-systems theory is based are selective in their use of the available historical evidence and are often [unavoidably] highly controversial.” Meanwhile, Garst (1985:471) argues that Wallerstein’s second volume of *The Modern World-System* (1980) went far to address the “overly simplistic” link between state form and location in the world-system hierarchy and “the neglect of institutionalized structures of class relationships, which made it impossible for Wallerstein to account for the presence of both ‘weak’ and ‘strong’ states in the core and periphery.” Indeed, this second volume featured a much more nuanced view of the early world-system than was to be found in the first volume, and as such many of the charges of teleology, as sampled above, have been deflected. For instance, the primary contribution of the second volume on the modern world-system has been summarised as follows by Garst (1985:475), “Wallerstein has augmented his focus on the Capitalist World Economy’s structure in the explanation of state structures and behavior by examining the dominant class structures and political alliances [within states] as well.” In particular, Wallerstein elaborated and refined the understanding of ‘weak’ and ‘strong’ states, and in so doing, has addressed the most prominent criticisms that revolve around charges of teleology, such as those issued by Skocpol and Gourevitch. Most prominently, Wallerstein (1980:113) expanded his original arguments surrounding state strength in his second volume by positing that “a state’s strength correlates with the economic role of the owner-producers of that state in the world-economy; but if these assertions are not to be mere tautologies, we must have some independent *political* measures of this strength.” Since Wallerstein’s elaboration on these political measures of state strength, and the (internal) dominant class structures and political alliances overlap to a large extent with other criticisms to be discussed shortly – especially that of structuralism – they will be elaborated upon further later.

However, before turning to the next major criticism of World-Systems Analysis, the role of the exploitation of the periphery by the core should be briefly touched upon, since, as mentioned, it has been charged that the evidence supporting the significance of this exploitation has been lacking, and that arguments surrounding the *necessity* of this exploitative relationship have been erroneous. In contrast to such a view, this study, much like that of Reuveny and Thompson (2008:583), is “hard pressed to deny the evidence for exploitation.” Of course, as Reuveny and Thompson also point out, it is very uncertain, and in Shannon’s (1989:133) view unproven, that the prosperity of the core has “consistently depended” on its exploitation of the periphery’s goods and markets. Rather, the trade, investment, and prosperity of the core appear to be largely core-centric.

Yet these arguments concerning the apparently limited benefits and uncertain nature of the exploitation of the periphery to the core can be addressed another way, as Reuveny and Thompson (2008:583) hint. In their opinion, “if exploitation *was once* blatant and prominent [and by extension *necessary*], neglect seems more problematic *these days*” (emphasis added). This caveat alludes to the manner in which the claim generally made by World-Systems Analysis – that the exploitation of the periphery is *central* to the development of the core – can be reconciled with the abovementioned criticism that the core appears to depend more on itself for development and that “developments in technology have reduced the dependence on Southern [peripheral] raw materials” – by reiterating the importance of including a historical dimension when considering the role of peripheral exploitation (Reuveny and Thompson, 2008:583). Indeed, although it may be generally true today that the core is more dependent upon investment and trade relations with other core states, when the historical development of the core is considered, the importance of the direct

exploitation of peripheral regions by specific core states – such as the exploitation of Central and South America in the sixteenth century by Spain and Portugal, and the Indian subcontinent in the eighteenth century by Britain – assumes a much greater dimension. In fact, the absolute immiseration of these peripheral regions substantially benefitted the core states that exploited them.

As such, this study maintains the conventional emphasis of World-Systems Analysis on the importance of peripheral exploitation for core development, although it will be conceded that this exploitation has assumed a *relatively* more minor role since 1945, partly because, as was discussed earlier in this chapter, peripheral exploitation is more subtle and indirect during periods of hegemony in the world-system. With decolonisation under American hegemony, and its championing of global liberalism, it thus stands to reason that intra-core trade and investment would eclipse direct peripheral exploitation in apparent importance. However, this study cannot agree with the conclusion of Reuveny and Thompson (2008:583) that peripheral raw materials are less important to the core today, since the core's oil dependence, and semicore China's "prowl for resources" in the periphery, clearly reveal the centrality of the periphery's resources, not merely for the development of the core economies, but also for their *regular* functioning (Kurlantzick, 2009:27).

At this point, the second major criticism of World-Systems Analysis will be investigated, namely that it engages in *reification*, which can be condensed as the treatment of something abstract as a real and tangible object that is "alien, external, and apart ... [with] an independent life" from the social processes that created it (Neuman, 2003:543). For scholars such as Flint and Shelley (1996:498) and Sanderson (2005:186), the primary concern with regards to the charge of reification revolves around the apparent tendency of World-Systems Analysis to assign to "the categories of core, periphery, and semiperiphery an independent role in explaining social phenomena," which make it appear as though the world-system itself is "an organic type of system" with a "consciousness that tells it how to allocate tasks on a global level." Indeed, as Chirot and Hall (1982:85) point out, and as was mentioned earlier in the discussion of teleology, "semiperipheries [seem to serve the function to] deflect the anger and revolutionary activity of peripheries, and they serve as good places for capitalist investment when well-organised labor forces in core countries cause wages to rise too fast." In such an argument, it would appear as though the category of semi-periphery exists because the survival of the world-system depends upon it (teleology again), and that the world-system somehow 'knows' this and as a consequence has created this middle zone between the core and the periphery (reification).

To address this issue, Sanderson (2005:183) argues that the categories of core, periphery, and semi-periphery should be abandoned entirely by World-Systems Analysis, and that these concepts should be replaced by a more general discussion of "global inequalities." To support this argument, Sanderson (2005:187) points out that the semi-periphery is an especially problematic component of the world-system, since it appears to function as a "dumping ground category" that is populated by a vast array of diverse states (the specific states differ depending on the author or scholar involved, and on how the semi-periphery is defined), and that the inclusion of such a variety and diversity of states within a single category prevents it from being a useful concept.

However, it should be noted that this opinion concerning the abandonment of the core, periphery, and semi-periphery as components of the world-system is far from universal, and in direct contrast to Sanderson, Babones (2005:29) maintains that the identification of these three broad zones in the world-economy is one of the *key* contributions made by Wallerstein

and World-Systems Analysis. Moreover, as Babones (2005:29) points out, various studies conducted by a wide array of scholars, ranging from network analysis of patterns of trade and network analysis of economic, political, and military relationships, to distributional analyses of income levels, have *confirmed* “the basic validity of the model of a world-economy divided into three structural zones,” and that these studies have yielded “roughly similar groups of countries for each of the three structural zones.”

One such study is that of Steiber (1979), in which he blockmodeled the world trade system in order to demonstrate a single mode of international exchange in the world-system (as opposed to separate capitalist and communist modes) and the unique position of the middle level of nations (i.e. the semi-periphery) in that system’s hierarchy. The findings of that study revealed that “socialist societies simply do [or rather did] not form a unique middle level of world actors,” while the trade matrices produced by Steiber provided “solid support for the premises of world systems theory,” and revealed that “the semi-periphery, as defined by economic criteria, do form a *unique strata* in the world system” (and as a consequence does not simply exist because the system ‘needs’ it to) (Steiber, 1979:33-34, emphasis added). In addition, Babones (2005:47) found in his own study that a “tri-modal distribution of countries (weighted by population) in the distribution of national incomes is *unmistakable*” (emphasis added). Moreover, while it is true that there may not be a consensus regarding which states fall into which individual category, Taylor (1988:264) argues that “the fluidity of regions and outcomes demand flexibility,” and that “one should not be overly concerned to produce rigid boundaries” between zones.

It thus becomes apparent that the criticism of the utility of the concepts of core, periphery, and semi-periphery, and the reification of these categories in World-Systems Analysis, is not shared by all, and as a consequence, their use will be maintained throughout this study. However, as Kick et al. (2000) point out, this does not preclude the further refinement of these concepts, especially the semi-periphery, which in their view consists of an upper and a lower division, with the former classified as the semicore of the world-system, and the latter as the ‘traditional’ semi-periphery. The addition of a semicore to the hierarchy of the world-system is particularly attractive, and this distinct category could be utilised in future research regarding possible hegemonic rivalry in the twenty-first century, since several of those potential contenders for hegemony can currently be said to reside in the semicore (most notably China).

Before turning to the charge of economism, Flint and Shelley’s (1996:498) contribution with regards to the debate of the reification of the world-system and its hierarchy merits attention. They remind that “cores or peripheries [or the world-system in its entirety] cannot *act*,” and that “rather, human activity creates core and periphery processes, which in turn create regions within the world-economy” that “interact with each other to form and perpetuate a core-periphery hierarchy” (emphasis added). With the requisite caution and focus on human activity, which makes allowance for agency (discussed shortly), and with the inputs of studies such as those of Babones and Steiber, this study contends that the reification of the world-system can be sufficiently guarded against to preserve its utility and value for social scientific research.

In the third instance, Wallerstein’s work – again his first volume of *The Modern World-System* in particular – has been charged with displaying a reductionist tendency, whereby “political processes [are viewed] as epiphenomenal in relation to economic causation,” and that it is, as a consequence, *economistic* (Zolberg, 1981:255). For Zolberg (1981:257-258), the main point of contention arises from the apparent manner in which Wallerstein singles

out economic activity as representative of “the totality of human existence” since, as Chase-Dunn and Hall (1994:265) remark, Wallerstein uses modes of production to demarcate world-systems and that the resulting defining feature of the modern world-system, as already noted throughout this study, is the fact that it encompasses a *capitalist* world-economy with economic linkages between the parts of the world-system being the most decisive. This leads Zolberg (1981:258) to conclude that “the theory clearly rests on the proposition that economic processes alone determined the genesis of the modern world system and governed its operations after it came into being.” Nor is Zolberg alone in reaching this conclusion. Indeed, Skocpol (1994:60,68) also maintains that Wallerstein “reduces politics to economic conditions” by creating a “model that simultaneously gives a decisive role to international political domination ... and deprives politics of any independent efficacy, reducing it to the vulgar expression of market-class interests,” and that he “reduces politics to economic conditions and to the expression of the will of the dominant groups within each national arena.”

Following from this, Zolberg (1981:258) calls Wallerstein to task for failing to take account of the *political* and *military* relationships between the states of the early modern world-system, and the Ottoman world-empire which lay beyond the (economic) boundaries of that system, since this interaction worked to “shape relationships among western European countries” and, in turn, affected the development of that system – developments that cannot be accounted for by relying solely on explanations of processes that were exclusively internal to the modern world-system. Hess (1973:60-61,75), in his discussion of the Ottoman Empire in the fifteenth and sixteenth centuries, reaches the conclusion that the interactions between the Ottomans and the states of early-modern Western Europe had a definite impact on developments in the West since, for instance, the early attempts of the Portuguese seafarers to find a sea route to India was partly informed by a desire to occupy a strategic position that would enable them to launch an “attack on the Islamic world from the rear,” while the Spanish, after attaining their goal of reclaiming Iberia from the Moors in the *Reconquista*, turned their attention to pushing back the frontiers of Islam in North Africa, which put them in direct opposition to the Ottomans in the Mediterranean. By the end of the fifteenth century, the Ottomans commanded a fleet of sufficient size and strength to defeat the Venetian fleet (in 1499), thereby gaining strategic predominance in the eastern Mediterranean (Hess, 1973:66). Following its defeat of the Mamluk Empire in 1517, the Ottoman Empire then began venturing into the western Mediterranean, while Charles V organised “his inheritances [of] large human and material resources ... in accordance with the universal traditions of the Romano-Christian past,” whereby the “Hapsburg empire quickly became the most powerful opponent of the Muslim world” (Hess, 1973:61).

This Spanish-Ottoman animosity in particular presented opportunities to states such as France, itself arrayed against the “geographical monster” of the Hapsburg lands, and in fact, the French concluded an alliance with the Ottomans in 1525, whereby they “encouraged the sultan to attack the eastern portion of the Habsburg empire” (Hess, 1973:72). As will also be seen in the next chapter, this Spanish-Ottoman clash in the Mediterranean also provided a strategic opportunity for the Dutch during their struggle for independence (and ascent to hegemony), since they had a mutual foe in common with the Ottomans. Without further elaborating on the Spanish-Ottoman relationship at this point, it is nevertheless evident that as Zolberg (1981:263) argues, the entry of the Ottoman Empire into the affairs of Europe “drastically altered the strategic configuration” of the states of the world-system from its earliest development. For Zolberg (1981:272-273), these events demonstrate that “the boundaries of the world economy were shaped by processes generated at the level of a more

comprehensive world system constituted by strategic interactions among a variety of political units.” As such, he casts into doubt whether the modern world-system was truly a self-contained entity during the sixteenth century (Zolberg, 1981:258).

Zolberg and Skocpol have not been the only scholars to charge Wallerstein and World-Systems Analysis with being economistic. Indeed, Shannon (1989:138) reveals that Wallerstein has also been accused of reducing the struggle for hegemony to economic factors, as a result of the argument that “the process of actually achieving hegemony depends upon obtaining economic preponderance in production, commercial relations, and international finance” – as discussed in the previous chapter. Rather, Shannon (1989:139) maintains that “war is not simply part of that economic struggle,” and that “instead, the search for military security and territorial expansion represents an independent explanation for relationships in the world-system.” Shannon also cites the long cycle school of Modelski and others, as discussed earlier in this chapter, as the “most fully elaborated approach that emphasises the *independent* role of geopolitical factors in the struggle for hegemony” (emphasis added).

For Garst (1985:470) however, the majority of the charges of economic reductionism in World-Systems Analysis can be ascribed to “a mistaken and oversimplified characterization of Wallerstein’s Modern World System.” Rather, Garst maintains, a proper understanding of the modern world-system would reveal that it is “an institutional structure that shapes the *interplay* between the political variables associated with the interstate system and the economic variables associated with the world-wide capitalist exchange network.” Moreover, in line with Wallerstein, who maintains that “the division between political and economic analysis simply has no place in world-system theory,” and that “both must be considered together in analyzing the system,” Garst contends that the “multiplicity of sovereign states and the world-wide system of commodity production ... form a complex and historically emergent totality whose parts cannot be understood in isolation from one another” (Shannon, 1989:139; Garst, 1985:470). Similarly, Hobsbawm (1987:69) argues that “politics and economics cannot be separated in a capitalist society, any more than religion and society in an Islamic one.” This study consequently echoes this position throughout.

As such, in relation to the claim of economic reductionism present in the arguments concerning the establishment of hegemony, it was argued in the previous chapter that the foundation of political/military and cultural strength relies *fundamentally* upon economic strength, and throughout this chapter the opinions of various scholars on this issue are illustrated. Differential rates of economic (and technological) growth, that underlie differential rates of military expansion, are considered by several experts to account for cycles of hegemonic rivalry, and as such, this study recognises the importance of such economic factors, and takes cognisance of Shannon’s (1989:140) comment that the interstate system’s survival is intimately tied to the continued existence of a capitalist world-economy. Moreover, this study will not be built upon an exclusive reliance on the world-economy school, and several elements from the other schools discussed in this chapter will be included. Also, Cox’s (1987:357) contribution with regards to “class formation and the formation of historical blocs as the crucial factor in the transformation of global political and social order” will be investigated later in this chapter, and will help to inform, albeit to a very limited extent, the discussions in the subsequent chapters of this study. This, as Cox (1987:357) argues, will further help to avoid “reducing states and the state system to the world economy.”

With regards to Zolberg’s arguments concerning Wallerstein’s failure to account for the impact of politico-strategic actors outside of the world-system, as embodied in the Ottoman

world-empire, on the states within it – such as Spain, France, and the Dutch Republic – this study contends that the theoretical body of World-Systems Analysis can indeed benefit from further refinement with regards to such interactions between purportedly self-contained world-systems and external world-empires. However, it is also recognised that the relationship between the Ottoman Empire and the early modern world-system is unique in that no other instance of external ‘impingement’ or influence on the functioning of the modern world-system can be identified. One may certainly speculate that such interactions can only emerge in very specific, and limited, instances, such as when the internal structure of the (young) world-system is still rather weak and in the process of being consolidated, and when the world-empire in the external arena is also proximate to the emerging world-system – which the Ottoman Empire certainly was vis-à-vis the Mediterranean world.⁸ However, this nevertheless represents a grey area within World-Systems Analysis that merits further attention, and until such time, critics such as Zolberg are fully justified in their complaints regarding this matter. Fortunately, this study is not directly impacted by this particular concern.

This brings us to the fourth and final major criticism of World-Systems Analysis – that it is characterised by *structural determinism* and lack of *agency* – whereby the broader structure of the modern world-system is seen as determining the characteristics of states, even internally, and whereby those states and the populations within them are unable to effect changes to the system as a whole, or to their state’s location within it. Clearly, this charge shares common features with that of reification, whereby the world-system is viewed as external to, and independent from, the workings of the societies it contains. As Bergesen (1984:366) points out, the main issue of contention when considering the question of structural determinism and lack of agency, can be summarised as the lack of attention paid to class relations in Wallerstein’s definition of capitalism in terms of its division of labour, as opposed to social relations of production – the latter being the more “traditional” Marxist definition. Skocpol (1994:59) too maintains that Wallerstein has ignored “the basic Marxist insight that the social relations of production and surplus appropriation [here *within* states in particular] are the sociological key to the functioning and development of any economic system.” Bergesen (1984:366-367) further elaborates on the importance on the focus on class relations, since changes in those relations “can produce a new mode of production,” and Wallerstein’s failure to take adequate stock of the processes of class formation and class struggle also accounts for his inability to explain satisfactorily the transition from feudalism to capitalism, as was mentioned earlier.

At this point, it should be noted that these criticisms were again a response to Wallerstein’s first volume of *The Modern World-System*, and as was touched upon in the discussion of the charge of teleology, Garst (1985:475) contends that Wallerstein’s second volume has gone far to incorporate the *internal* class structures and political alliances of states, which in turn makes allowance for agency within the world-system. As was mentioned earlier, Wallerstein has achieved this by producing five independent political measures of state strength, which has also served to free World-Systems Analysis from charges that state strength is derived solely from location in the division of labour (i.e. structural determinism). These five measures of political strength are:

⁸ These insights were shared by Prof. P.J. McGowan in a discussion on the matter of Zolberg’s (1981) exception to Wallerstein’s neglect of the politico-military impact of the (external) Ottoman Empire on the development of the early modern world-system, and are hereby acknowledged.

the degree to which state policy can directly help owner-producers compete in the world market (mercantilism); the degree to which states can affect the ability of other states to compete (military power); the degree to which states can mobilize their resources to perform these competitive and military tasks at costs that do not eat up the profits (public finance); the degree to which states can create administrations that will permit the swift carrying out of tactical decisions (an effective bureaucracy); and the degree to which the political rules reflect a balance of interests among owner-producers such that a working 'hegemonic bloc' ... forms the stable underpinnings of such a state (Wallerstein, 1980:113).

In response to his critics, including those mentioned above, Wallerstein (1980:113) contends that the last of these five measures, "the politics of the class struggle, is the key to the others." As will be noted later in this chapter, Wallerstein's conception of a hegemonic bloc is very closely related to the 'historic bloc' utilised by Cox (1987:6), since both stem from Gramsci's (1971) work on class structures and interests that form the underpinnings of states. By incorporating an explicit account of such historic or hegemonic blocs within states, Garst (1985:475) contends, Wallerstein managed to produce "in Volume II a richer and more subtle account of how state structures develop that meets ... criticisms of Volume I." In doing so, he redefined what constitutes a 'strong' or a 'weak' state, by giving thorough attention to "the cohesion of its dominant class or extent to which a 'hegemonic bloc' resided within it," which in turn determined the ability of the state to provide its owner-producers with "extramarket" assistance to compete in the world-economy (Garst, 1985:476). This line of argument also managed to free World-Systems Analysis from those charges of teleology that the world-economy *requires* strong states to be located in the core, and weak states to be in the periphery, in order to perpetuate its function, since state strength can no longer be confused with absolutism. For instance, Gourevitch (1978:424) clearly makes this connection since he regarded the Dutch Republic as a weak state in the seventeenth century due to the absence of an absolute monarchy such as that found in France or Austria. Now, given the role of the hegemonic bloc and the other four political measures of state strength, Wallerstein (1980:60) clarifies the roots of the Dutch Republic's strength as stemming from the fact that it was "the only state in Europe with enough internal strength such that its need for mercantilist policies was minimal."

This also further supports Wallerstein (1980:113) position that "ultimately, of course, political and economic measures are linked reciprocally because productive efficiency makes possible the strengthening of the state and the strengthening of the state further reinforces efficiency through extramarket means," and thereby, as Garst (1985:481) argues, Wallerstein demonstrates that state strength "is as much a function of economic as it is of political measures," which in turns also helps to counter those charges of economism as discussed earlier. The additional refinements that stem from Wallerstein's second volume furthermore help to meet Bergesen's (1984:367) complaint that to account for the development of a core state, and the underdevelopment of a peripheral state, one must take into consideration the unique role played by "the historical evolution of its own class relations." For instance, as Bergesen contends, "to understand seventeenth-century Spain, you have to examine *its* class relations," and to "understand seventeenth-century colonial Mexico, you have to understand *its* class relations."

Having advanced World-Systems Analysis in this particular sense, by giving emphasis to the five independent political measures of state strength, Wallerstein has added to what Bergesen (1984:367-368) regards as one of its main strengths – that it "rightly emphasize[s] the global/periphery relation" since, for instance, "Aztec and Inca [indigenous] class struggle did not create plantations, haciendas, mines, large-scale ranches, and all the other

infrastructure of underdevelopment.” Rather, as World-System Analysis correctly posits, “without understanding relations with Spain or, for the colonial underdeveloped world in general, relations with the European core, one *cannot understand the class struggle of underdevelopment*” (emphasis added). Indeed, as Osei-Kwame and Taylor (1984:575) argue in their study of Ghanaian politics, “the main lesson to be drawn from the world-system approach is that it is futile to attempt to understand social change on a country-by-country basis; instead, each country must be analyzed as part of a wider entity, the unfolding world-system that is the world-economy.” This ability of World-Systems Analysis to “transcend state-centric thinking” by taking the historical world-system, “rather than the state/society as the unit of scientific enquiry” is, for scholars such as Taylor (1988:259-260) and So and Chiu (1996:473), one of the key strengths of World-Systems Analysis.

In the final instance, in order to further guard against charges of structural determinism and lack of agency, this study echoes Flint and Shelley’s (1996:498) belief that “the introduction of geographical context as an explanation for a spatial differentiation in the outcomes of overarching structures and mechanisms of the world-system alleviate some of Skocpol’s [and other critics’] ... concerns.” In this way, Flint and Shelley posit that “social interaction with large structures is mediated and facilitated by place-specific institutions and circumstances.” Regard thus the introduction of the second independent variable of this study in chapter one. By including locational factors, forms of social organisation, and the level of capitalist economic development of individual states (in short, a material base), this study makes additional allowance for endogenous factors to play a larger role in accounting for the emergence of hegemony.

In this discussion of four major criticisms of World-Systems Analysis, the focus has been placed not on providing an exhaustive critical discussion of all the possible points of contention, but rather, it was attempted to provide an overview of some of the main problem areas, while demonstrating that they do not preclude the use of this approach in the investigation of large-scale, long-term, social change (such as the ascent to hegemony). Indeed, it is apparent that many of the criticisms were aimed at the early work of Wallerstein, particularly in reference to his first volume of *The Modern World-System*. Not only has Wallerstein subsequently addressed many of these criticisms in his later work, this effort has also been recognised by other scholars, such as Garst, as leading to a substantial strengthening of World-Systems Analysis. However, since the debates of Wallerstein’s work, and World-Systems Analysis in general, that were sparked by the criticisms of scholars such as Skocpol, Gourevitch, Bergesen, Zolberg, and others, are still raging, and as Hall (1996:448) contends, “many puzzles [still] need solving,” they merit attention from all who would employ this approach.

Indeed, as Hall (1996:448) argues, there is much “exciting work ... [to be] done within a world-systems perspective” by any social scientist who, rather than complaining “about what world-systems analysis has not yet addressed ... join[s] the work and fun of studying them from this perspective.” Even those critics such as Skocpol (1994:69) have recognised that “even the shortcomings of his [Wallerstein’s] effort ... can be far more fruitful for the social sciences than many minute successes by others who attempt much less.” There is hardly a better way to conclude a discussion of the major criticisms of World-Systems Analysis than this.

2.3.4 Other contributions

Other authors have also made contributions to the understanding of the Great Power War/hegemony question, although they cannot be clearly classified as belonging to any

specific school or approach. As mentioned earlier, these contributions will be discussed separately here.

2.3.4.1 Kennedy

Paul Kennedy (1988), in his historical study of the rise and fall of the Great Powers over the last five centuries, makes several observations that can be applied to the investigation of Great Power War and hegemony. Kennedy's first observation in this regard is that, in order to fully understand why some powers rose while others declined, one cannot look exclusively at military power (Kennedy, 1988:xv). Another crucial element to account for the success that some states have had during times of war is the efficient utilisation of the state's productive economic resources during the conflict. As such, one cannot look at the conflict in isolation, and it is necessary to take note of the relative economic growth or decline that the state in question experienced *before* the war.

Here, Kennedy's argument overlaps with that of Gilpin (and Thucydides), in that a state's relative strength never remains constant (Kennedy, 1988:xv). Different societies experience different rates of growth, and some have experienced more technological and organisational breakthroughs than others. The main driving force behind the rise or fall of all powers (since 1500) can thus be summarised as the uneven rate of capitalist growth (for example economic and technological growth) between nations. This fits well with Thompson's focus on leading sectors (and, indeed with Wallerstein), since Kennedy notes that steam power, for instance, was not equally beneficial to all states (Kennedy, 1988:xvi). A strong economy is thus needed before the conflict (Great Power War) even erupts, in order to carry a state through to victory and to sustain its war effort. In turn, a strong military is needed to protect this economic foundation. Thus, in Kennedy's view (and in Wallerstein's), economic predominance is the key to achieving military and political predominance.

Kennedy (1988:xvi) remarks that, for states such as the Dutch Republic, Great Britain, and the United States, there exists a "very significant correlation *over the longer term* between productive and revenue-raising capacities on the one hand and military strength on the other." Kennedy elaborates by arguing that states which could create an advanced system of banking and credit had a significant advantage over rivals that lacked an equivalent banking and credit system, due to the ever-spiralling costs associated with war (and especially with *unlimited* wars such as Great Power Wars) (Kennedy, 1988:xvii). Once more, the link between the arguments of Kennedy and Thompson regarding fiscal institutions is evident, while these also tie in well with Wallerstein's emphasis on finance.

In addition, Kennedy (1988:xvii) argues that geography (the locational factors mentioned in chapter one) also had a large impact on the options available to certain states, especially "flank" powers such as Britain and Russia. These states could simultaneously intervene and take part in affairs on the European continent, but could also turn their attention outward and expand onto the world stage or across Siberia. Naturally, other (Continental) European states also expanded globally, as was witnessed by the vast colonial possessions that France, for instance, held. However, no Continental state could compete on an equivalent level with the expansionary efforts of the British (and Russians – though their expansion into adjacent lands is perhaps not comparable to that of the British expansions *overseas*) and, for instance, the French often lost what possessions they had to the British.

Kennedy's historical study of the Great Powers thus reveals the extent to which long and expensive wars become "a test of the relative capacities of each coalition" (Kennedy, 1988:xxiv). Thus, to summarise, the state (and the alliance) with the superior productive base and economic position wins in the end. It is also important to note that shifts in trade and

manufacturing output herald the rise of new Great Powers and the decline of the old, as was witnessed with the redistribution in the share of manufacturing output away from Europe (towards America) in the late nineteenth century (Kennedy, 1988:xxii). This economic shift was followed by a shift in relative military capabilities, which once again, shows the extent to which a powerful military rests upon the foundations of a powerful economy.

2.3.4.2 Ropp

Another historian who wrote about the occurrence of war in the modern world is Theodore Ropp (1962). Ropp makes several observations regarding warfare, which correlate with the findings of other authors. Firstly, Ropp (1962:13) comments on the increasing importance of technology in modern warfare. Due to the rapid pace of technological advancement, its impact on warfare, in Ropp's view, is as important as soldiers or politicians. In fact, as Ropp observes, from relatively humble beginnings with the introduction of gunpowder, modern warfare has advanced to the point where it threatens to obliterate Western civilization. Indeed, as General Arnold, head of the US Army Air Forces during World War II remarked, destruction, as a consequence, has become "too cheap and easy" (quoted in Ropp, 1962:14).

From these observations, it is possible to shed light on another aspect of the leading sectors, as identified by Thompson. Leading sectors not only benefit the country in which they are concentrated by generating economic growth and spin-offs for the economy as a whole, in some cases they actually prove decisive on the battlefield as well. One of these leading sectors is the production of motor vehicles. By the First World War, the United States was by far the dominant producer of motor vehicles (Thompson, 1988:143). Inevitably, the dominance that the US displayed in this leading sector was transferred as an advantage on the battlefield, as the US could out-produce its rivals in the construction of vehicles (including tanks) for the war (the emergence of assembly line production in the US will be discussed shortly). Leading sector dominance thus held direct benefits for the war effort of the country in which they were most concentrated.

Ropp's second observation regarding developments in warfare in the modern world concerns a recurring theme throughout this chapter, namely the command of the sea (Ropp, 1962:60). As Ropp comments, sea transportation was the cheapest and fastest form of transportation in the early modern era, and it was also the only means by which to transport large, bulky goods. Those states that specialised in this form of transportation (such as the Dutch Republic), thus held a sizable advantage over their rivals, and could reap the economic benefits. The next logical step in this early development of the command of the sea was the construction of navies to protect these shipping interests, which explains why some states had both the means and the incentive to invest heavily in the development and construction of large fleets. Ropp, who also built upon the arguments of Alfred Mahan, identifies the main objective of this 'command of the sea' as the ability to move goods and men by sea and to deny this right to the enemy. The command of the sea is thus a marriage between commercial and military spheres. It should be noted that other authors have also contributed to the understanding of this early development of sea power, such as Hunt and Murray (1999) and Lane (1973). These authors reveal how Venice developed a sophisticated convoy system to protect especially those ships with valuable cargoes, which was made possible by technological innovations in the thirteenth century. This further supports the argument that commercial and military interests are intertwined upon the high seas, but since these earliest developments predate the emergence of the capitalist world-system, they will not be elaborated upon further here.

Finally, Ropp (1962:61) argues that only those states with comparatively developed political structures could assemble superior navies, since navies in general have a far greater dependence on technological development than do armies (since a ship is a machine after all), and as a result, navies are more expensive to both construct and maintain. Dehio's argument that Continental powers were both more rigid in social and command structure and less open to new advances, compliments this argument, and provides another possible explanation as to why Continental powers were never able to compete on an equivalent level with insular powers on the high seas.

2.3.4.3 Ormrod

David Ormrod, in his work on the rise of commercial empires, follows in the tradition of Braudel (for instance, 1992) when he highlights the importance of city-states in the pre-modern era (Ormrod, 2003:4). In this era, before the rise of nation-states, cities were at the heart of economic development and technological innovation. Despite the emphasis of some authors (such as Wallerstein) on the nation-state or core region (within the context of the world-system as a whole) in the modern era, Ormrod (and Braudel) argues that cities maintained their central role in the world-economy (Ormrod, 2003:5). However, only a few select cities have been able to play a dominant role in the world-economy. For Braudel, these cities constituted "high voltage urban economies," which dominated their hinterlands (Ormrod, 2003:5). When tracing the rise and fall of these dominant cities, one makes an interesting discovery – they are always situated in the leading core state of the time and, in fact, constitute the heart of the hegemonic power.

A telling pattern emerges when one identifies the succeeding leading cities in the world-economy. At first, just before the dawn of the modern world at the end of the fifteenth century, Bruges and Venice occupied the position of leading cities (Ormrod, 2003:5). At this stage then, the early European world-economy had a clear division between a northern and a southern pole. However, as the modern world dawned, Antwerp took over this role of leading city, and the gravity of the European world-economy shifted to the northern zone. Just before the end of the sixteenth century however, this role once more shifted south, for the last time, to Genoa, which was unable to keep this position for long. Soon afterwards, the northern city of Amsterdam took over the role of leading city, just as the Dutch were beginning to play their hegemonic role. Later on, London became the leading city in the world-economy, but Braudel comments that by that time the nation-state and national economy were more significant (Ormrod, 2003:6).

2.3.4.4 Ruttan

In his study on the impact of war on economic growth, Vernon Ruttan (2006:vii) argues that many general purpose technologies can trace their roots back to defence-related institutions and technological development. Ruttan's argument helps shed light on how war has helped certain states to achieve hegemony since, in his view, defence related procurement has had a clear impact on commercial technological development (Ruttan, 2006:viii). This reveals a further dimension of the leading sectors discussed earlier – in that leading sectors not only have implications during wartime, but that the development of defence-related technologies later has an impact on the growth of leading sectors.

In support of his main argument, Ruttan (2006:3) mentions the impact that military procurement and weapon-making technology had as a source of knowledge for the industrial revolution. As an example, Ruttan cites the machine invented by John Wilkinson to bore through cast iron (used in the manufacture of cannons) to later assist in the construction of

condenser cylinders for steam engines. Furthermore, Ruttan makes the observation that the manufacturing process used in the production of guns in New England (which was known as the ‘American System of Manufacturing’) in the nineteenth century, would become the precursor to what later became known as the ‘Fordist’ system of mass production.

As for the reason why military and defence-related procurement is such an important source of technological development, Ruttan (2006:16) postulates that war, or the threat of war, is necessary to encourage political will to mobilise sufficient resources (scientific, technical, and financial) to generate these new technologies. This once again highlights the need to investigate technological and other developments within a country *before* the start of the Great Power Wars that will be investigated in this study, since the foundations for success were often laid in previous years.

2.3.4.5 Levy and Barbieri

Although Jack Levy has been classified by Goldstein (1988:145) as belonging mainly to the realist tradition (although incorporating some elements from the long cycle school) there is a specific aspect of his work (together with Katherine Barbieri) which demands attention here – namely the phenomenon of states trading with their enemies during wartime. Levy and Barbieri (2000:1) make the point that there have been multiple occasions when states have continued trading with their enemies in wartime, which seems to contradict realist and liberal expectations that states would place economic considerations in secondary positions when compared to issues of security (realist), and that trade promotes peace (liberal).

While Levy and Barbieri (2000:23) do not reach a satisfactory conclusion as to why this phenomenon takes place when established theories say that it should not, their work raises questions regarding the implications of trade during wartime, specifically in the context of this study, which concerns Great Power Wars. In fact, Levy and Barbieri (2000:2,7) provide examples where all three hegemon investigated in this study traded with their enemies, even during the very wars that saw them rise to hegemony. Perhaps then, this phenomenon can also help offer further insights as to how these states (as exemplified by the Dutch) managed to ascend to hegemony in the world-system, while their opponents did not.

2.3.4.6 Cox⁹

Although only a fleeting review, at best, can be provided here of the contributions made by Cox (1987) to the understanding of the Great Power War/hegemony question, his insights are nevertheless considered valuable, especially the manner in which they help to avoid concerns over structural determinism and agency, which, as discussed earlier in this chapter, have been directed at World-Systems Analysis. Cox (1987:ix,1) approaches the question of “power relations in societies and in world politics from the angle of the power relations in production” (as opposed to a global division of labour) since, in his view, “production generates the capacity to exercise power, but power determines the manner in which production takes place.” Production acquires this ability since it forms the basis of class differences, which includes differences in power (Cox, 1987:2). Meanwhile, the very nature of the state in which these classes operate is “defined by the class structure on which the state rests” (Cox, 1987:6).

This class structure, which defines the tasks and limits of the state, is termed the ‘historic bloc’ in the tradition of Gramsci and, importantly, these national historic blocs, and the

⁹ This study will focus only on the work of Cox insofar as it contributes to the understanding of hegemonic ascent, and not for instance, to hegemonic behaviour after hegemony has been achieved.

production relations and classes that accompany them, do not operate in isolation, but are linked across state boundaries to each other, and to the world order (Cox, 1987:7). For Cox (1983:132) a “historic bloc cannot exist without a hegemonic social class,” and the consequence of the hegemony of a social class (in this study the *capitalist* class) is that “the state (in Gramsci’s enlarged concept) maintains cohesion and identity within the bloc through the propagation of a common culture.” Moreover, the institutions and ideologies sprouting from the hegemony of one social class “will not appear as those of a particular class, and will give some satisfaction to the subordinate groups while not undermining the leadership or vital interests of the hegemonic class” (Cox, 1983:133).

When regarding the world order created by the links between these national historic blocs, Cox (1987:7) concludes that it is either hegemonic or nonhegemonic in structure. For Cox, the concept of ‘hegemony’ here is not restricted to the economic or military dominance of one core state, but rather, it can be understood as:

dominance of a particular kind where the dominant state creates an order based ideologically on a broad measure of consent, functioning according to general principles that in fact ensure the continuing supremacy of the leading state or states and leading social classes but at time offer some measure or prospect of satisfaction to the less powerful (Cox, 1987:7).

As Cox (1987:7) argues, in a hegemonic world order, not only do the “social classes of the dominant country find allies in classes within other countries,” thereby combining these historic blocs into global classes, but production itself becomes intertwined via the world economy into world systems of production. Cox (1987:7,109) identifies two such hegemonic world orders, one under British leadership – called the “coming of the liberal international economy” (1789-1873) – and one under American leadership – called the “neoliberal world order” (1945-). In contrast, in nonhegemonic world orders – such as the “era of rival imperialisms” (1873-1945) – these tendencies toward the establishment of a world society under the tutelage of the dominant state, and the internationalisation of states themselves, are reversed, and “states advance and protect the interests of particular national social classes and production organizations, using all the political, economic, and military means [including the waging of Great Power Wars] at their disposal as necessary” (Cox, 1987:7-8,109). This nonhegemonic world order is thus much more turbulent than a hegemonic one, and during this phase “the interstate system reasserted itself so as to subordinate and control world-economy influences” (Cox, 1987:108).

Despite the British and American hegemonic world orders identified by Cox, it will be maintained in this study that there was also a Dutch hegemonic world order (though perhaps less far-reaching since the world-system had not yet incorporated the majority of the globe). Indeed, Cox (1987:7) lists four identifying characteristics of a hegemonic world order: firstly, during such an order, “production in particular countries becomes connected through the mechanisms of a world economy and linked into world systems of production.” This was certainly the case during the height of Dutch hegemony during the seventeenth century, and as will be seen in the next chapter, production at the time was certainly connected through the mechanisms of a single world-economy, and linked into a world system of production, even if the ‘world’ being spoken of was limited primarily to Europe and the American periphery at the time. However, from the perspective of World-Systems Analysis, this single overarching world-economy has existed, without interruption, from the long sixteenth century.

Secondly, Cox (1987:7) maintains that the “social classes of the dominant country [here the Dutch Republic in the seventeenth century] find allies in classes within other countries.”

Again, as the next chapter will show, particularly during the Thirty Years' War, there was an influx of capital from outside the Dutch Republic given its better developed financial and banking systems, and its image as a haven for capital in an era of upheaval and war (including civil war in many European states). Indeed, as will be shown, foreign capitalists often not only invested their money in enterprises in the Dutch Republic, but moved there themselves given religious or other persecution or the ravages of war. In addition, Dutch merchants built up an extensive trade network based on partnerships with other merchants and traders, be they Italian, French, or from the Baltic territories. Of all states at the time, the Dutch had the strongest relationships with capitalists of other states, and this was certainly a central ingredient in their ascent.

Thirdly, Cox (1987:7) argues that the "historic blocs underpinning particular states become connected through mutual interests and ideological perspectives of social classes in different countries, and global classes begin to form." Bearing in mind that this was the early era of the capitalist world-economy, and later innovations in transport and communication were still centuries away, it can indeed be argued that this criterion was also satisfied (at least partially) during Dutch hegemony. The connections of mutual interest have been touched upon above, so what requires attention here is the formation of a global capitalist class. In the core of the world-economy of the time – the Dutch Republic, the Low Countries in general, and parts of northern France and England, where the first large-scale capitalists (albeit merchant capitalists) emerged, one may indeed speak about an early conception of a shared identity if one considers the movement of capital across political borders at the time, and the formation of trading relations between merchant capitalists. Although it is too early an era to speak of ideological perspectives of social classes, early links between capitalist historic blocs were forming, but given the constraints of transportation and communication in the seventeenth century, these were necessarily limited in nature.

Fourthly, Cox (1987:7) posits that in a hegemonic world order, "an incipient world society grows up around the interstate system, and states themselves become internationalized in that their mechanisms and policies become adjusted to the rhythms of the world order." From a world-systems perspective, the mechanisms and policies of states have necessarily been adjusted to the rhythms of the capitalist world-economy ever since its earliest emergence. Although it should again be emphasised that the era under investigation in this study is one in which the capitalist world-economy was still young, and restricted in its geographical scope, there is still clear cause to speak of states and enterprises becoming adjusted to the functioning of this world-economy, as the trade in bulk commodities discussed in the next chapter will show. For instance, changes in the price of grain produced in eastern Europe had far-reaching consequences for the states of the early modern world-system, and these necessarily had to adjust their policies, since as Chase-Dunn and Grimes (1995:389) maintain, the "culturally different societies" of the world-system "are virtually linked together through the exchange of food and raw materials." Although Cox's conception of a hegemonic world order has been discussed only superficially here, the aim has been to show that from the perspective of World-Systems Analysis, one can indeed speak of a Dutch hegemonic world order, albeit one less pronounced than those of the British or Americans in later centuries.

The main benefit of Cox's 'bottom up' view of the world economy and the interstate system is that it avoids assigning disproportionate influence to exogenous, or market, forces in the shaping of state forms and structures by "mapping ... production systems and historic blocs and [it] thereby [also] avoids reification of world systems" (Cox, 1987:358). The insights thus garnered, particularly with regards to the formation of historic or hegemonic

blocs, can therefore be incorporated into the discussion of the emergence of hegemony, as Wallerstein has indeed done in his second volume of *The Modern World-System* (as mentioned earlier), since this helps to recognise the role and importance of domestic production and class relations.

Indeed, it should be recognised that this element of the class struggle has not at all been lost in Wallerstein's work. Particularly, he views a working "hegemonic bloc" – the "degree to which the political rules reflect a balance of interests among owner-producers" – as the key to the four other political measures of state strength discussed earlier in this chapter, namely mercantilism, military power, public finance, and an effective bureaucracy (1980:113). These measures, and the role of the hegemonic bloc in advancing a state's position in the world-economy, will certainly feature in the discussion in the next chapter. Thus, insofar as Cox's contributions relate to the study of hegemony and the occurrence of Great Power War (and Wallerstein's hegemonic blocs), they will also be incorporated, although a detailed discussion of the relations of production in the historic case study is beyond the scope of this study.¹⁰

2.3.4.7 University of the West Indies

The final contribution in this chapter comes from a document issued by the University of the West Indies (2002), where the subordination of poor countries to rich ones is discussed. The specific point of interest is one that was raised about the 'brain drain' that takes place as skilled and educated individuals move from poor to rich countries, deepening the dependence of the former on the latter. This raises a question of relevance to this study – if skilled workers and highly educated individuals migrate from the periphery to the core in search of a better quality of life (and of course more money), would such a trend not cause these same individuals to migrate more readily to the hegemonic state, since it can reward them best? Even skilled workers and intellectuals from other *core* countries would be attracted to the prosperity of the hegemonic state, especially if they face persecution and a restrictive intellectual environment at home (as Dehio argued was generally the case in Continental states). Such an influx of highly skilled and educated individuals would benefit an ascending hegemon by improving the quality of the labour force, and in the generation of new innovations.

In order to best understand how a particular core country managed to ascend to hegemony, it thus makes sense to look at the state of its intellectual environment, and whether there was a noticeable trend of inward migration. Two points are consequently raised here, which beg further study – firstly, what was the general state of the intellectual environment within the state (during its ascent to hegemony), and secondly, can a trend of inward migration be noticed?

The importance of the intellectual environment is made clear by Thompson's argument regarding leading sectors within the hegemonic state's economy. These leading sectors (and

¹⁰ Indeed, the present study places its emphasis on the manner in which Great Power War aids the establishment of *state* hegemony in the world-system, and although it takes account of the existence of capitalist historic or hegemonic blocs *within* states, it does not investigate specifically how capitalist hegemonic blocs establish their dominance within states, for example the United Provinces. Although an issue of import, this is best ascribed to the purview of future studies. However, in the next chapter it will be argued that the presence of such a capitalist hegemonic bloc in the United Provinces, and the absence of one in Spain, played an important role in the success of the former in attaining hegemony in the interstate system. However, as mentioned, this study aims to primarily investigate the role played by Great Power War in creating the necessary conditions for state hegemony to emerge in the modern world-system.

the innovation that spawned them) could only have been located in an environment that was open and receptive to new ideas, and some scholars, such as Weber (1930), have in turn linked such environments to religion. If such a conducive environment was present (and in Weber's view endowed with a 'Protestant ethic'), it would make sense that more innovations would be concentrated within the particular state in question, since there would be a generally higher concentration of innovative new ideas and intellectual contributions there than in other core states. This in turn would have helped to give the state the edge over its rivals, allowing it to eventually ascend to hegemony. In this study, this constitutes an additional element to economic and military hegemony, namely *intellectual* hegemony.

An example of this is provided by Modelski (1983:67), when he discusses the contributions of Hugo Grotius, the Dutch father of international law, to the doctrine of freedom of the seas. Several elements of interest to this study can be identified here, which support the claim of intellectual hegemony, namely the fact that Grotius' work (the *Mare Liberum*) appeared in 1608 (just as the Dutch state was becoming hegemonic) and, more significantly, since Portugal at the time claimed exclusive rights over all trade routes to the East and over all the trade that was carried upon those routes, even though Grotius argued for freedom of the seas in *European* waters, his argument helped to spark an intellectual challenge to Portuguese claims, since if freedom of the seas was to be enjoyed in Europe, it could certainly be enjoyed further afield. As such, although Portugal was the first European state (and the first world leader in Modelski's view) to establish oceanic trade with the East, its claims to exclusive rights over trade routes to the East were progressively questioned and eventually undermined, while the era of Dutch dominance on the high seas was being ushered in. It is also highly revealing to note that Grotius "had been counsel for the Dutch East India Company and had used the sovereignty of Asiatic states as an argument to reject Portuguese claims based on papal authority" (Cooper, 1970a:6). This is just one example however, and further ones will be discussed in the following chapter.

2.4 CONCLUSION

The framework provided in this chapter has highlighted several elements in the relationship between Great Power War and hegemony, which will be investigated in the following chapter concerning Dutch ascent. This framework is primarily based upon the contributions of Thompson and Goldstein to the classification and organisation of the main debates around the issue of war and hegemony.

From this, three research schools, or approaches, were identified, and the contributions of the main authors within each school were discussed. These were Gilpin and Mearsheimer, for the structural realism school; Dehio, Modelski, and Thompson, for the long cycle school; and Wallerstein for the world-economy school. This was followed by a discussion of the main criticisms of World-System Analysis, and a defence of its relevance for this study. Since this study can be classified as belonging to the world-economy school, it builds upon this school's (and Wallerstein's) main assumptions and understanding of hegemony and Great Power War, by using insights and ideas from the other two approaches. This is significant, since different schools, and different authors, have differing views on hegemony, and identify different states as having been hegemonic. Consequently, emphasis is also placed on different wars. Finally, the contributions of other authors and institutions that do not fit readily within any of the three identified schools were highlighted.

This chapter consequently lays the foundation for the following case study, since it has identified several elements that would be relevant to expanding the understanding of how the Dutch state became hegemonic. The following chapter will proceed by providing a brief

overview of the history of the state in question (including its overall geopolitical position), and its main rival, as well as a general background to the Great Power War that preceded its ascent to hegemony. Then, the three economic domains identified by Wallerstein as being vital to hegemony, namely agro-industrial production, commerce, and finance, will be used as a framework to evaluate the states' overall positions and the impact of the War. Importantly, it is necessary to note that additional elements, including those from the structural realism and long cycle schools, will also be incorporated, and placed within the framework created by the three economic domains. These include the role of leading sectors, intellectual developments, migration, and hegemonic blocs (under agro-industrial production), naval concentration (under commerce), and the role of the active zone in the World-Economy, leading cities, and public debt (under finance).

Finally, the position of the states immediately after the War will be evaluated, including the way in which the interests of the victor were captured in the post-war settlement. The chapter will then conclude with an overview regarding the overall influence of the Great Power War on the ascent of the Dutch. Let us thus begin this undertaking by turning to the dawn of the modern world, and the roots of the conflict between Habsburg Spain and the Dutch Republic.

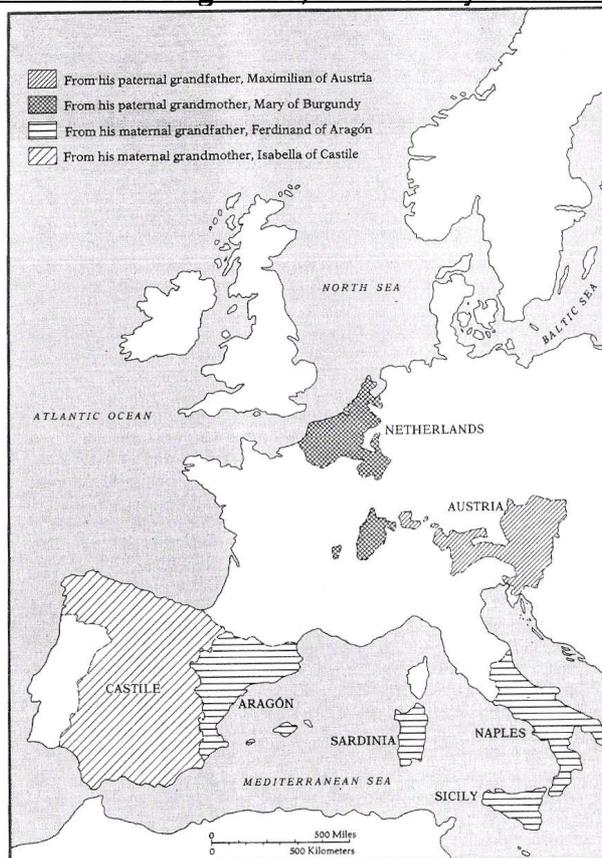
CHAPTER 3

THE THIRTY YEARS' WAR AND THE RISE OF THE DUTCH REPUBLIC

3.1 INTRODUCTION

The fate of the territories which can be said to comprise the Low Countries on the north-western edge of the European continent became intertwined with that of the Habsburg dynasty, by virtue of marriage, in 1493 when Philip I of Habsburg, son of Mary of Burgundy and Maximilian of Austria, became ruler of both Austria and the Low Countries (The New Encyclopædia Britannica, 2007c:880). Philip I, together with his wife Joan (of Castile), inherited the Spanish crown in 1504, laying the foundation for the century that was to come. It was their son, Charles V, who would become master of the largest empire in Europe, when he became Duke of Burgundy in 1515, ruler of Spain in 1516, and Holy Roman Emperor and ruler of the Austrian Habsburg lands in 1519 (Kennedy, 1988:33). Charles' territories would be complete when, in 1526, he claimed the crowns of both Hungary and Bohemia.

Map 3.1. The Habsburg Lands, Inherited by Charles V in 1519



Source: Kennedy (1988:34).

At this stage, the Low Countries were collectively known as the ‘Seventeen Provinces of the Netherlands’¹¹ and comprised the areas known today as Belgium, the Netherlands, Luxembourg and some areas of northern France (Van Gelderen, 1993:ix). The people of this

¹¹ In this study, the terms ‘Netherlands’ and ‘Low Countries’ refer to the entire group of seventeen provinces as they were before the revolt against Spain, while the ‘United Provinces’ and ‘Dutch Republic’ refer specifically to the seven northern provinces that ultimately gained independence in 1648.

“almost forgotten corner of Europe” where seen by some as a “peaceful tribe of fishermen and shepherds,” whose livelihoods were intimately tied to the sea (Schiller, 1853:351). Yet the Low Countries were relatively affluent when compared to their neighbours, which, as will be demonstrated, afforded them considerable freedom. Some even described these Low Countries as “one of the richest and most cultured parts of Europe,” although most of the affluence was historically concentrated in the southern provinces (Haley, 1972:10).

The European world-economy had, as was discussed in the previous chapter, two poles until the sixteenth century – a southern, centred on Venice, and a northern, centred on Bruges (in the southern Netherlands) (Ormrod, 2003:5). With time, the balance shifted to the north however, and Antwerp replaced Bruges as the leading economic centre of Europe during the sixteenth century. As such, the Netherlands once again benefited from the confluence of merchants, who gathered at Antwerp to trade their wares.

As for the land itself, the Low Countries were extremely poor in natural resources, and arable land was scarce and did not particularly support the production of cereals (Wallerstein, 1980:41; Haley, 1972:12). Consequently, the production of food was vastly insufficient, so much so that the Netherlands could not feed its population without supplementing their diet with imported food. This deficiency, and the general lack of resources, would however be turned into advantages, which directly contributed to the later success of the United Provinces (the northern Netherlands).

Geographically, it is little wonder that some have labelled the Netherlands (in this instance the north) as the “republic of the waters” (Schiller, 1853:354). The northern Netherlands in particular were crisscrossed by numerous rivers, marshes and lakes which, as Geyl (1961:16) remarks, would later present “splendid natural advantages for defence and offering above all the inestimable advantage of open communication with the sea.” Dehio (1962:51) also took note of this, and classified the Dutch as an “amphibious nation,” which in no small measure helped to account for their later success against the Spanish (and ultimately their ascent to hegemony).

Furthermore, this “almost forgotten corner” of the European continent was superbly located with regards to the Baltic, the English Channel, the North Sea, Scandinavia, and the north and west of France (Haley, 1972:16). Additionally, the large rivers, such as the Rhine, which flowed through the Netherlands (again, particularly the north) were easily navigable and facilitated trade with the hinterland of Germany. As a whole, the Low Countries were situated in a prime location with regards to trade, and the inhabitants did not fail to use this to their advantage. In fact, trade became the primary driver behind Dutch success in the seventeenth century, and will be discussed in greater detail later in this chapter.

While the Netherlands did enjoy prosperity, the sixteenth century undoubtedly belonged to Spain which, although not hegemonic, was the dominant land and naval power of its time (Wallerstein, 1980:64). Although some authors, particularly those of the long cycle school, consider Portugal to be the first world leader as a result of its early trading and exploration successes, this trade was primarily focussed on luxuries (such as spices) and not on food and raw materials (Goldstein, 1988:296). Since the modern world-system is characterised by large-scale and long-distance trade in basic commodities, and since Portugal was incorporated into Spain from 1580 until 1640, the focus of this study, and of the world-economy approach in general, tends to fall on Spain as the first dominant power in the modern era (Chase-Dunn and Grimes, 1995:389; Kennedy, 1988:53).

The dominant position of Spain in the sixteenth century cannot be separated from that of the Habsburg dynasty as a whole, since Spain only formed one part of a much larger empire (see Map 3.1 above). However, the size and diversity of the lands under Habsburg rule

necessitated, as a matter of practicality, their division into two parts in the 1520s – the west (Spain – Castile and Aragon, parts of Italy, and the Netherlands), and the east (Austria, Bohemia, and Hungary) (Kennedy, 1988:33). Charles V continued to rule over the west, but delegated the sovereignty and administration of the Austrian lands to his brother, Ferdinand. Consequently, the focus of this chapter will be restricted to the Spanish division of the Habsburg territory.

The sheer size of the Habsburg lands caused considerable alarm in many parts of Europe, not least of all in France, which was now seemingly surrounded by the Habsburgs (Kennedy, 1988:33). Furthermore, as Holy Roman Emperor, Charles V was viewed with suspicion by the German princes, who opposed the expansion of the Emperor's powers in Germany. Even the popes, who ruled the Papal States in central Italy, were concerned by Habsburg expansion. These numerous antagonisms would later erupt with the spread of the Reformation in Europe, and would lead directly to the Thirty Years' War.

However, at this juncture it will suffice to say that Spain had accumulated vast wealth during the late fifteenth and much of the sixteenth centuries, primarily from taxes (especially in Castile), from its control over the two primary trading areas of Europe (the Netherlands and some of the Italian cities), and of course from the bullion flowing in from the mines in the Americas (Kennedy, 1988:43). Furthermore, the Spanish military, particularly the infantry (the *tercio* was the most effective unit on the battlefield until the middle of the Thirty Years' War), constituted a formidable fighting force (Kennedy, 1988:44). The Spanish infantry was also the first to use guns in large numbers (Ropp, 1962:29). As for the Spanish navy, although Spain was never a naval or commercial power, the navy was itself formidable, and even after the defeat of the Armada in 1588 it remained stronger than both the English and Dutch navies combined, and as was discussed in chapter two, Spain had a monopoly of sea power between 1594 and 1597 (Dehio, 1962:30-31; Wallerstein, 1980:64).

However, it should be noted at this stage that Spain did not consist of a single economic or administrative unit, but was rather made up of a “complex of kingdoms and territories: Castile, Aragon, Valencia, Catalonia, Navarre, Galicia and [later] Portugal” (Elliott, 1970:437-438). Of these, Castile was dominant, and as Elliott (1970:438) notes:

Spanish power in the later sixteenth century had primarily been Castilian power. Many of the best troops fighting for the king of Spain on foreign battle-fields were Castilian; the officials who governed the Spanish Empire were Castilian; the capital of the empire was located in the heart of Castile, and the crown's revenues were provided largely by Castilian taxpayers and by the mines of an America which belonged to Castile by right of conquest.

This fact was to have important consequences in the course of the Great Power War, since on the Spanish side Castile alone bore the greatest burden in terms of both blood and treasure, and this point will be returned to throughout the chapter. However, before undertaking an investigation of the Thirty Years' War, it should be noted that Spain was the pre-eminent power in Europe in the sixteenth century, and came dangerously close to establishing a “world monarchy” (Kennedy, 1988:35). Given this, it would have been hard, if not impossible, to predict the successful rise to hegemony of the comparatively tiny United Provinces.

3.2 THE THIRTY YEARS' WAR AS HEGEMONIC WAR

As stated previously, authors such as Wallerstein (2000a:258) consider the Thirty Years' War (1618-1648) to be the hegemonic (or Great Power) war of the seventeenth century, as it was during this conflict that Dutch interests triumphed and the Dutch state became hegemonic.

However, as will be argued in this chapter, from the Dutch vantage point the Thirty Years' War merely constituted a subset of a much longer Eighty Years' War (1568-1648), during which the Dutch fought for and achieved independence from Spain. Thus, in order to fully understand Dutch ascent, one must take the Eighty Years' War into account, and attempt to place the Thirty Years' War within this broader framework.

To understand the roots of the revolt that took place in the then Spanish Netherlands during the second half of the sixteenth century, one must take into account the particularities of politics in the Low Countries. The Netherlands had historically enjoyed a high degree of liberty, due to the protection offered to them by a complex set of privileges, including the 1477 Grand Privilege (Van Gelderen, 1993:xiii-xiv). These privileges included charters acquired by the various cities, nobility, guilds and so on, within the Netherlands, from their various rulers since the end of the Middle Ages. These privileges provided the Netherlands with protection from corrupt rule, and granted the inhabitants a voice in decision-making processes. Furthermore, the 1477 Grand Privilege contained a clause of disobedience, which stated that if the ruling prince violated the privileges assigned to the Netherlands, his subjects would have the right to disobey him until he again respected their traditions. This clause in particular would have significant ramifications upon the political development of the United Provinces, as will be demonstrated below.

The Netherlands were granted such far-reaching privileges since, as Schiller (1853:384) points out, the wealth of the Netherlands meant that they were important contributors to the budget of the Holy Roman Empire (of which they formed part). In fact, the Netherlands were to contribute "twice as much as an electoral prince; in the case of a Turkish war three times as much" (Schiller, 1853:384). In return for this increased contribution the Netherlands were to enjoy the protection of the Empire, and the privileges which had been granted to them by their rulers were not to be infringed upon in any way. Unfortunately, Charles V and his heir, Philip II, did not comply with this stipulation, which directly led to the revolt of the Netherlands against Spanish rule.

Another process which was to have far-reaching consequences was of course the Reformation sweeping across Europe during the fifteenth and sixteenth centuries. In the Netherlands, this took the form of the spread of Calvinism during the sixteenth century (Schiller, 1853:381). Ironically, the wealth of the Netherlands had a hand in this phenomenon as well, since Calvinism was first introduced there by Protestant merchants gathering at Amsterdam and Antwerp. Schiller (1853:380) argues that, for various reasons, Protestantism was able to spread readily in the Low Countries because "the Roman Catholic religion will, on the whole, be found more adapted to a nation of artists, the Protestant more fitted to a nation of merchants." This argument was later reflected by Weber (1930) as well, and will be touched upon at various points in this chapter. This spread of Calvinism was especially rapid in the northern provinces of the Netherlands, and laid the foundation for one of the most bitterly contested points in the struggle between the Netherlands and Spain – religious freedom. As Schiller (1853:380) contends: "Nothing is more natural, than the transition from civil liberty to religious freedom." The Netherlands already enjoyed substantial civil liberties (contained in their privileges), and when Charles V, and especially Philip II, tried to root out the 'heretical' doctrine of Calvinism, they encountered significant resistance (Van Gelderen, 1993:xi).

In order to understand why the Spanish (and Hapsburg) monarchy so strongly supported Catholicism, Schiller (1853:392) suggests that Charles V and Philip II were "zealous for religion, because religion promoted [their] objects." Furthermore, Spanish monarchs had no alternative but to adhere to orthodox Catholicism, since any hint of defection would

ultimately have cost that monarch the Spanish crown (Schiller, 1853:4). Religion was thus set to become one of the core elements of the Eighty and Thirty Years' Wars, and the lack of moderation on both sides would contribute to make the conflict all the more bitter.

Ultimately, the roots of the Eighty Years' War can be traced back to the abdication of the Habsburg Emperor Charles V, in favour of his son Philip II in October 1555 (Van Gelderen, 1993:vii). Schiller (1853:367,377,378) argues that Charles tried during his reign to undermine the constitution of the Netherlands, by imposing new taxes without the approval of the States (the nobility, clergy, and municipalities of the individual provinces), and by introducing foreign troops to the Netherlands, and that these infringements awoke "violent outbreaks of republican spirit." Charles also considered introducing the Spanish Inquisition to the Netherlands, but even the possibility of this reduced commerce in the Netherlands, and particularly in the leading city of the time Antwerp, to a "standstill" (Schiller, 1853:383). Since Charles V depended upon the wealth generated in the Netherlands, he was tempered in these ambitions, and reduced the appointed Inquisitor to the level of Spiritual Judge.

Despite this apparent moderation, it has been estimated that 50,000 inhabitants of the Netherlands were executed for religious reasons during the reign of Charles V (Schiller, 1853:384). It thus becomes understandable that the inhabitants of the Low Countries would begin to contemplate rebelling against a monarch who so readily violated their privileges. However, Schiller (1853:384-385) asserts that a full rebellion did not break out under the rule of Charles, due to the fact that, as part of the Habsburg Empire, the Netherlands enjoyed substantial benefits, including commercial advantages. For one, the Netherlands were able to trade more widely than ever before, and secured numerous commercial treaties with foreign powers in the name of Charles. In addition, Charles had been born in the Netherlands, spoke the language, and even followed the local customs in his private life, for which he was often viewed with contempt by Spanish *hidalgos* (noblemen), who proclaimed in a popular saying that "I swear to God I am as noble as the king and more so as he is half Flemish" (Cooper, 1970a:4). As Schiller (1853:385) summarises, these manners won Charles sufficient support in the Netherlands:

He spoke much, and courteously with them; his deportment was engaging, his discourse obliging. These simple artifices won for him their love, and while his armies trod down their corn-fields, while his rapacious imposts diminished their property, while his governors oppressed, his executioners slaughtered, he secured their hearts with a friendly demeanour.

Unfortunately, Charles never managed to transmit this demeanour to his son and heir, Philip II. In contrast to his father, Philip was Spanish in upbringing, and possessed a "haughty gravity" which led him to despise the privileges of the Netherlands as obstacles to his will (Schiller, 1853:386). In many respects, this haughty gravity was symptomatic of a deep disdain felt by Spaniards in general to those of other religions and races, such as those with Jewish or Moorish blood, and of course the Calvinist Dutchmen, and this attitude was expressed in another popular saying of the time, "Let us acknowledge God's grace in making us men, not beasts, Christians, not Moors, Spaniards, not men of another nation" (Cooper, 1970a:4). Indeed, no sooner had Philip assumed the role of ruler than his troubles with the Netherlands began. Van Gelderen (1993:x-xi) argues that there were three main sources of conflict between Philip and the States in the Netherlands, namely the levying of new taxes without the consent of the States, the reorganisation of the Catholic Church in the Low Countries, and the increasingly harsh repression of "Protestant heretics."

As already mentioned, no taxes were to be levied without the consent of the States, who maintained that all decisions of note (including those concerning taxation, foreign affairs, and legal issues) had to carry their approval (Van Gelderen, 1993:x). Philip however, saw the power of the States (and the States General – the assembly of delegates from the provincial States) as a direct threat to his authority in the Low Countries.

Furthermore, with the reorganisation of the Catholic Church, Philip gained the right to appoint bishops himself, and since bishops would gain membership in the States, this would give him a very direct influence over decision-making there. Lastly, his renewed and harsh repression of heretics alienated much of the population of the Low Countries, even Catholics, who came to despise the cruelty and inhumanity with which the persecution was carried out. This religious persecution inevitably infringed on the autonomy and privileges of the States, while it threatened commercial relations with other Protestant powers (Van Gelderen, 1993:xii). The reign of Philip II thus witnessed the outbreak of full revolt in the Netherlands, which would lead to the Eighty Years' War, and ultimately, Dutch preponderance in Europe.

One of the key figures on the Dutch side during the rebellion was William of Nassau, Prince of Orange, who due to his inheritance of the principality of Orange in 1544, became one of the foremost nobles in the Netherlands (Van Gelderen, 1993:xi). Like many of the other nobles in the Netherlands, William had his own political ambitions, which were increasingly frustrated under the rule of Philip II. The nobles particularly resented Philip's intrusion on their power, and the harsh persecution of Protestants, on legal, political, and humanitarian grounds. The renewed vigour with which the Inquisition was imposed upon the Low Countries was also considered by the towns as a grave threat to their autonomy, and opposition to Spanish rule mounted. Schiller (1853:352) poignantly describes the effect that these intrusions had on the population at large:

The severe rod of despotism was held suspended over them; an arbitrary power threatened to tear away the foundation of their happiness; the guardian of their laws became their tyrant. ... An unparalleled tyranny assailed both property and life. The despairing citizens, to whom the choice of death was all that was left, chose the nobler on the battle-field. ... In a moment, the rage of rebellion seized the most distant provinces ...

At the same time that Spanish rule became more oppressive, there occurred a radicalisation among the Calvinist Protestants, who responded to Spanish rule with riots and demonstrations (Van Gelderen, 1993:xii). Concurrently, many of those imprisoned by the Spanish for heresy were freed by the Protestant dissenters, and Spanish rule in the Low Countries began to break down. In response, Philip II (in 1567) dispatched the Duke of Alba to lead the Spanish forces in an attempt to restore order, and the Protestant forces suffered numerous defeats. William of Nassau, who had become one of the leaders of the rebellion, fled into exile, bringing to a close the first phase of the Dutch revolt (Van Gelderen, 1993:xiii).

Throughout the revolt, the privileges in general, and the 1477 clause of disobedience in particular, were used as justification for the uprising (Van Gelderen, 1993:xv). Although the Spanish managed to crush much of the rebellion during this first phase of the conflict, they could not manage to eliminate the discontent felt by the populace regarding the violation of their laws, and it was not long before William attempted to invade the Netherlands with a force of his own, in 1568. This date is also the one traditionally given for the start of the Eighty Years' War, although William suffered repeated setbacks, and his invasion was thwarted. The Netherlands revolt was thus considered to be a struggle primarily for liberty,

and not religion, although religious sentiments certainly contributed to the revolt (Van Gelderen, 1993:xviii).

The major turning point in the revolt came on April 1, 1572 when the Sea Beggars, the 'naval forces' of Orange, mostly consisting of "corsairs, and a marine collected out of piratical vessels" captured the town of Brill in Holland (Van Gelderen, 1993:xviii; Schiller, 1853:353). Thereafter, the centre of the revolt shifted irrevocably to the provinces of Holland and Zeeland, where the rebel forces were able to make a stand, protected by the rivers, lakes, dykes, and marshes, and from where they could begin to harass the commerce and military forces of Spain, such as when the Sea Beggars closed off the Scheldt river to Spanish shipping in 1572-3, thereby depriving Antwerp of its access to the sea (Parker, 1975:57). Simultaneously, the Duke of Alba's campaign began to lose its momentum, due to a shortage of money (and the subsequent mutinies of Spanish troops), and the increased resistance offered by a growing number of towns due to Spanish brutality.

By 1575 the provinces of Holland and Zeeland began contemplating the possibility of renouncing Philip II once and for all, but the death of the Duke of Alba introduced a new dynamic to the conflict (Van Gelderen, 1993:xix). Some of the provinces, particularly the southern ones, feared the rising power of William and started to press for a settlement, which would in essence see a return to the status quo before Philip II began his reign (Van Gelderen, 1993:xxi). However, the spirit of rebellion had progressed far enough in the north for the desire to arise for complete freedom from both Spain and Catholicism. A division thus began to form between the south and the north, which would ultimately lead to the break-up of the Netherlands.

Briefly, what followed after Philip II appointed Alexander Farnese as Governor of the Netherlands was the signing of a treaty among southern provinces, known as the Union of Arras, whereby these provinces would reaffirm their loyalty to Spain (Van Gelderen, 1993:xxii). The northern provinces responded in 1579 by concluding the Union of Utrecht among themselves, which was to become "the only legal foundation, the constitution, as it was termed, of the Republic of the north" (Boogman, quoted in Van Gelderen, 1993:xxii).

After much campaigning on both sides, and several disastrous attempts by the United Provinces to secure for themselves a new monarch (including the Duke of Anjou and the Earl of Leicester), the north slowly gained more confidence in their new republican form of government, and successfully resisted Spanish encroachment until the signing of the Twelve Year Truce in 1609 (Geyl, 1961:13; Van Gelderen, 1993:xxxii). Spain's strength had been divided by its support of Catholic forces in France and Germany, the incorporation of Portugal, and the suppression of the revolt of the Moors in Grenada, and consequently the Spanish forces in the Low Countries were unable to conquer the rebellious provinces of the north (Schiller, 1853:354). In addition, by this stage Spain was utterly exhausted, and despite its enormous wealth of the sixteenth century, had suffered repeated bankruptcies, as well as declining imports of American gold and silver, and was "unsettled by the expenses of grandiose politics, increasingly unstable, as though the system was rotting at the core" (Spooner, 1970:79,81).

Of course, Spain's decline only formed a part of a much larger shift in the "balance of economic affairs" away from the Mediterranean to the "more progressive economies of the north" (Spooner, 1970:84). However, for the Dutch the Truce ultimately signalled the solidification of the north/south split, and the de facto recognition of their independent status (Geyl, 1961:13). This in itself signalled a significant triumph for the rebellious north, even though the war with Spain was far from over. However, as Elliott (1970:460-461) argues, the crippled finances of Spain and Castile (the Spanish kingdom on which Spanish power,

including economic power, predominantly rested), precluded the further waging of vigorous warfare against the Dutch and, as will be discussed later, after the Truce expired, “the overwhelming problems of war and finance came to dominate every aspect of the [Spanish] nation’s life.”

At this point, it becomes necessary to join the struggle of the Dutch with that of the Thirty Years’ War and to provide, however briefly, an overview of that conflict. Steinberg (1966:v) maintains that the label ‘Thirty Years’ War’ is, in fact, misleading. The reason for this is that it presents a “fictitious unity” to the events which took place in Europe, since the conflict was never restricted to Germany, and it proliferated rather than escalated. In addition, there was no ‘Germany’ to speak of at the time, and the territory today known as Germany consisted of numerous independent “patched-up relics of the medieval Empire” (Steinberg, 1966:19). Although Steinberg (1966:1) admits that the “Thirty Years’ War” label is indeed a convenient one, he thus continues to argue that it is but a “figment of retrospective imagination.” With this in mind, he attempts to provide a reinterpretation of the nature of the war(s) which plagued Europe at the time.

Traditionally, the Thirty Years’ War is regarded as a largely religious conflict among German princes, which commenced with the Bohemian Revolt of 1618, and concluded with the peace of Westphalia in 1648 (Steinberg, 1966:1). Furthermore, a central aspect of this interpretation of events is the utter devastation which it wrought in Germany, leaving it a “depopulated, devastated and impoverished country” (Steinberg, 1966:1). Although it is inescapable that religion was intimately tied to the conflict, Steinberg (1966:2) sheds additional light on the conflict when he describes it as a “larger struggle for European [political] hegemony between Bourbon [France] and Habsburg.” In addition to this larger political conflict, which lasted from 1635 to 1659, ideological and religious conflicts took place. Furthermore, at various times, the conflict involved other European powers such as Sweden, Denmark, Poland, Italy, Russia, Hungary and England (Rabb, 1964:vii). In all, the Thirty Years’ War was a complex set of intertwined conflicts, which ravaged some parts of Europe, while leaving others relatively untouched.

Steinberg (1966:2) makes the claim that the Thirty Years’ War was not as devastating as often believed, due to the shortages of money and supplies, and the small size of the armies involved. Yet, some areas did suffer as a result of the war, especially the open countryside and its inhabitants, as well as a few key cities. Furthermore, Steinberg (1966:104-106) asserts that much of the change in population figures at the time can also be ascribed to migrations and epidemics. In addition, some areas profited directly by the war, including those cities producing rifles and small arms, and herein also lies part of the Dutch success in the war. With regards to Germany, Steinberg (1966:3) makes the bold assessment that it was neither better nor worse off in 1648 than in 1618, and that in essence, it was simply different.

For the purposes of this study it would therefore not be possible to recount in detail all of the features and events of the Thirty Years’ War and, consequently, only a few main points will be raised, especially insofar as the Dutch were concerned. Although Rabb (1964:vii) also warns against the inadequacy of applying a “German-centred view” to the events taking place in Europe in the first half of the seventeenth century, some light should be shed on events taking place in Germany. The Reformation had resulted in a great deal of conflict in the German part of the Holy Roman Empire, until the Augsburg Diet of 1555 attempted to settle the matter by recognising (Lutheran) princes, primarily in the north, and by the acceptance of the principle of ‘*cuius regio eius religio*’ – which allowed the prince of the territory in question to “impose his religion on his subjects” (Steinberg, 1966:22-23).

However, for various reasons, this settlement proved insufficient, and the antagonisms between the German Princes persisted until brought to the fore in the Thirty Years' War.

As Steinberg (1966:19) asserts however, it was not only religious considerations which fuelled the conflicts in Germany, but also the rivalries between the electoral and lesser princes, between the princes and the Emperor, and between the princes and the representative Estates. These conflicts were then in turn exacerbated by the religious issues.

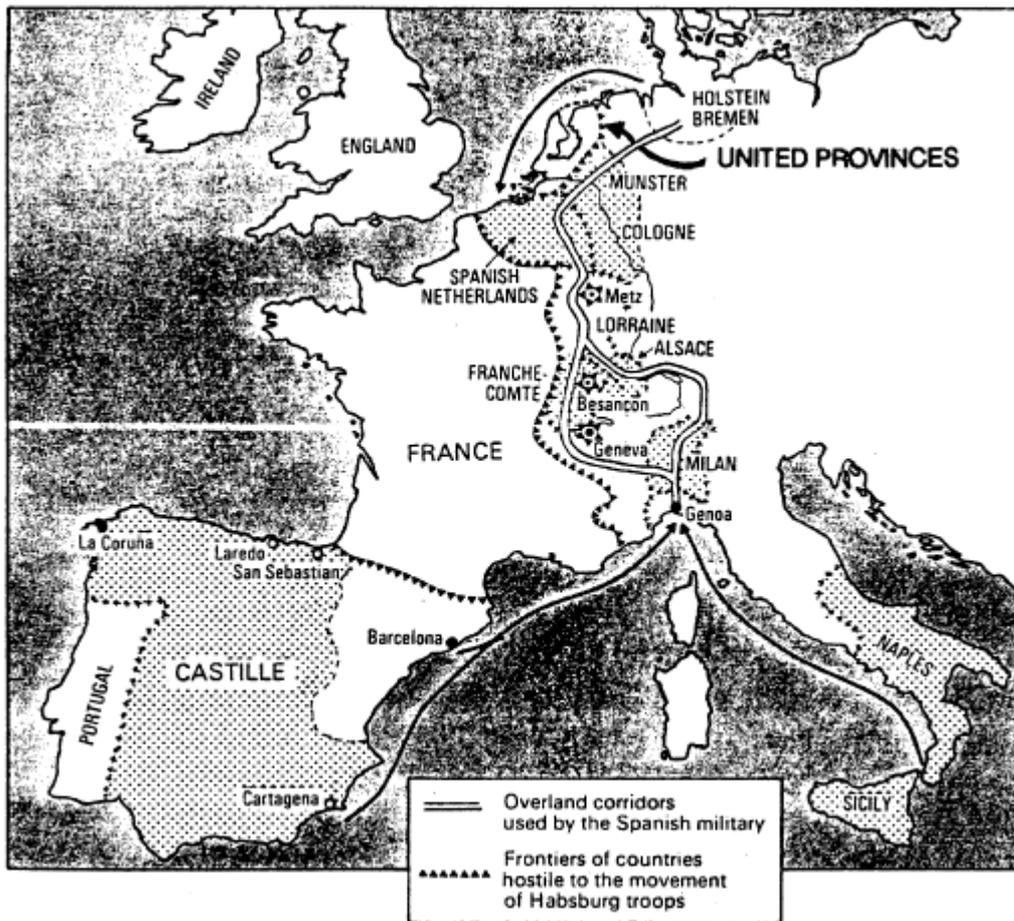
While keeping the numerous conflicts taking place in Europe in mind, the Dutch position during the Thirty Years' War becomes clearer. At the outbreak of the Thirty Years' War in 1618, the Dutch were already fifty years into their war with Spain, although the Truce signed in 1609 did present them with some respite and, as Elliott (1970:458-459) points out, the Dutch made good use of the cessation in hostilities by making inroads into Spanish and Portuguese trade preserves overseas, and Dutch traders did brisk business with the Iberian Peninsula as well. However, as Geyl (1961:13) reminds, the Spanish had not given up hope of defeating the rebels and recapturing the north. The Truce itself was however not welcomed by all in the United Provinces, since it was feared that signing a truce would resemble weakness on their part, and that it would interfere with the setting up of the Dutch West India Company, which was to raid Spanish shipping and colonies in the West Indies (Geyl, 1961:14). In fact, Geyl (1961:13) asserts that the Dutch managed "not only to survive against mighty Spain, but to thrive upon war" – the very argument proposed in this chapter concerning Dutch agro-industrial, commercial, and financial advantages.

Once the Twelve Year Truce expired in 1621, the Spanish set for themselves the goal of capturing the Rhine, in order to facilitate the movement of its troops, supplies, and money to aid the war effort against the Dutch (Wedgwood, 1964:13). One of the biggest challenges faced by the Spanish in their war against the Dutch was the long routes by which their troops had to travel from Spain (see Map 3.2). Due to the antagonism with the French, the Spanish could only move their troops along the 'Spanish Road' – by land, over the Alpine passes from northern Italy, and then on to the Netherlands. The sea-routes from Spain to the Netherlands were endangered by French, English, and of course Dutch ships, which could easily intercept and cut off Spanish reinforcements (Steinberg, 1966:12). However, due to these logistical problems, and the entrance of other European powers into the conflict, the Spanish ultimately faltered in their quest to retake the United Provinces.

In essence, two blocs can be identified during the Thirty Years' War – Austria and Spain (along with absorbed Portugal) in the Habsburg camp, and the United Provinces, France, Sweden, and England in the opposing camp (Goldstein, 1988:309). Although much of the fighting took place in Germany, it was certainly not restricted to German lands, and can be considered the first truly 'global' or world war, with the conflict spreading as far a field as the west coast of Africa, the Caribbean and Brazil, the East Indies, and the Indian Ocean (see Map 3.3) (Geyl, 1961:188-191; Parker, 1975:57). In these far-flung fields of battle the Dutch were able to use their growing naval capabilities to challenge Spanish (and Portuguese) positions, especially with regards to the spice trade originating in the east, and the treasure fleets coming from the west.

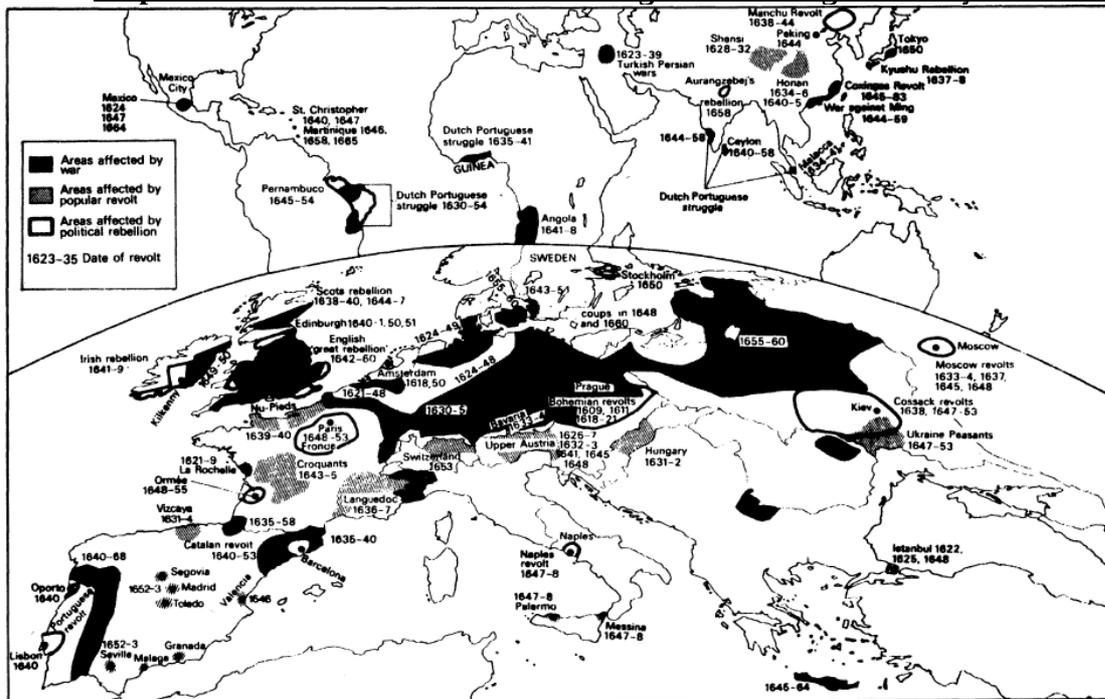
Within the bloc opposing the Habsburgs during the Thirty Years' War, the Dutch can be considered the leaders (Goldstein, 1988:312). Not only did they subsidise many of their allies' war efforts, they actively sought to expand the anti-Habsburg camp, eventually creating the Hague Coalition (1625), consisting of themselves, England, Denmark (later replaced by Sweden), Norway, and others. The participation of France which, although a Catholic power, was firmly opposed to Spain, also proved crucial (Goldstein, 1988:309).

Map 3.2. The Movement of Spanish Troops to the Netherlands during the Thirty Years' War



Source: Parker (1971:51). Reprinted in Goldstein (1988:308).

Map 3.3. The Worldwide Conflicts Taking Place During the Thirty Years' War



Source: Parker and Smith (1978:5). Reprinted in Goldstein (1988:310).

This French participation in the Thirty Years' War was indeed particularly significant, and they made a major contribution to the defeat of the Habsburgs (The New Encyclopædia Britannica, 2007b:656). Although the war itself had become a drawn-out affair with each bloc witnessing the rise and fall of its fortunes, two key battles – those at Jankov and Allerheim (both 1645), managed to cripple the Habsburg side beyond all hope of attaining a favourable victory. Negotiations to bring an end to the conflict began as early as 1643, but were only concluded with the Peace of Westphalia in 1648 (although this did not yet end the Franco-Spanish War). Particularly significant was the signing of a peace treaty at Münster, on January 30, 1648 between the Spanish and the United Provinces, bringing to a close eighty years of fighting. At Münster, the Spanish agreed to recognise the Dutch as an independent power, granting permanence to the split between the northern and southern Netherlands. The implications of the settlement reached at Westphalia will be discussed separately later in this chapter.

For the Spanish, the result of the war against the Dutch was devastating. As Steinberg (1966:10) asserts, by the conclusion of the Eighty Years' War, “the commercial and maritime preponderance of Spain had passed to the Dutch Republic which had also become a leading colonial power.” In order to understand *how* this occurred, the next section will consider the advances of the Dutch in agro-industrial production, commerce, and finance during the war, juxtaposed with Spanish developments in these spheres.

3.3 DUTCH ASCENT ACCORDING TO THE WORLD-ECONOMY PERSPECTIVE

As discussed in the previous chapters, intimately tied to the world-economy school's understanding of hegemony are the economic domains of agro-industrial production, commerce, and finance (Wallerstein, 2000a:255). For any particular state to be considered hegemonic, it must have attained an advantage over its core rivals in each of these domains simultaneously. Thus, in order to highlight the ascent of the United Provinces during the Eighty Years' (and by implication, the Thirty Years') War, each of these domains will be investigated in turn.

3.3.1 The agro-industrial domain

As Wallerstein (2000a:257) argues, the domain of agro-industrial production is the first in which the rising hegemon gains its edge. The (leading) industries of the sixteenth and seventeenth centuries were primarily those of shipbuilding and textiles, although mineral extraction and other industries such as sugar refining were also important (Wallerstein, 1980:16). These industries can be combined with agriculture and fishing in order to represent the most important productive economic activities of the age. Thus, in order to locate the United Provinces' rise in the agro-industrial domain as a whole, it is necessary to consider their standing with regards to these economic activities.

At first, the attainment of predominance in agro-industrial production by the United Provinces may seem unlikely, after all Haley (1972:12) remarks that the country was vastly deficient in natural resources – a key ingredient required in especially industrial production. Yet, in many ways this deficiency paved the way for the true engine of Dutch economic growth – overseas trade (Geyl, 1961:158). However, the full scope of Dutch commerce and trade will not be discussed here, and will instead be covered separately in the following section.

Appropriately for an ‘amphibious’ nation – as Dehio (1962:51) labels the United Provinces – the productive edge of the Dutch began on the water, in what Wallerstein (1980:39) calls the “oldest form of food production,” namely gathering. Specifically, the

Dutch became adept at the gathering of fish, following the development of a specialised fishing boat, called the *haringbuis* (buss), used in the fishing of herring (Haley, 1972:14). The very reason for Dutch fishing boat advances can be reduced to geography. As Haley (1972:14) argues, the low-lying land of particularly Holland and Zeeland was intersected by numerous waterways, lakes, and marshes. This facilitated travel and trade by boat, since many areas were more easily reached on water than by horses on land. The deficiencies in agricultural food production were thus most readily ameliorated by fishing. The movement of large shoals of herring from the Baltic to the North Sea proved to be a rich source of food when suitable methods for salting and curing the fish were developed, along with the busses, in the fourteenth century.

As Wallerstein (1980:39) notes, this herring fishing industry became the “Dutch Gold Mine.” The reasons for the enormous advantages of the Dutch in herring fishing lay in the design of the busses, which were large, decked ships which carried salt on board (Haley, 1972:15). The busses would remain at sea for long periods, waiting for the biggest catches, and would transfer their cargo of barrelled fish to smaller ships, which would return to port while the busses continued to fish. This method of fishing proved to be very efficient and conferred to the Dutch a major advantage over their rivals.

As a consequence of their large-scale fishing operations, the Dutch were not as vulnerable as many of their contemporaries to the scourge of famine (Haley, 1972:15-16). This was possible despite the lack of large areas of arable land, and generated considerable envy from other nations, especially the English, in whose waters the Dutch regularly fished. When combined with large-scale whaling operations and cod fishing, these fishing operations were said to have been as “lucrative as the mines of Peru” (Haley, 1972:16). Much of the herring catch was exported to the Baltic and southern Europe, and was instrumental in the growth of Dutch overseas trade. The Dutch also began setting up trade routes to sources of high quality salt, such as France and Portugal. The importance of fishing, and the fishing industry, to the prosperity of the United Provinces can consequently not be underestimated.

When turning to agriculture, the Dutch were able to use their comparatively poor soils to effectively grow industrial crops, including hops, flax, and hemp, thereby turning what initially appeared to be a disadvantage into a strong advantage (Wallerstein, 1980:41). The use of tools and heavy fertilization facilitated the intensive cultivation of industrial crops, and the fact that the Dutch were able to import cereals such as grain for domestic consumption allowed them to specialise further in the production of these crops. The trend of urbanisation in the United Provinces during the seventeenth century provided another stimulus for the practice of intensive agriculture, while the process of industrial development under way provided a strong boost to the development of new agricultural techniques. Furthermore, the abundance of capital allowed the Dutch to reinvest in agriculture, and to undertake various expensive land reclamation projects, which in turn helped to expand the limited area available for cultivation (Kossmann, 1970:368).

Haley (1972:48) also remarks that Dutch cattle were “among the best in Europe” and that dairy products were plentiful. Furthermore, the growing population stimulated what Haley calls the “growth of market gardening,” and he makes the claim that the Dutch consumed more vegetables than any other population in Europe at the time. In fact, Dutch agriculture became so developed that Wallerstein (1980:42) asserts that, “the gap grew wider as the Dutch became ever more efficient and most of the rest of Europe stood relatively still in agricultural techniques.”

In contrast to the Dutch Republic, agriculture in the Spanish Netherlands, and in Spain itself, did not fare as well. For instance, in the late sixteenth century, Flanders and Brabant,

the “ancient heart of the Low Countries,” experienced a precipitous decline in population, so that most communities there “lost between a half and two-thirds of its inhabitants” (Parker, 1975:50-51). This was primarily the result of the “proximity of heavy fighting” between the Spanish and Dutch forces, and the effect on the agriculture of the Spanish Netherlands was devastating. Indeed, as Parker (1975:50) points out, only about one percent of the farming population of southern Flanders remained by the 1580s, while the area around Ghent further north experienced a decline of 92 percent in the area under cultivation in the same decade. Elsewhere in the Spanish Netherlands, the picture was similar, and Parker (1975:50) points out that “farms were destroyed, crops burned and entire families of peasants murdered by the soldiers and freebooters.” Although the agricultural produce of the Southern Netherlands might not have been particularly important for Spain, the decline in this sphere helped to shift the economic gravity of the Netherlands from the south to the north, while the sustenance of Spanish forces in the Southern Netherlands was complicated by the decline in food production there.

As for Spain itself, Elliott (1970:448) remarks that “foreign travellers in seventeenth-century Castile ... saw nothing but desert: a monotonous, boulder-strewn landscape, with here and there a half-deserted village.” The Spanish climate was not particularly suited to large-scale agriculture, and “the sheep industry was officially favoured [by the authorities] at the expense of arable farming, and ... the yield of the soil was restricted by [a] lack of irrigation schemes and by poor methods of cultivation” (Elliott, 1970:439). As such, not only did Spanish agriculture not meet the food needs of the populace, the rural population also tended to flow to the towns and cities over time, since the countryside offered so few opportunities “for work and sustenance.” The swollen urban population was in turn “terribly exposed to disease,” and in 1599 and 1600 famine and plague struck Castile and Andalusia particularly hard, claiming as many as half a million victims, and bringing the “demographic upsurge” of the sixteenth century to a halt in these areas.

Meanwhile, the production of wool, which Elliott (1970:439) argues was the cornerstone of the Castilian economy (and hence the Spanish economy), had declined in the second half of the sixteenth century due to a decrease in the number of migratory flocks, and the lack of a corresponding increase in sedentary grazing. Moreover, much of the Spanish wool was traditionally shipped to northern Europe, and particularly the Netherlands, for processing into cloth, and the revolt of the Netherlands and the war which followed crippled this trade in wool, and will be touched upon in the next section dealing with commerce (Parker, 1975:57). However, it will suffice to observe here that “the entire economy of Old Castile, which had centred for so long on the wool trade, was seriously dislocated,” and by 1590 this region was in full economic decline (Parker, 1975:57).

It should also be mentioned that all of the Castilian economic activities, including agriculture, were hampered by “the love of luxury, the pursuit of idleness, and the diversion of the population into economically unproductive occupations” (Elliott, 1970:447). That haughty gravity which was mentioned earlier, had found expression not only in disdain for those of other races and religions, but also in the widely held view that “manual labour and economic enterprise [crucially *capitalist* enterprise] were at a discount in a society which glorified the ideals of church and aristocracy” (Elliott, 1970:451). Indeed, in stark contrast to the ‘Protestant ethic’ of the Dutch, there was a “craze for *hidalguía*, for a title of nobility” in Castile, and this crucially impacted and retarded the development of a capitalist economy since “anyone who became rich would acquire land, buy a title, found a *mayorazgo* [primogeniture],” instead of reinvesting that wealth to drive innovation and provide capital for economic expansion (Elliott, 1970:451-452). It thus comes as no surprise that the

proportion of nobles, or *hidalgos*, was “very high, especially in north Castile,” and constituted some ten percent of the population (Elliott, 1970:448,451). These *hidalgos* were further exempt from the *servicios*, direct taxes voted by the Cortes of Castile, and could evade the *alcabala* and *millones* taxes as well. In this “predominantly medieval” Castilian society the poor were thus disproportionately burdened by financial obligations to the crown, and as Elliott (1970:448,452) argues, “this system automatically discriminated against agricultural workers and artisans, who found themselves at the tax-collector’s mercy.” Significantly, as González de Cellorigo noted in 1600:

Our republic has come to be an extreme contrast of rich and poor, and there is no means of adjusting them one to another. Our condition is one in which there are rich who loll at ease and poor who beg, and we lack people of the middle sort, whom neither wealth nor poverty prevents from pursuing the rightful kind of business enjoyed by Natural Law (quoted in Elliott, 1970:450).

This crucial observation reveals a significant difference between the Castilian/Spanish and Dutch experiences of the late sixteenth and early seventeenth centuries, and will be returned to throughout this chapter.

Turning now to industrial production, the Dutch enjoyed the lead there from the late sixteenth to middle seventeenth centuries as well (Wallerstein, 1980:42). One of the (leading) sectors in which this was particularly notable was that of textiles. Dutch textile production was centred on the city of Leiden, and due to the introduction of new techniques for producing lighter types of cloth the city experienced a boom in textile production. The Dutch also enjoyed an “enormous advantage” in the production of dyes (due to their focus on industrial crops) (Wallerstein, 1980:43).

The earlier Dutch advances in the design of fishing boats helped to place them in a favourable position with regards to shipbuilding – the other leading industry of the time (Wallerstein, 1980:43). Here the Dutch suffered as a result of their lack of natural resources, in this instance good quality timber. However, the Dutch solution was to import the required timber from the Baltic, a region which would later provide the “mother trade” upon which the United Provinces relied (Haley, 1972:16; Wallerstein, 1980:40,43). The Baltic was also the major source of grain, but this will be investigated in greater depth in the following section.

The Dutch shipbuilding industry was marked by a high degree of mechanisation, as well as large-scale and standardised production (Haley, 1972:20). This included the use of cranes and wind-powered sawmills. The Dutch shipbuilding industry was widely recognised as the seventeenth century European leader in quality and technical progress (Haley, 1972:16). The Dutch were also able to construct ships at a lower cost than their competitors; due to the advanced production techniques they employed (Wallerstein, 1980:55). Their skill in ship design and construction allowed the Dutch to dominate in the manufacture of a wide range of vessels, including warships, but as Haley (1972:20) asserts, the most significant advances were made in the design of trading ships, which would directly lead to Dutch commercial dominance. This is thus an example where a productive edge gives rise to a commercial (and military) edge as well.

The Dutch gained an important competitive advantage with the construction of the *fluyt* (fluteship), an economical and efficient trade ship, the construction of which was made possible by the large degree of technical skill in ship design (Haley, 1972:19-20). The fluteship was the first specialised trading vessel, since trading ships had previously also embodied the functions of warships. The reason that the fluteship represented a significant

leap forward in trading ship design was because of its shallow draught that enabled it to sail without difficulty on both the ocean and inland waterways. Its large cargo capacity made it a highly sought-after vessel, and Haley (1972:20) describes the *fluyt* as “little more than a closed hold.” Yet this made the ship simpler to operate than other vessels at the time, and it could be manned by a smaller crew. This in turn meant less money was spent on wages and provisions, and the lower operating costs allowed the Dutch to offer considerably cheaper freight rates than their competitors (Haley, 1972:21).

The boom in the shipbuilding industry, which was facilitated by the war with Spain, which necessitated the expansion of the Dutch fleet, also led to the growth of related industries, such as rope yards, biscuit bakeries, and those involved in the production of nautical instruments (Wallerstein, 1980:43). However, the textile, and shipbuilding industries were not the only ones where the Dutch held an advantage over their rivals. Other industries of note included the paper industry, book production, sugar refining, oil and soap production, breweries, tobacco curing, glass-blowing, and diamond-cutting (Wallerstein, 1980:44; Haley, 1972:44). In short, the United Provinces came to represent the industrial power-house of the early to middle seventeenth century.

The production of munitions also contributed to the development of Dutch industry (Wallerstein, 1980:44). Spurred on by the needs of war, and by the importation of raw materials, the Dutch developed a munitions industry to supply their needs during the decades of conflict. However, the Dutch would find other ways of profiting from the development of this munitions industry – through trade. However, at this stage it will suffice to note that in some areas of production, such as the manufacture of arms and munitions, the Dutch were able to profit directly from the war(s) plaguing the continent during the seventeenth century.

As for the Spanish Netherlands, industrial production there suffered a major decline in the late sixteenth century, in a similar fashion to agricultural production. As Parker (1975:51) notes, “heavy capital equipment was wantonly destroyed by the troops of both sides,” and the clothworks of Hondschoote, which was the largest in all the Netherlands, was burnt to the ground in 1582. Apart from that instance, the production of textiles in other centres in the Spanish Netherlands also declined, and “some of them never recovered.” Combining this decline of industrial production with that of agriculture, Parker (1975:51) concludes that Flanders and Brabant were “totally ruined” by the Dutch/Spanish war in the late sixteenth century. However, in the seventeenth century, particularly after the introduction of the Twelve Year Truce, industries in the Spanish Netherlands experienced a recovery, which was sustained even after the expiry of the Truce since the intensity of the fighting in the region was dampened by the chronic financial troubles of Spain (Parker, 1975:53). However, although new silk, lace, tapestry, glass-making, jewellery, diamond-cutting, and printing industries sprouted up in the Spanish Netherlands during this time, the economic development of the region was nevertheless retarded by the conflict, so that the southern provinces “remained an economic backwater from 1572 until the ... industrial revolution” (Parker, 1975:54). This contrasts markedly with the economic profile of the southern provinces prior to the Dutch Revolt, and also helps to account for their eclipse by the northern provinces during the Eighty Years’ War.

Meanwhile, the Spanish crown’s constant search for sources of funding for war led to the issuing of “*juros* or government bonds yielding a fixed annuity” (Elliott, 1970:449). These, along with the *censos* (mortgages), were then “bought by all those with money to spare or save,” and instead of investing their wealth in the development of industries, the wealthy of Castile became “a vast *rentier* class living comfortably off its yearly dues.” Indeed, the

general contempt with which manual labour was viewed conspired with the fact that these “*censos* and *juros* offered better interest rates than those to be gained from investment in trade, agriculture or industry, and as long as this continued, there was no hope of reviving the Castilian [or the Spanish] economy” (Elliott, 1970:449-450). Moreover, the lack of a middle class “with the enterprise and the resources to invest in trade or industry,” prevented (or rather significantly delayed) the transformation of Castile into a flourishing capitalist economy which was driven by innovation, as was the case in the Dutch Republic.

Indeed, the crux of the problem for Castile and Spain relates to the absence of a working ‘hegemonic bloc’ there. To summarise, Wallerstein (1980:113) considers a working hegemonic bloc to be the “degree to which the political rules reflect a balance of interests among owner-producers” or, as Cox (1983:126) puts it, when “the bourgeoisie had attained a hegemonic position of leadership over other classes.” Already, from the above discussion, it is clear that no such bourgeois hegemonic bloc existed in Castile or indeed in Spain at large, since there was hardly any middle class to speak of, and the wealthy were co-opted into the “vast court, a monstrous tumour swelling larger and larger, and relentlessly consuming the life of the nation” (Elliott, 1970:447). Indeed, Kossmann (1970:360) ably summarises the difference between Spain and the United Provinces in this regard:

The north [United Provinces], a maritime power, governed by a *bourgeoisie* and its commercial interests, looked fundamentally different from the continental south [Spain and the Spanish Netherlands] with its Spanish court ... its Jesuits, its loyalty to the monarchy, its nobility growing in number and social importance.

In stark contrast to the Spanish ‘idleness’ was the capitalist spirit which “imbued the inhabitants [of the United Provinces] with self-reliance and optimism and prompted them to find their own forms in all the spheres in which they moved” (Kossmann, 1970:365). However, it is also undeniable that the economic life of the United Provinces was dominated by a “regent class” of town oligarchies, which comprised about 2,000 families (Parker, 1975:66). Thus, in a similar vein to Castile, there could be found in the United Provinces “a semi-noble, aristocratic governing class [of urban plutocrats] not shrinking back from taking advantage of government with the same ruthlessness with which former generations had enriched themselves in trade” (Kossmann, 1970:369). However, the crucial difference was that this governing class in the United Provinces did not revolve around a monarchy, but around a “social dictatorship of the upper middle class” (Wallerstein, 1980:63). Indeed, as Wallerstein (1974:286) argues, Holland – which was, as Kossmann (1970:365) points out, the “mainspring of all Dutch activity whether commercial, industrial or cultural” – produced “a nobility that was ‘*embourgeoisée*.’” This constituted a definite capitalist hegemonic bloc, and as Wallerstein (1980:61) points out, there was a clear and close relationship between the Dutch state and Dutch capitalists, and the state actively intervened in the economy and in trade, as will be seen in the next section. The net result of the emergence of a bourgeois hegemonic bloc in the United Provinces following the revolt was that “the Dutch state defended the interests of its entrepreneurs and worried little about ideological consistency in doing so” (Wallerstein, 1980:61).

In Spain and Castile on the other hand, the general contemptuous attitude towards enterprise and labour bred “a passive, negative regime, incapable of taking decisions, and almost unaware of the decisions to be taken.” (Elliott, 1970:457). In fact, Catalonia was overrun by bandits between 1600 and 1615, and “drifted towards anarchy,” and yet, as Elliott (1970:456-467) argues, “at a time when the apparatus of government appeared to be constantly growing, government itself was ceasing to exist.” As such, there was no state

support to be found for bourgeois enterprises, if a bourgeoisie could even be found between the hidalgos on the one hand and the peasants on the other! Indeed, as a Catalan on a mission from Barcelona to Madrid exclaimed, “Here it’s all a matter of gaming, hunting and comedies, and no one will be bothered with anything” (Elliott, 1970:457). It is thus hardly a surprise that lethargic Spain was unable to compete with the dynamic United Provinces in either agricultural or industrial production, or in trade for that matter, and as Elliott (1970:451) points out, the treasure flowing in from the Americas had a definite hand in generating such lethargy. However, before turning to a discussion of Dutch and Spanish commerce, a few additional observations regarding immigration, religious tolerance, and innovation should be made.

One of the additional processes which aided Dutch ascent to hegemony, and benefited its society as a whole, was that of immigration. Ever since the Netherlands broke out in revolt during the sixteenth century, the United Provinces became a refuge for many, especially Protestants, who sought freedom from persecution and better economic opportunities. As Schiller (1853:356) remarks, the United Provinces proved to be very attractive to immigrants precisely because while “the rest of Europe groaned under a heavy bondage ... Amsterdam was nearly the only free port for all opinions.” Indeed, Spooner (1970:78) concurs by noting that amid the turmoil of the late sixteenth and early seventeenth centuries, “there were open cities, places of refuge, such as Amsterdam.” One of the main sources of immigrants was the southern Netherlands which, as discussed earlier, remained under Spanish control (Schiller, 1853:355). Since Protestantism was not tolerated at all in these southern provinces, many of their inhabitants flocked to the United Provinces to escape persecution. The cities in the provinces of Holland and Zeeland, the economic heartland of the United Provinces, grew especially rapidly as a result of the immigration of refugees, mainly from the south, and the population of Amsterdam increased from 31,000 in 1585 to 120,000 in 1632, and the population of Leiden from 13,000 in 1574 to 65,000 in the 1640s (Parker, 1975:59).

As Parker (1975:59) argues, much of the capital in the United Provinces had come, with the refugees, from the Spanish Netherlands, so that “of the 320 largest depositors in the Amsterdam Exchange Bank in 1611, over half were southern refugees,” while “one-third of the richest Amsterdammers were of southern origin.” Other examples of the boon to the Dutch economy brought by immigration include the Amsterdam chamber of the Dutch East India Company, where 27 percent of the shareholders were “Walloon or Flemish exiles,” providing 40 percent of the company’s capital. This southern input is also reflected in the Dutch West India Company, half of whose directors between 1622 and 1636 were southern immigrants. For Parker (1975:64) this influx of wealthy individuals constitutes one of the primary ways in which the Eighty Years’ (and thus Thirty Years’) War directly benefitted the economy of the United Provinces, and he argues that “the towns of Holland ... drew immense benefit from the influx of men and money from the south.” Indeed, as Parker (1975:60) notes, the Magistrate of Amsterdam, one C.P. Hooft, had the opinion that the impact of the “war of Liberation” on the Dutch economy was unmistakably positive, and commented that “It is known to all the world that whereas it is generally the nature of war to ruin the land and people, these countries on the contrary have been notably improved thereby.”

In Spain, the picture was markedly different. Far from enjoying the demographic boom of Holland and Zeeland, Castile, as mentioned before, had suffered from both plague and famine, which brought with them heavy tolls on the population. In turn, as Elliott (1970:439) argues, “the decline in population inevitably affected Castile’s capacity to meet the fiscal demands of the crown,” and moreover, Castile experienced an “acute shortage of

labour” which drove up the wages there by 30 percent in the years immediately following 1600. However, as Elliott (1970:449) also points out, even though “rural life had become so insecure that many villagers abandoned their homes for the shelter of some town” around the seventeenth century, a general lack of “both personal enterprise and capital resources” precluded any industrial revival in Castile. Moreover, along with the scourges of famine and plague, came the “religious obscurantism which drove the industrious Moriscos [Moors] from the Iberian Peninsula” (Elliott, 1970:437).

Indeed, even though the *Reconquista* had been accomplished in the fifteenth century, “Madrid could never forget that there existed in Spain a community bound by ties of kinship and religion to the national enemy, the Turk” (Elliott, 1970:453). Indeed, even though the Moriscos had established themselves as small craftsmen, carriers and muleteers, and worked upon the estates of the large landowners, they had “become unpopular for working too hard, spending too little and breeding too fast,” and all Moriscos of Castile, Valencia, Catalonia, and Aragon, were forced to leave following decrees effecting their “total expulsion” in 1609 and 1610. Although, as Elliott (1970:454-455) remarks, the Moriscos were not very wealthy as a group, the departure of around 275,000 people at a time when Iberia was experiencing a decline in population growth, “prolonged [and worsened] the labour crisis begun by the plague of 1599.” Not only did the income generated by many of the estates slump “disastrously” following the departure of the “Morisco vassals,” in Valencia especially, where Moriscos had constituted a quarter of the population, the expulsion was an “economic disaster” that affected all classes of society (Elliott, 1970:455). Although the Moriscos constituted a smaller proportion of the population of Castile, its cities, especially Seville, experienced a major setback since “a twelfth of its [Seville’s] population was Morisco and, as the great emporium of trade with the New World, it relied heavily on Morisco labour for carrying and lading and other essential services” (Elliott, 1970:456). The impact of the expulsion of the Moriscos thus further exacerbated the general problems faced by Seville, so that by the 1640s there occurred a “dislocation of Spain’s Atlantic trading system.”

Of course, the impact of Spain’s wars, particularly with the Dutch, on its population should also not be underestimated. As Parker (1975:55) points out, in terms of the loss of manpower Castile once more bore the brunt of the conflict, sending 42,875 soldiers to Italy and the Netherlands between 1567 and 1574, and over 30,000 to Flanders alone between 1631 and 1639. As Philip III, who took over the reigns of the Spanish monarchy from his father in 1598, exclaimed in 1604, the true cost of the conflict was not only in those killed, but also in those who returned wounded:

My uncle [the Archduke Albert, ruler of the Netherlands] is well aware of the extent to which my kingdoms [of Spain] resent the continuation of such great provisions as he has been sent, seeing that all the money which arrives from the Indies goes into them, and that since this does not suffice the people of Spain have always to pay extraordinary taxes; these are the fruits of the war that they see, together with the absence of their sons, brothers, dependents and relatives, who either die or return wounded, without arms, sight or legs, totally useless; and having yielded the promise of their lives there, their parents, brothers and relatives have to support them here (quoted in Parker, 1975:54-55).

Returning to the issue of religious intolerance, the persecution suffered in many parts of Europe at the time had created a great deal of sympathy for the Dutch Republic, and its struggle against Spain. In the words of Schiller (1853:355-356):

All whom the new doctrine had won, all who had already suffered, or had still cause of fear from despotism, linked their own fortunes with those of the new Republic. Every injury inflicted by a tyrant, gave a right of citizenship in Holland. Men pressed towards a country, where liberty raised her

inspiring banner, where respect and security were ensured to a fugitive religion, and even revenge on the oppressors.

However, it is necessary to bear in mind that the United Provinces were not free from intolerance either, for Catholic worship was outlawed in each of the seven northern provinces (Haley, 1972:86). Catholics were furthermore prohibited from holding any public office, or to serve in the professions, but as Haley (1972:91) points out, this was not strictly enforced. This highlights the difference in attitudes between the north and the south, since Catholics were allowed to pay for the right to worship in the north, while Protestants certainly did not enjoy the same leeway in the south (Haley, 1972:93). Furthermore, even where 'illegal' Catholic places of worship were widely known to exist in the north, the authorities were reluctant to act.

This relaxed attitude to the practice of other religions in their territory can largely be ascribed to the opposition that grew to any persecution of "heretical beliefs" (Haley, 1972:96-97). The inhabitants of the United Provinces remembered their own persecution at the hands of Philip II all too well, and the freedom of private conscience was in fact one of the founding principles of the young Republic. As a result, a wide variety of religious beliefs were to be found in the northern provinces, and especially Amsterdam, which was home to a large Jewish community, many of whom had fled from Spain and Portugal. The relatively high degree of religious toleration also saw the growth of a number of Protestant groups, like the Lutherans, the Annabaptists and the Remonstrants (Haley, 1972:95).

However, with regards to the Remonstrants, they had become embroiled in a fierce debate with the Gomarians (Contra-Remonstrants) regarding the finer points of theology, which ultimately led to the imprisonment and execution of some Remonstrants (Wallerstein, 1980:67-68; Haley, 1972:108). This was due primarily to the addition of political sentiments regarding the Twelve Year Truce (the more moderate Remonstrants favoured the Truce, the more orthodox Contra-Remonstrants did not), and as Wallerstein (1980:69) remarks, "cultural tolerance had its limits, particularly its internal limits [and] could not be allowed to sow subversion." Thus, even though the Dutch state can be considered very tolerant of differing religious beliefs for its time, there was a definite limit on what was considered acceptable. Although immigrants were thus welcome in general, deviant thinkers (who could sow division) were not.

Yet, as Haley (1972:9-10) remarks, this "ability to attract refugees from the intolerance of others could be a positive asset to the national life," since many of these immigrants brought their skills and knowledge (along with their wealth, as discussed above) with them. This was particularly the case with immigrants coming from the cities of the southern (Spanish) Netherlands, such as Antwerp, many of whom were highly skilled in financial and commercial techniques (Haley, 1972:18-19). These immigrants were not only attracted by the prospect of freedom from persecution, but also by the greater economic opportunities of the northern provinces, which were free from the damages caused by mutinous Spanish soldiers, and war in general, as well as from the general stagnation of the south, largely brought about by the Eighty Years' War, as discussed above. For instance, an example already mentioned was the closing of the river Scheldt to traffic by the Sea Beggars, which cut off Antwerp's outlet to the sea.

Furthermore, as Haley (1972:37) contends, social distinctions in the United Provinces were not as much of an obstacle to merit as in many other European societies of the time. For instance, most of the Dutch admirals were not noblemen, but ordinary sailors with humble family backgrounds. This endeared these commanders to their sailors, so much so that Tromp and de Ruyter were referred to as 'Grandad'. Dutch society was thus not as rigid,

and offered more opportunities, than more conservative societies at the time, and this undoubtedly helped to invigorate the young Republic during its rise. Indeed, as Elliott (1970:436) notes, the awareness by the Dutch of the advantages conferred to them by their 'Protestant ethic' was already recorded in the early 1600s, and "as the prosperity of the United Provinces came to be attributed in particular to their policy of religious toleration, so Englishmen and Dutchmen of the seventeenth century came to regard Roman Catholicism as incompatible with commercial success, and seized upon Spain as proof of their thesis." Indeed, Dehio (1962:30) also observed that "to be sure, commerce and industry, in fact the whole modern ethic of labor, could not flourish here."

Meanwhile, Wallerstein (1980:45) notes that the city of Amsterdam became the "melting pot" of the seventeenth century, due not only to the forces of immigration, but also as a result of the vast numbers of foreign merchants gathering there. In addition, the higher standard of living and better salaries brought intellectuals to the Netherlands from afar (Wallerstein, 1980:67). With such an accumulation of both talent and labour, the Dutch were favourably positioned to outmanoeuvre their rivals.

As mentioned, these immigrants brought with them their skills and experience, which in turn helped the Dutch in the field of innovation (Kossmann, 1970:365). Innovation, which ultimately acts as the basis for new economic activities, is an important ingredient in attaining a productive advantage and, although the Dutch were generally not recognised for new innovations, they were certainly successful in making more effective and intensive use of existing methods (Haley, 1972:40). Schiller (1853:376) offers some insights into this phenomenon as well:

The people of the Netherlands united, with the most fertile genius for inventions, a happy talent for improving the discoveries of others; there are probably few mechanical arts and manufactures which they did not either produce, or at least carry to a higher degree of perfection.

In the field of scientific innovation, the Dutch were making strides in the manufacture of pendulum clocks, and the contribution of the spiral balance by Huygens made his clocks and watches "more accurate than any previously known" (Haley, 1972:149). The Dutch also refined the telescope and microscope (although they did not invent them), and made new discoveries in both astronomy and biology. These innovators did not have to face interference from the authorities like their counterparts (for example Galileo), and Haley (1972:152) summarises it well when he says, "the loose structure of the Republic favoured intellectual freedom."

On the other hand, the Protestants of the early seventeenth century were quick to point out that Spain's economic decline was largely to blame on the "suppression of free enquiry by the Spanish Inquisition" (Elliott, 1970:437). Ironically, many of the Spanish wealthy and nobility sent their sons to university, so that these "swarmed with students who saw in a university education and in the recommendation of their college the sole hope of future employment" – employment which was to be found in the bureaucracy or the church (Elliott, 1970:452). Thus, not only did the universities of Spain lose "the intellectual vigour which distinguished them in the sixteenth century," they also produced "too many students, too many lawyers, too many clergy." In stark contrast, as Kossmann (1970:365) reveals, "the University of Leiden rapidly acquired international fame and certainly owed much of its resilience to the inspiring force of Protestantism and the lack of medieval tradition which enabled it to break through the old curriculum."

As such, along with the trends of immigration and innovation, and the relatively tolerant atmosphere in the United Provinces, the first rate education available to Dutch students

helped to stimulate a golden age in intellectual development as well. Not only were there skilled (and unskilled) labourers flowing into the Dutch Republic during the late sixteenth to middle seventeenth centuries, but many intellectuals and artists also found a home there (The New Encyclopædia Britannica, 2007a:567). So, for instance, one found scholars such as René Descartes who was not driven out of France, but found it convenient to settle in the United Provinces (Haley, 1972:169). Others, including John Locke found a far friendlier environment in the Dutch Republic than in his native England, and his stay there impressed upon him that religious tolerance could indeed work.

Other, more distinguished individuals also flocked to the United Provinces, for instance, Frederick, Elector Palatinate and King of Bohemia, as well as Charles II of England, and the Duke of Monmouth (Haley, 1972:168). What set the United Provinces apart from other states at the time however was their willingness to shelter less famous individuals, who revelled in the relatively high level of press freedom, and often printed pamphlets offensive to some or other ruler. On most occasions when a foreign ambassador tried to press the Dutch to arrest and deliver the offending individual, they were frustrated by the Dutch, who skilfully used their highly decentralised system of government to effectively block any such demands (Haley, 1972:169).

Thus, it comes as no surprise that Haley (1972:123) claims that there were more books printed in the United Provinces than in the rest of Europe combined. Furthermore, the Dutch were masters of the art of book printing as well, and could print a book on better quality paper, in clearer type, and for a cheaper price than their competitors. Since most of the ideas of the time were transmitted via books, this helps to demonstrate the level to which ideas were allowed to circulate in the United Provinces. The city of Amsterdam was also the prime international book-market of the time, and the regents of the seven provinces came to realise that book and pamphlet selling could also provide a boost to their economies (Haley, 1972:124).

Some of the authors of the time, such as Grotius (mentioned in the previous chapter), made intellectual contributions which aided the Dutch in their rise to hegemony. Grotius' legal arguments, especially those concerning freedom of the sea, proved to "suit the needs of Dutch trade," in that the Dutch were embroiled in a dispute with James I of England concerning the raising of tolls on fishing, and that Grotius argued against such a practice (Haley, 1972:126). In addition, Grotius' work provided the Dutch with a strong argument with which to deny the exclusive claims of the Portuguese over the East Indies. The growth of a rich intellectual environment thus came to benefit the Dutch, and it is interesting to note that in the realm of international law for instance, the earlier writers were primarily Spanish, such as Suarez and Vittoria, and that Dutch writers (Grotius, and Van Bynkershoek) replaced them during the late sixteenth and most of the seventeenth centuries (Dugard, 2005:11). This is significant as it hints at the underlying shift in the leadership of the world-system, and the rise of the Dutch over the Spanish.

Of course, it was not only on the field of international law that Dutch influence was visible. Dutch literature leaped forward during the seventeenth century, and experienced a "spectacular expansion" (The New Encyclopædia Britannica, 2007a:567). The growing Dutch economy also fostered the success of Dutch artists, such as Rembrandt, Rubens, and Van Dyck (Haley, 1972:186; Geyl, 1961:220). Even in architecture the Dutch were breaking ground, fuelled by the rapid expansion of their towns and cities. This boom period had much to do with the structure of Dutch society, and as Geyl (1961:223) points out:

In a Europe where the monarchical idea was in the ascendant and States were everywhere conforming to a centralised and rationally designed pattern ... the bustling and loose-knit middle-class society of

Holland was something quite apart ... a feeling for directness, for individuality, for unstyled life, made the art of Holland into something unique in the period.

In short, the United Provinces led seventeenth-century Europe not only in the production of tangible, industrial goods, but also in the production of ideas, innovations, and art. In contrast Spain, lacking a sizeable bourgeoisie, a working hegemonic bloc, a spirit of innovation, and not only the support of intellectual freedom but even tolerance of it, experienced a sharp decline in the sphere of agro-industrial production, failing to keep pace with the advances made by the Dutch. Indeed, the Dutch lead in innovation, and in the leading sectors of the time, such as shipbuilding, set the stage for their dominance in commerce as well. It is to this domain of commerce which will be turned to next.

3.3.2 The commerce domain

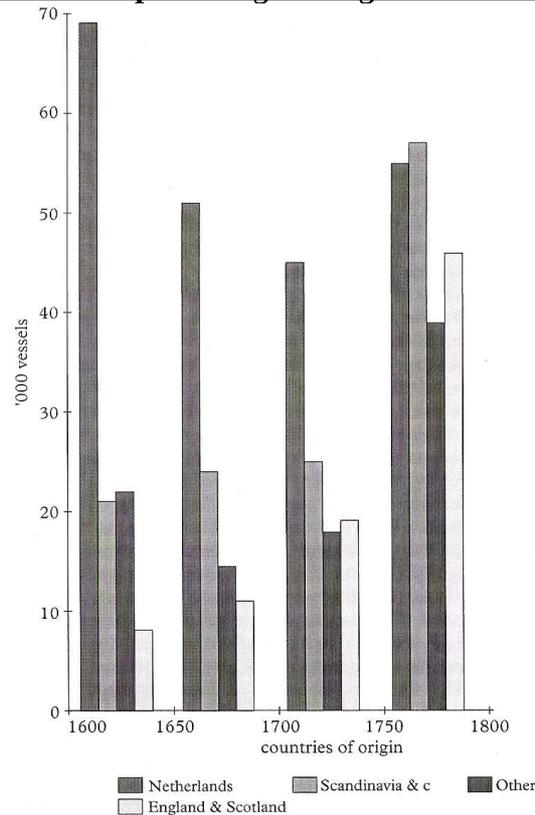
As mentioned earlier, the geographical location of the Low Countries, and the United Provinces in particular, was to confer distinct advantages to their commerce (Haley, 1972:16). Thus, when the Dutch sought to ameliorate their natural resource shortage, they turned to trade, particularly with the Baltic (Haley, 1972:26). This trade with the Baltic would become the mainstay of the Dutch economy, being referred to as their 'mother trade', and in no short measure helped the Dutch to ascend to hegemony.

As Geyl (1961:163) argues, the only 'true' Dutch exports were fish, cheese, wool, and linen. But with these few exports to begin with, the Dutch rose to dominate world commerce at the time, which in turn helped to accumulate a great deal of capital in Dutch hands. In the first instance, Wallerstein (1980:40,44) notes that the Dutch were able to make inroads in the Baltic thanks to their fishing industry and their textile production. With these two very successful industries, the Dutch set up large-scale trade with the Baltic region, in order to supply them with their timber requirements, and with grain. This importation of food was part of the reason for the reduced vulnerability of the Dutch population to famine and bad harvests (Haley, 1972:153).

Another factor aiding the Dutch in their Baltic trade was their more efficient trading ships, the *fluyts* in particular (Haley, 1972:19). During their war with Spain, Dutch trading routes grew rapidly, and as Haley (1972:28) remarks, "it seemed as if the trade-routes, not merely of Europe but of all the continents, were being made to meet in the Netherlands." Their technical innovations allowed the Dutch to sail more cheaply than their competitors, and by the second half of the seventeenth century their shipping tonnage exceeded English, French, Portuguese, Spanish, and German tonnage combined (Wallerstein, 1980:46). Dutch traders were more vigorous than their counterparts, and as enemies of Spain, they could successfully conduct trade with the Turks in the Mediterranean (Haley, 1972:23). The Dutch also saw opportunity in Italy, and traded Baltic grain and timber there (Geyl, 1961:160).

After having set up successful trade routes with numerous European ports, Dutch trade grew to overwhelm all others in the Baltic (see Figure 3.1), and between 1578 and 1657 Dutch shipping in the Sound constituted some 60 to 70 percent of all shipping there (Geyl, 1961:160). Furthermore, the Dutch even began to dominate the ports of their rivals, including France, where they were making themselves "masters of her own export trade in such commodities as wines and silks" (Geyl, 1961:161). The last point concerning commodities is significant in that it represented a break with previous long-distance trade, which was largely limited to luxuries, such as spices. Although the Dutch were indeed profiting from the spice trade, as Haley (1971:26) notes, this trade fell far short of the Baltic trade in basic commodities. Consequently, one can witness evidence of the emergence of the

Figure 3.1. Sources of Ships Passing Through the Baltic From 1600-1783



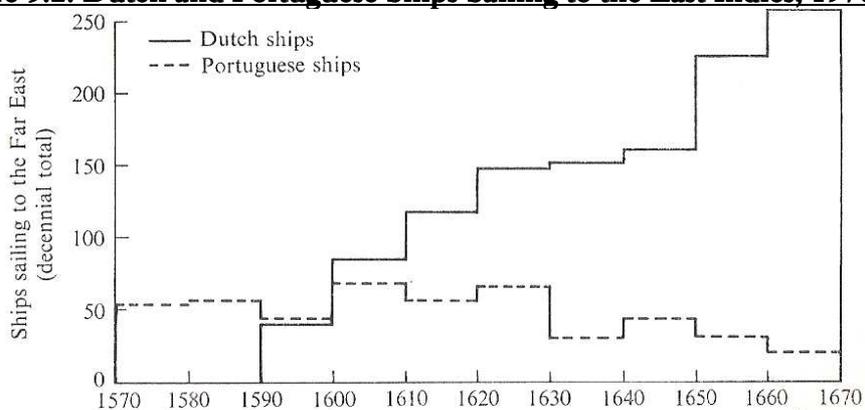
Source: Ormrod (2003:281).

modern world-system, with the Dutch in the early lead. This also explains why the world-economy school regards the Dutch as the first hegemon (and not Portugal as in the case of the long cycle school), since they were the first to conduct large-scale and long-distance trade in basic commodities, as opposed to spices.

Furthermore, Spanish attempts to thwart the growth of Dutch commerce, by closing the Iberian ports (and consequently the spice trade) to them, merely motivated the Dutch to set up their own trading routes with the East (Haley, 1972:24; Wallerstein, 1980:47). Indeed, as Parker (1975:58) argues, the expanding commerce of the United Provinces would eventually have put them at odds with the Portuguese traders in the Indian Ocean, but the fact that Portugal was incorporated into Spain from 1580 to 1640, “caused the struggle [over trade with the East] to break out earlier than it might otherwise have done.” In order to best compete with the Portuguese spice trade, the Dutch amalgamated their trading companies and formed the Dutch East India Company in 1602, which also completely overshadowed their English rivals (the English sent twelve ships to the East during the first nine years of their East India Company; the Dutch sent fifty-five within five years of setting up theirs) (Haley, 1972:25). After entering the Indian Ocean, the Dutch founded New Batavia in Java, and even began trading as far a field as Japan. For Parker (1975:62), this trade with the East Indies (and the concomitant trade with the West Indies) is a sector of the Dutch economy “which clearly developed from the war with Spain.” Indeed, as a contemporary noted in 1599, following the return of the ‘second voyage’ to the East Indies, “So long as Holland has been Holland, never have such richly laden ships been seen here” (quoted in Parker, 1970:61). Indeed, on that particular voyage the profit amounted to some 400 percent, and as Parker (1975:61-62) argues, “undoubtedly the economic gains from breaking the Spanish and Portuguese monopolies on extra-European trade were great,” and “undoubtedly some

influential and voluble Amsterdammers were enriched, and undoubtedly Amsterdam became able to corner the supply of many exotic products, thus increasing its importance as a commercial centre.” Granted, although the Dutch would likely have made inroads into these trades at some point, their open war with Spain and Portugal, and the closing of the Iberian ports to them, provided the incentive for them to apply their commercial talents to this field earlier and more vigorously. Indeed, Figure 3.2 reveals the rapidity with which Dutch ships began dominating the trade with the East from about 1590, with the concomitant steady decline in Portuguese trade. Moreover, as Figure 3.3 reveals, the shareholders of the Dutch East India Company benefitted tremendously from the windfall profits generated by trade with the East. Again, the close link between the Dutch East India Company and the Dutch state (an expression of the hegemonic bloc within the United Provinces) is emphasised by Spooner (1970:68), when he remarks that it “acted under the shadow and protection” of the state, and Dutch commercial organisation in general had “objectives often indistinguishable from the policies of government.”

Figure 3.2. Dutch and Portuguese Ships Sailing to the East Indies, 1570-1670

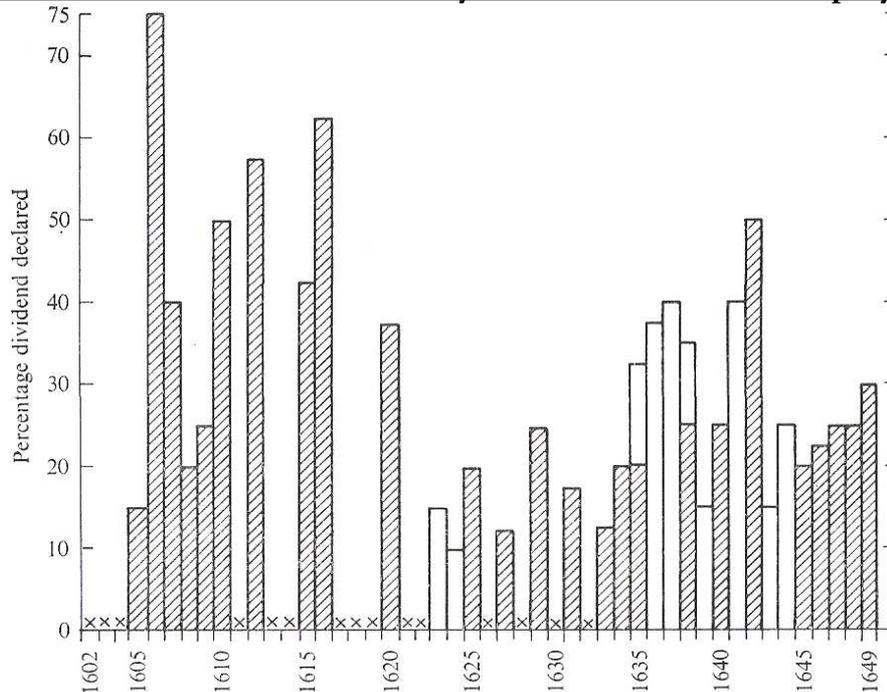


It must, of course, be remembered that not all the ships sailing to the East were the same size; nevertheless the trend of the trade of both nations emerges clearly enough. (Source: For Dutch shipping, R. Bijlsma, ‘De archieven van de Compagnieën op Oost-Indië, 1594–1603’, *Verslagen omtrent ’s Rijks Oude Archieven*, xlix, 1 (1926), pp. 173–225; Algemeen Rijksarchief, ’s Gravenhage, *Kolonialische Archief* 4389, ‘Uitloopboekje van Scheepen van 1603 tot 1700’. For Portuguese shipping, C. R. Boxer, *The Portuguese Seaborne Empire, 1415–1825* (London, 1969), 379.

Source: Parker (1975:61).

However, it was not only in the East where the Dutch achieved success as traders, but also in the West, especially after the founding of the Dutch West India Company in 1621 (Haley, 1971:34). This company was far more militant in its design, and was set up primarily to attack Spanish and Portuguese shipping in the Caribbean. However, as traders the Dutch achieved considerable success there as well, for example, even prior to 1621, much of the sugar grown in Brazil had made its way to Europe in Dutch ships, to the great frustration of the Spanish crown (Haley, 1971:23). Moreover, to the great chagrin of the Spanish, the Dutch West India Company’s fleet managed to capture the Spanish treasure fleet off Cuba in 1628, which netted some 12 million florins worth of silver and merchandise (Parker, 1975:62). This single event further helped to accelerate the financial demise of the Spanish crown, as will be seen in the next section. However, the “bumper dividend” of 75 percent paid to the Dutch West India Company’s shareholders, seemed to prove that every Spanish setback was a Dutch gain. As Schiller (1853:356-367) points out, all actions that the Spanish took seemed only to benefit their enemies, and in the sixteenth century not even Philip II

Figure 3.3. Dividends Paid to Shareholders by the Dutch East India Company, 1602-1649



Open columns represent dividends paid in spices; hatched columns represent dividends paid in cash. (Source: For 1602–19, O. van Rees, *Geschiedenis der staatshuishoudkunde in Nederland tot het einde der 18e eeuw*, II (Utrecht, 1868), pp. 146–7. For 1619–49, G. C. Klerk de Reus, *Geschiedlicher Ueberblick der administrativen, rechtlichen und finanziellen Entwicklung der Niederländisch Ost-Indischen Compagnie* (The Hague–Batavia, 1894), Beilage VI).

Source: Parker (1975:60).

could stop his own subjects from trading with the Dutch. Even the Southern Netherlands had little choice but to “send and receive their wares by way of the North ... for Spain herself was unable to keep the rebels’ ships out” (Geyl, 1961:160). Moreover, during the Twelve Year Truce, the Spanish found that instead of enjoying the respite they longed for after decades of warfare against the Dutch, they were falling yet further behind in the field of commerce:

already before the truce they [the Dutch] had broken into the Caribbean and had started to make inroads into Portugal’s Far Eastern Empire; and they had long been supplying Spain itself, either legally or under cover of Hamburg flags, with manufactures from northern Europe and with grain and naval stores from the Baltic. The coming of peace removed the last obstacles from their path. Northern products carried in Dutch vessels flooded into Spain, either for home consumption or for export to the New World. Since Spain could not offer in exchange sufficient goods to provide a full cargo for the return journey, the balance was made up in American silver (Elliott, 1970:446).

Once the Truce expired in 1621, the Spanish found themselves in an even worse position, especially with regards to vital naval stores required for the construction and maintenance of their navy, since the Dutch merely placed an embargo on trade in naval stores with Spain, thereby severing Spain’s access to these resources, which included copper, tar, timber, sail cloth, and hemp (Elliott, 1970:459; Modelski and Thompson, 1988:270). Indeed, this proved to be a severe blow to the Spanish, since it “crippled the shipbuilding industry in a country where wood was scarce and where techniques of naval construction had been allowed to lag behind those employed in the dockyards of northern Europe” (Elliott, 1970:459). The

contrast here with the Dutch shipbuilding industry, which was the leader in technical innovation, is clear.

Returning to the observation by Wallerstein (1980:44) – that the Dutch developed their war industry during the Eighty Years' War – one can also note that they gained a reputation for trading indiscriminately with others, even with their enemies during wartime (Haley, 1972:46). Many contemporaries were taken aback by the lack of government disapproval of continued trade with the Spanish for instance, and some used the example to argue that the Dutch had an insatiable “greed for gain” (Haley, 1972:45). Since the Dutch were the leading capitalists of the era, this ‘greed’ was, of course, none other than the ceaseless capitalist quest for the accumulation of profit, and the Dutch traded cannon and gunpowder “with complete impartiality to allies, neutrals, and enemies” (Haley, 1972:43). Furthermore, as Geyl (1961:166) observes, the Dutch even hired out ships to the Spanish in the Mediterranean. The Dutch were in fact so well-known for this practice of trading even weapons and ammunition to their enemies, that an eighteenth-century British politician remarked that the Dutch “make no scruple of supplying their enemies with their commodities, and have been known to sell at night those bullets which were next day to be discharged against them” (Pares quoted in Levy and Barbieri, 2000:8). This occurrence moreover attests to the extent to which the Dutch government identified “the interests of trade with those of the community and the State” (Geyl, 1961:166).

When turning to naval power, the large numbers of hostile ships at sea, and the large numbers of Dutch trading vessels plying the waters of Europe and beyond, created a strong need for an organised Dutch navy (Haley, 1972:33). The earliest naval forces of the United Provinces were, as mentioned, the Sea Beggars, those privateers sailing under the Prince of Orange, but although they were successful at menacing the Spanish, they were far from a disciplined, organised navy. However, once they had succeeded in 1573 to clear the local waters of Spanish forces, the Dutch began in earnest to create a navy to protect their oceanic life-lines (Haley, 1972:30). By the time the Spanish dispatched their Armada in 1588, the Dutch were able to assist the English in attaining victory, which symbolised the establishment of the Dutch as a naval power of note.

Because of the specialised nature of their trading vessels, the Dutch had to ensure their protection by sending along armed convoys (Haley, 1972:33). These fighting ships, and the navies they belonged to, were administered by five admiralties, which were set up in each of the coastal Provinces of the Dutch Republic – another indication of the decentralised nature of Dutch government. The efficiency with which the Dutch were able to construct their warships – as Goldstein (1988:315) observes, the “shipyards at Saardam could turn out a warship every week at peak production” – backed by the capital flowing in from foreign trade, allowed them to make rapid advances, and by 1607 their navy, under van Heemskerck, was able to secure a key victory against the Spanish off Gibraltar, and so allow them to make inroads into the Mediterranean. Other victories against Spain include the aforementioned spectacular capture of the Spanish treasure-fleet in Cuba in 1628 by Piet Heyn of the Dutch West India Company, which dealt a great blow to Spain (Cooper, 1970b:229).

As for Spain itself, Elliott (1970:450) notes that due to the disappearance of the vigorous urban class engaged in commerce, which existed in Castilian towns such as Burgos and Medina del Campo in the first half of the sixteenth century, “communities of foreign merchants [appeared] who dominated the commercial life of a passive society,” so that Spanish commerce did not even primarily reside in Spanish hands. Moreover, as Dehio (1962:31) remarks, Spain was thoroughly a continental power, and its traits as an

“adventurous, warlike nation” did not allow any shift away from its Continental orientation, which consequently prevented Spain from developing into a commercial and naval power. Instead, Dehio (1962: 51) argues, Spain managed to combine “the old crusading zeal with modern ambitions for power,” and while the kingdoms of Castile and Aragon traditionally had “significant maritime interests,” particularly vis-à-vis the Mediterranean, Modelski and Thompson (1988:267) maintain that “for most of the sixteenth century, Spain was something of a major exception, in respect of organisation because while obviously a major actor, she did not have a permanent oceanic sailing navy.” Indeed, despite having acquired vast holdings in the American periphery by the sixteenth century, and being the foremost naval power in Europe in the same century largely by default, there was, much to the detriment of the development of an effective navy a “general contempt for sailors and their profession [to be] found in both Spain and Portugal” (Cooper, 1970b:228). As Modelski and Thompson (1988:268-269) note, despite the importance of the American treasure flowing across the Atlantic in the sixteenth century, “Spanish kings evaded the need for a permanent navy either by seizing foreign vessels when needed in emergencies or by hiring merchant ships” until the 1570s. As such, prior to the assembly of the famed Armada in the 1580s, Spain delegated the responsibility of protecting its Atlantic convoys to the *armada del mar oceano* which, founded in 1570, consisted of only eight Spanish ships, with the later addition of “ten to twelve royal Portuguese galleons after 1580” (Modelski and Thompson, 1988:268-269). As such, Spain not only lacked a strong navy, but also a naval and commercial tradition and, as Dehio (1962:55) argues, “Spain’s ocean-going ships had a long record of backwardness.”

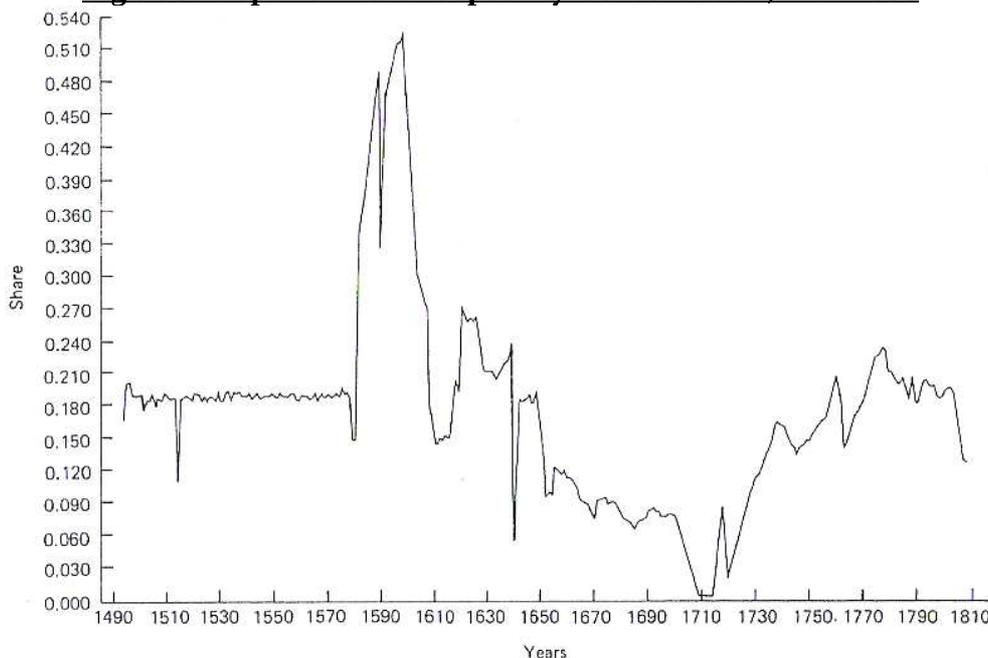
When the construction of the Spanish Armada began, Dehio (1962:55-56) soberly concludes that “the design of the ships [could not] fail to show a lack of maritime tradition – to say nothing of the seamen.” As for Spanish naval tactics, Modelski and Thompson (1988:270) maintain that those Mediterranean tactics of “ramming and boarding and fighting what were essentially land battles at sea,” were carried over into the Atlantic, and that Spanish ships consequently suffered from major liabilities vis-à-vis their English and Dutch opponents, being either “under-gunned or out-ranged.” This fact goes a long way to explain the English and Dutch victory of 1588 against the seemingly ‘invincible’ Spanish Armada. Although Spain subsequently attempted several times to assemble armadas to invade England and the United Provinces in the following decades, it was always hampered by a shortage of “capital investment necessary to build and maintain a state fleet,” by the restricted supply of naval stores, the short supply of manpower – most men available “preferred the higher wages associated with civilian shipping” – and, as with the French in the eighteenth century, the lack of a sustained initiative to develop the navy. Thus, Spain was only able to field a “competitive, albeit rarely successful, navy for intermittent periods of time,” a consequence of a regime that was “under-institutionalised, not too blessed with talented monarchs, and subject to the rise and fall of the occasional strong minister” (Modelski and Thompson, 1988:270-271). Dehio’s comment, that Spain was thus essentially a continental state, thus seems clearly warranted.

Once the Dutch began to establish their navy in the late sixteenth century, Spain was always on the defensive on the oceans, since the “Spanish transatlantic shipping and the rich treasure fleets quickly became tempting targets for north-west European attackers,” and to guard this life-line, Spanish “resources had to be concentrated on keeping her Atlantic communications open for her treasure-fleets and the western Mediterranean safe for the transfer of funds and troops to Genoa for Milan, Germany and Flanders” (Modelski and Thompson, 1988:269; Cooper, 1970b:228). However, this did not preclude the wearing down of these Atlantic communications by the Dutch, especially after the founding of the

Dutch West India Company, which allowed the Dutch to launch more organised raids against Spanish shipping (Cooper, 1970b:228). Conversely, Spain was much less successful in its attempts to harass Dutch shipping, and although destroying Dutch trade was an identified goal of the Spanish authorities, “there was no real prospect of establishing an effective blockade” (Cooper, 1970b:228).

Even though the Spanish attempted to enlist allies among the Hanseatic towns to “harry Dutch trade there” in the 1620s, the Dutch were already far enough progressed in their ascent to hegemony that “none of the Hanseatic towns would entertain the project for fear of offending the Dutch” (Cooper, 1970b:228). The only major threat to Dutch shipping in the North Sea and Baltic came from the Dunkirkers – Dunkirk having been in Spanish hands from 1583 – who “seldom had more than thirty ships at sea at one time,” yet managed to capture 1,499 ships (with around two-thirds being Dutch) between 1626 and 1634, while sinking another 336 (Cooper, 1970b:229; Parker, 1975:64). The Spanish did however manage to take “a number of [Dutch] prizes” in the Mediterranean, which unfortunately for them was offset by the Dutch West India Company’s capture or sinking of 547 Spanish ships in the Atlantic and Caribbean. Although, as Parker (1975:64) argues, the Dutch did suffer a high cost as a result of Spanish efforts due to “higher rates of insurance, in convoy and escort charges, and in direct loss,” these actions spurred on the development of the Dutch war fleet considerably, and by 1639 the Dutch annihilated the last of the Spanish fleets to challenge their sea-power, in the Battle of the Downs (Cooper, 1970b:229). After this landmark victory, the Dutch could more effectively divert their naval power to protect their trade, especially in the Baltic, since this was the life-line of their economy (Haley, 1972:29,34). This also hints at the close cooperation between Dutch business and government interests, which is a vital prerequisite for hegemony. As for Spain, after this point, as Modelski and Thompson (1988:271) argue, the Spanish navy, although not totally destroyed, was much reduced in capability and, as Figure 3.4 reveals, the Spanish naval capability concentration never again reached its peak of the 1590s.

Figure 3.4. Spanish Naval Capability Concentration, 1494-1808

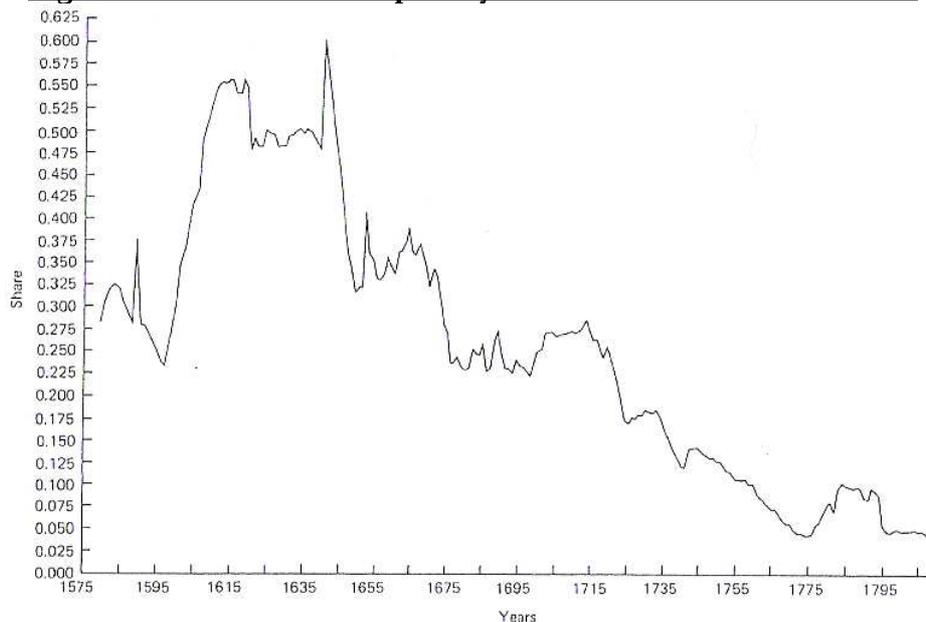


Source: Modelski and Thompson (1988:274).

The global nature of the Thirty Years' War was highly visible with regards to maritime conflict, and the Dutch were battling the Portuguese in the East Indies, Brazil, and East Africa; the Spanish in both the Caribbean and the Pacific; and even the Chinese around Macau (Modelski and Thompson, 1988:190). These far-flung battles served as evidence of the growth in Dutch global reach capabilities, and the Dutch were able to effectively project their power around the world. During the first half of the seventeenth century, the Dutch regularly crossed the 50 per cent naval concentration level (see Figure 3.5), and it can be argued that these years represented the peak of Dutch hegemony (Modelski and Thompson, 1988:105). What this meant for Spain was that none of its territories were safe from Dutch raids and, as Parker (1975:57) points out, the Dutch fleets regularly organised expeditions of "war or piracy to many ports of the Iberian empires overseas," and even those Spanish holdings along the Pacific were not exempt, since "in 1615 the first Dutch fleet entered the Pacific and ravaged the west coast of Mexico and Peru before sailing on to attack the Philippines." To the detriment of Spanish finances, which will be discussed in greater depth shortly, this "upsurge of hostilities on the high seas around America inevitably led to an increase in Spanish defence spending there," and constituted a definite example, in Parker's (1975:57-58) opinion, of the manner in which Spain's fortunes, and thus prominence, were harmed by its war with the Dutch. Moreover, the loss of major Portuguese overseas territories, such as spice islands in the East, holdings in Africa, and (albeit temporarily) Brazil, and the associated costs to Portugal, certainly figured into the growing discontent with Spanish rule there, culminating in the Portuguese rebellion, and subsequent independence, in 1640 (Parker, 1975:58; Elliott, 1970:470). This sentiment is reflected by Rasler and Thompson (1989:54), who observe that:

Despite the boost provided by the co-optation of the Portuguese fleet ... the Spanish were never able to apply their sea power in a way that might be expected to defeat their Dutch and English maritime opposition in the late sixteenth century. As a consequence, Spain could not suppress the Dutch revolt, and less directly, it could not hold on to the Portuguese empire that broke away in the 1640s.

Figure 3.5. Dutch Naval Capability Concentration From 1579-1810



Source: Modelski and Thompson (1988:194).

Linking up to the abovementioned comment of Rasler and Thompson, Spain was indeed hampered in the war against the Dutch by the long route its troops had to take overland to reach the Low Countries. Part of the reason for this was, as discussed above, the fact that Spain could not commit any further naval resources to securing a sea-route to the Netherlands, since it was by necessity forced to commit all its maritime resources to maintaining the ocean link with its American colonies, and ensuring the safe arrival of the treasure fleets (Cooper, 1970b:228). However, as was revealed, this strategy did not always pay off, and even the treasure fleets were not always safe from the rebels.

As mentioned throughout this study, in order for any state to be successful in the modern world-system, of which Europe was by the seventeenth century clearly a part, the state must identify its own interests with that of its capitalist class – in the Dutch case especially traders and merchants – that is to say, a hegemonic bloc must exist. If the capitalist class is afforded sufficient space to flourish, and is also afforded the necessary protection by the armed forces of the state, it will in turn strengthen the government (and the state as a whole) through the accumulation of capital. This was indeed very much the case in the United Provinces, which first saw the rise of the independent large-scale capitalist (Geyl, 1961:164). Furthermore, vast fortunes were being accumulated by the great merchants in Amsterdam, The Hague, and in other Dutch cities, and the regents and the narrow ruling oligarchy of the Dutch Republic closely identified their own prosperity, and that of the state, with the new capitalist class (Haley, 1972:72,74). This close and harmonious cooperation between government (politics) and business (economics) was one of the key ingredients of Dutch prosperity, and hegemony. Conversely, as was discussed in the previous section, the lack of such cooperation in Spain, not to mention the miniscule bourgeoisie and negative attitudes toward labour and enterprise, severely hampered Spanish prosperity and, ultimately, would help to relegate the empire of Spain to a weak semi-peripheral position in the world-system.

3.3.3 The finance domain

The dominance of the Dutch in the domain of commerce brought about their dominance in the domain of finance as well. As Geyl (1961:158) argues, “Trade brought accumulation of capital, and capital in turn set thousands of hands at work in every variety of business, thus promoting further trade.” Overseas trade was indeed the ‘prime motive power’ of the Dutch economy, and the success of the Dutch traders brought the north rapid growth and prosperity. Here too the geography of the United Provinces seemed to have had a hand, and Haley (1972:38) argues that there existed little outlet for the capital accumulating among the traders and merchants of the north (save for expensive drainage and land-reclamation projects, which were also made possible by the availability of capital). As a consequence, there existed a tendency to reinvest capital in new trading or commercial enterprises, which in turn helped to make the Dutch even more competitive and successful in their capital accumulation.

As Wallerstein (1980:57) argues, the strength of Dutch finance rested upon their productive and commercial strength. This created a basis for sound public finances which, when combined with the vast commercial network of the United Provinces, turned Amsterdam into the centre of the seventeenth century money market and international payments system. The general economic and monetary instability prevalent during the first half of the seventeenth century furthermore strengthened Amsterdam’s position, and Dutch financial stability appears all the more remarkable when compared with their contemporaries, especially the Spanish who, through financial mismanagement, declining revenues, and increasing costs of war, suffered from repeated bankruptcies (Kennedy,

1988:52; Schiller, 1853:356; Spooner, 1970:68). This financial decline of Spain and other Mediterranean economies represented a permanent shift in favour of the northern, Atlantic economies, where the Dutch were undoubtedly in the leading position during much of the seventeenth century (Spooner, 1970:69).

Rasler and Thompson (1989:35) make the observation that the pre-eminent sea powers tend to be the leading centres of financial dynamism as well. This is understandable since long-distance trade is inseparable from sea power, and the rise in the concentration of Dutch naval capabilities, especially between 1608 and 1642, was accompanied by their rising financial strength as well. So much so in fact, that the year in which the Twelve Year Truce was signed (1609), the Dutch founded the famous *Wisselbank* of Amsterdam, while the Spanish were still suffering as a result of their 1607 bankruptcy (Spooner, 1970:68). Furthermore, Amsterdam soon saw the appearance of brokers, who “for their own advantage [began] playing the market” (Haley, 1972:43). Amsterdam also saw the rise of the trade in futures, and the Amsterdam Bourse was established in 1611 (Haley, 1972:41). When considering the quality of the exchange and insurance facilities available, it is understandable why Amsterdam has been labelled the “Wall Street of the seventeenth century” (Goubert, quoted in Wallerstein, 1980:57).

The *Wisselbank* played an important role in Dutch financial ascent, since it became the pre-eminent centre of European deposit and exchange (Wallerstein, 1980:58). One of the reasons for the growth of deposits at the *Wisselbank* was the large degree of financial uncertainty caused by the Thirty Years’ War, and many wealthy individuals saw Amsterdam as the safest, and most stable, repository of their fortunes. What became known as the ‘crisis of the seventeenth century’ – those “slumps, bankruptcies and shocks of war” – acted in the favour of the young Dutch Republic, which managed to escape the devastation of the war (most of the northern provinces had been free from invading armies since the 1590s) (Spooner, 1970:69; Haley, 1972: 152). By contrast, much of the rest of Europe suffered from the turmoil of war, rebellions, or uprisings, including France, England, Russia, and Ireland (Goldstein, 1988:309; Geyl, 1961:161, Haley, 1972:152). In this sense, the Dutch were thus able to directly profit from the Great Power War and its related instability, and as Geyl (1961:161) asserts, except in Germany, this confusion did not diminish the world’s purchasing power (and thus their ability to buy goods shipped and refined by the Dutch). Of course, one should bear in mind Steinberg’s (1966:3) argument that not even Germany was ultimately worse off in 1648 than in 1618.

When turning to the Dutch currency, here too the United Provinces made their mark on world finances since theirs was the preferred currency of world trade (Wallerstein, 1980:59). These *negotiepeningen* were renowned for their stability and quality, and the Dutch dominance of world trade helped to increase their popularity. In turn, this flow of finances helped the Dutch to maintain lower interest rates than their contemporaries, and as the financial hub of Europe, Amsterdam proved attractive to foreign capital. The lower interest rates in particular, provided the Dutch state with an “inestimable advantage over its rivals,” since the government could borrow money more cheaply than rival governments could, due to their higher credit rating and prompt repayment of loans (Kennedy, 1988:69). As Parker (1975:59) concurs, the capital accumulated in Amsterdam as a result of trade made it possible “to float government loans and finance trade and industry without pushing up interest rates,” so that the Dutch government was able to borrow “at 10 per cent in the 1600s, at 5 per cent in the 1640s and at 4 per cent after 1655.” The Dutch government could thus cover the rising costs of war (especially after 1621) by helping to finance their effort through public loans (Kennedy, 1988:69). Although the Dutch state saw its debt increase to

153 million florins in 1651, its credit system remained secure, underpinned by the economic strength of the country and the timely payment of interest. Schiller (1853:356) offers the following insights into Spanish financial ruin, and Dutch financial success:

Spain maintained this expensive war with dead, unfructifying gold, that never returned to the hand which gave it away, while it raised the price of all necessaries. The treasuries of the Republic were industry and commerce. ... The field was sown sparingly with choice seed, and it bore fruit, though late, yet a hundred-fold; but the tree from which Philip gathered fruit, was a fallen trunk, which never again became verdant.

Of course, while the Dutch Republic often subsidised their allies during the Thirty Years' War, those same allies had helped to subsidise the Dutch war effort some decades earlier. In particular, England contributed 15 million florins to the Dutch Republic between 1585 and 1603, while France contributed 12 million florins between 1598 and 1610 (Parker, 1975:50). In this manner, Spain's animosity with numerous European powers, particularly over fears of Habsburg domination, contributed financially to the Dutch war effort as well.

As for Spain, Rasler and Thompson (1989:54) capably summarise the root of the difficulties faced there:

Castile-Spain was an organization designed for, and accustomed to, territorial conquest. Only through war could a centralized state be created in the middle of the Iberian peninsula. And only a highly centralized state could cope with frequent warfare and territorial expansion. However, the centralized state that was forcibly created rested on an extremely weak economic foundation.

This foundation, as discussed in an earlier section of this chapter, rested upon "a single export commodity" – wool – and the war with the Dutch severely undermined the traditional export of this commodity to the Netherlands (Rasler and Thompson, 1989:54). Coupled with the fact that Spain was characterised by the absence of a sizable bourgeoisie and by "a pronounced coastal-interior economic dualism" which ultimately restricted the "likelihood of transforming the agrarian-herding nature of the Spanish political economy," the problem, in Rasler and Thompson's (1989:55) view, was that "the likelihood of commercially oriented elites rising to other than intermittent political influence in this context remained ... remote." Again, the stark contrast between the existence of not only a working, but a strong, hegemonic bloc in the United Provinces, and the absence of one in Castile/Spain, is clear, and helps to account for the fundamental fiscal weakness of the Spanish state.

Since no well-developed and politically influential capitalist class of merchants, bankers, and other industrious individuals existed in Spain, the state did not have recourse to the "relatively inexpensive," efficient, and uninterrupted sources of credit that the Dutch were able to avail themselves of (Rasler and Thompson, 1989:91). Rather, Spain developed "largely ad hoc practices" that involved the issuing of the aforementioned *juros*, which were funded debts derived from "future specified revenue sources" (and which diverted funds from investment in agro-industrial and commercial development into the government's coffers) and *asientos*, which were unfunded debts with "high interest rates." In sharp contrast to the interest rates paid by the Dutch government, the Spanish *juros* had rates between 5 and 7 percent during the first half of the sixteenth century, while the *asientos* had rates ranging between 17 and 49 percent (Rasler and Thompson, 1989:92). By the seventeenth century, the situation was much deteriorated, since Spanish royal credit had steadily declined as a result of mounting debt and the increase in the associated interest payments (Rasler and Thompson, 1989:93).

Indeed, in having failed to maintain “the economic underpinnings of a powerful military machine,” the Spanish government had acted so imprudently in the taking out of loans that it often had to spend the majority of the budget solely on interest payments, necessitating further loans (Kennedy, 1988:54-55). In time, these interest payments could not be sustained, and were suspended, since the Spanish crown found “it had no unpledged income or that no one was willing to lend additional funds,” leading to the all-too-often declarations of bankruptcy (1557, 1575, 1596, 1607, 1627, 1647, 1652, 1656, 1662) (Rasler and Thompson, 1989:93). Indeed, a clear trend is visible from the dates of Spanish bankruptcies, in that the rate at which they occurred increased rapidly in the seventeenth century.

The roots of Spain’s financial troubles are to be found in several particular features which have been touched upon at various points in this chapter. First, as the heart of Spanish power, Castile had borne the greatest financial burden by far, and as was mentioned, it entered a period of economic decline towards the end of the sixteenth century, brought about by the dislocation of its foreign trade, and a decline in its population and productivity (Elliott, 1970:440). As Spain’s troubles with the Low Countries mounted in the 1560s, the spiralling costs of what would eventually become an eighty-year-long war fell predominantly on Castilian taxpayers, despite the fact that the economic foundation of that kingdom was slowly eroding. Having mortgaged most of the crown’s traditional supplies “to the bankers in perpetuity” as a result of the practice of funding its debts by pledging future revenue sources, only three major sources of income remained (Elliott, 1970:441). These were the taxes paid by Castile, the dues collected from “ecclesiastics and laymen in the various kingdoms of the monarchy by papal authorization” and, of course, the treasure flowing in from the Americas. A rough estimate of this income (per annum) is presented in Table 3.1, and is based on figures from 1598 to 1607. Although not precise, they provide a good estimate of the Spanish crown’s income during those years.

Table 3.1. The Three Main Sources of Income of the Spanish State, Per Annum, Between the Years 1598 and 1607

<i>Taxes paid by Castile</i>	ducats
<i>Alcabala</i> (10% tax on sales)	2,800,000
<i>Millones</i> (tax on articles of consumption)	3,000,000
<i>Servicios</i> (voted by Cortes)	400,000
	<hr/>
	6,200,000
<i>Dues collected by papal concession</i>	
<i>Cruzada</i>	912,000
<i>Subsidio</i>	420,000
<i>Excusado</i>	271,000
	<hr/>
	1,603,000
<i>Treasure-fleet</i>	2,000,000

Source: Elliott (1970:441).

As can be observed from the above table, the taxes collected in Castile, constituted the Spanish crown’s primary source of income. However, as Elliott (1970:441-442) points out, the actual amount received from Castile’s taxpayers was not as great as the figures would suggest, since “some of the taxes were already pledged to the bankers two or three years in advance.” By 1606, the *millones* yielded no more than two and a half million ducats, and this decrease was symptomatic of the steady financial exhaustion of Castile. Indeed, the financial burden was so skewed against Castile that the kingdoms of Aragon and Valencia

did not pay the *millones* or *alcabala* taxes at all, since their Cortes (subnational assemblies) were both stronger vis-à-vis the crown and shielded from “excessive fiscal demands” (Elliott, 1970:439;442). Meanwhile, in Castile itself, the tax burden, as mentioned previously, fell disproportionately on the poorer members of society since the wealthy, most of whom clamoured to join the *hidalgos*, were able to sidestep the taxes to a large extent, while being exempt from the *servicios* altogether (Elliott, 1970:448). This fact meant that for many “it was easier, and in the long run no more unprofitable, to live in idleness and trust to native wit and the charity of the church” (Elliott, 1970:452). This most certainly contributed to the “complete absence of a vigorous urban class actively engaged in commercial and industrial enterprises” (Elliott, 1970:450).

Of course, the role played by the Spanish treasure fleets must not be discounted in attempting to account for the absence of the abovementioned vigorous urban class (of capitalists), or for the poor judgment of the Spanish crown in its borrowing practices since, as Elliott (1970:451) contends, “it was natural to disregard the dictates of financial prudence when one could rely upon an annual shower of American silver to replenish the national coffers.” However, even this windfall did not manage to ameliorate Spain’s fiscal dilemmas in the long run since, from the last years of the sixteenth century, the supplies of American silver began to decline, from 3,347,000 ducats in 1598 to 1,800,000 in the 1610s and eventually to around 800,000 in the 1620s (Elliott, 1970:442). This trend, no doubt alarming for the Spanish crown, was due both to declining production in the mines of America and, significantly, to the “withholding of larger sums by the viceroys in America for their own needs,” which naturally included defence against Dutch raids. As Parker (1975:58) points out, the viceroy of Peru spent 200,000 *pesos* (a *peso* being worth slightly more than a ducat) on defence in 1624, and a whopping 948,000 by 1643. In Mexico, a similar trend was visible, with the government there dispatching 1,500,595 *pesos* to Spain between 1618 and 1821, while simultaneously dispatching 1,653,253 *pesos* to the Philippines “for the islands’ defence.” Dutch raiders had thus succeeded in diverting vast sums of money away from Spain as a result of their operations on the seas around the Americas, and this constituted a very tangible way in which the Dutch-Spanish war served to diminish the fortunes of Spain, and thus its hopes of a successful outcome to the conflict. When the entire Spanish treasure fleet of 1628 fell into the hands of the Dutch, it is not difficult to imagine that this event contributed to the increasingly rapid collapse of Spanish finances.

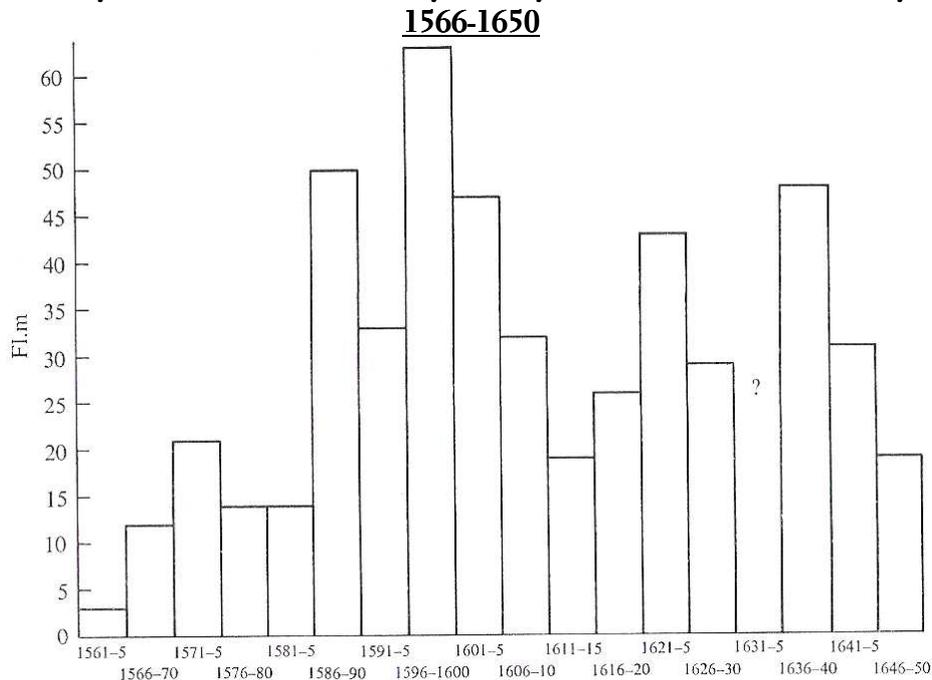
However, it should also be remembered that, alongside the diminishing flow of American treasure, “the production of gold and silver like other industrial sectors fell victim to the relentless law of diminishing marginal returns and declining profits” (Spooner, 1970:79). As such, in the seventeenth century, Spain was experiencing “periods of tight money [which] appeared longer and more persistently, precipitating shortages and even failures” (Spooner, 1970:81). This forced the introduction of copper *maravedis* by the government to “expand the monetary circulation and cull profits and revenue for itself” but, as Spooner (1970:81-82) maintains, this “copper currency clogged the circulation, and true to the so-called Gresham’s Law, drove out the more valuable silver and gold coins.” Once again, Spain found itself in a position completely the opposite of that of the Dutch, this time with regards to currency, and until the 1680s Spain experienced a “progressive devaluation” of its currency. Here too the Dutch saw opportunity to undermine their main rivals in their hegemonic struggle, and the “Dutch and their agents along the Spanish coast [indulged in the practice] of introducing counterfeit coins into Castile and taking silver in exchange” (Spooner, 1970:82; Elliott, 1970:444). Coupled with this was the declining proportion of gold vis-à-vis silver that was brought over from the New World, which led to the appreciation

of the price of gold (Spooner, 1970:83). Spain, thus increasingly dependent upon its diminishing flow of undervalued silver coming in from its American mines, found itself in a particularly precarious position.

In all, the Spanish crown found that its income was vastly insufficient given the expenses of its wars of the sixteenth and seventeenth centuries, and in this the conflict of the Dutch taxed the Spanish economy most heavily. Indeed, Spain experienced two great bouts of spending in its war with the Dutch, which unsurprisingly correspond closely with the most intense periods of fighting – primarily around the turn of the seventeenth century, and again after the expiry of the Truce, as depicted in Figure 3.6. Unfortunately for the Spanish crown, it found that the bounty derived from American treasure did not even match the expenses incurred in maintaining the army of Flanders, and although the income from the New World amounted to 3.9 million ducats between 1571 and 1575, the amount paid to the paymaster-general of the army of Flanders totalled an astounding 9 million ducats (Parker, 1975:55-56). Meanwhile, during the same period, the paymaster general of Mediterranean fleet was also granted some 5 million ducats. Nor was this worrying trend temporary – for the entire period between 1566 and 1654, the Military Treasury of the Spanish Netherlands received no less than 218 million ducats from Castile, while the American treasure netted only 121 million! As Phillip II remarked in 1578:

[The war has] consumed the money and substance which has come from the Indies, while the collection and raising of revenues in these kingdoms has only been done with great difficulty because of the dearth of specie in them (since so much is exported) and because of the damage which this does and causes to the commerce and trade on which the yield of our taxes depends (quoted in Parker, 1975:55).

Figure 3.6. Money Received from Castile by the Paymaster-General of the Army of Flanders, 1566-1650



Source: Parker (1975:56).

Meanwhile, to the great frustration of Castilian taxpayers, the shortfall produced by the enormous expenses of the war in the Netherlands was to be made up from their taxes, and understandably, a delegate of the Castilian Cortes exclaimed in 1586, “However much money comes [from the Indies], this kingdom has less!” (quoted in Parker, 1975:56). Yet

despite the glaring problems that were steadily undermining Spain's ability to finance its wars, particularly with the Dutch, the crown's "inability to curb expenditure prevented any reduction of Castile's taxes, [while] the inadequacy of the existing taxes to meet the annual deficit compelled a resort to credit which placed a growing strain on the crown's bankers" (Elliott, 1970:445). For the year 1608, for example, the crown's available funds, *with* the credit extended by its bankers, amounted to 6,410,104 ducats. However, the expenses until October of that year, as depicted in Table 3.2, totalled 7,272,173 ducats. The deficit was then added to the "outstanding obligations and general arrears" of the crown, bringing that sum to more than 7 million ducats.

Table 3.2. Expenses of the Spanish Crown, 1608

Pay for the Flanders army	2,000,000
Pay for frontier guards and garrisons	794,063
Atlantic fleet	650,000
Troops of the guard	200,000
Arms manufacture	100,000
Ambassadorial expenses	100,000
Ordinary expenses of royal households	620,000
Two years pay for servants of royal households, in part payment for three years' arrears	200,180
Mediterranean fleet and Genoa squadron	400,000
Arrears payable to bankers	1,000,000
Urgent outstanding expenses	250,000
Sundry lesser expenses	957,930
	<hr/>
	7,272,173

Source: Elliott (1970:445).

This, Elliott (1970:446) argues, forced the Spanish crown to admit that there "seemed only one way of escape," and that was to conclude the Twelve Year Truce with United Provinces in 1609. The war between the Spanish and the Dutch, which had prompted much of the expenses (and deficits) of the Spanish crown, thus brought about its own cessation as well, with the crucial difference being that the Dutch ended up in a better position overall (and especially vis-à-vis Spain), and with Spain reeling from its spate of bankruptcies. As one of the Spanish king's ministers at the time noted, "The truce in Flanders was considered an indispensable measure because of the shortage of money" (quoted in Elliott, 1970:446).

Despite the opportunities for financial reform brought about by the Truce, these were in practice never realised, and as Elliott (1970:457) notes, "although in the reign of Philip III there was universal peace, and long-established evils should have been set right, nothing was done in the Indies or inside Spain, and the Crown's finances were given no relief." Despite the issuance of the "most gloomy reports on the crown's revenues" by the Council of Finance, three essential problems prevented any amelioration of Spain's financial situation, even during this period of peace (Elliott, 1970:458). Firstly, royal expenditures and the "liberal distribution" of *mercedes* (royal favours) were not reduced in accordance with the dire financial situation; secondly, the realms of Aragon, Valencia, Catalonia, and Navarre "devote[d] all their energies to preserving their many privileges" – including their much lighter tax burdens; and thirdly, even following the desperate measures including the imposition of new taxes on Castile in the 1620s, including taxes on the sale of paper, and on salt, and the confiscation of half the yield of all *juros* held by Spaniards and the entire yield held by foreigners, not to mention the revival of "the old feudal obligations of the aristocracy" in the 1630s and the exhortation of "nobles and ecclesiastics, town councils and cathedral chapters to offer money either in the form of loans, or as 'voluntary' gifts or

donativos to meet some special emergency,” Castile unsurprisingly yielded less revenue to the crown as the years passed, since its taxpayers were steadily being bled dry (Elliott, 1970:456, 465). Evidence of the precipitous decline in the Castilian tax yield is provided by Elliott (1970:465), when he notes that the *servicios* (which yielded about 400,000 ducats per annum between 1598 and 1607 as reported in Table 3.1 on page 99), although raised to two million ducats a year by the Cortes in 1626, could only produce around half a million ducats from the exhausted Castilian taxpayers.

After the resumption of war with the Dutch, and the additional strains introduced by the Spanish participation in the war in Germany, Spain was never able to escape the “relentless pressure of fiscal necessity,” and despite the attempts by Olivares – the favoured minister of the new king Philip IV, and the new head of the Spanish government as of 1622 – to affect a closer union between the realms of Spain, so as to relieve the burden of long-suffering Castile, these “realms ... felt themselves under no obligation to pay for the defence of an empire in which they had no share” (Elliott, 1970:443).

However, animosity was steadily growing between Castile on the one hand, and the other realms, particularly Portugal and Catalonia, which were regarded by Olivares (quite incorrectly) as being much more prosperous than Castile, and despite this apparent prosperity, refused to contribute to the Spanish war effort on the same level as Castile (Elliott, 1970:468-469). However, the Spanish kingdoms maintained their “determination to resist exploitation by a country with an impoverished economy and a notoriously unstable currency, for the sake of a cause which in no way interested them [since the most important positions in the Spanish Empire were always filled by Castilians]” and, as Elliot (1970:469) argues, “they had no wish to suffer the fate of Castile.” This growing animosity between the Castilian officials and the constituent kingdoms of Spain culminated in the revolt not only of Portugal, but also of Catalonia, in 1640. This internal conflict, plus the involvement in not only the war against the Dutch, but also against the French, meant that from 1640 “Spain and Spain’s international power were visibly crumbling” (Elliott, 1970:470). No longer strong enough to return Portugal to the fold, and with all its mounting financial problems, including the bankruptcy of 1647 and “the ravages of plague, and ... feuds with the French,” Spain was once more – this time permanently – forced to conclude peace with the Dutch (Elliott, 1970:471).

While Spain thus suffered from a precipitous decline during the Great Power War, especially in the domain of finance (which underpins the ability to wage such a war), the United Provinces consolidated its hegemony by dominating the productive, commercial, and financial domains of the world-economy simultaneously, aided to a large extent by the vacuum left by the Spanish as Castile imploded. As mentioned, the enormous financial strain placed upon Spain (but also upon the Dutch, who managed to carry that strain quite successfully) by the Great Power War eventually forced it to come to terms with the United Provinces, with the latter emerging in a much improved position in the world-system (as hegemon). The active zone of the world-economy was moreover clearly located in the seven northern provinces of the Netherlands during the first half of the seventeenth century, as witnessed by their leadership in shipbuilding, textiles, and innovation. The United Provinces also contained the leading city of the age, Amsterdam, which supplied 30% of the Dutch Republic’s budget, and which witnessed so great a surplus of capital that commercial enterprises and government loans could not provide an outlet for all of it (Wallerstein, 1980:62; Geyl, 1961:164). Meanwhile, Spain’s core – Castile – which experienced a precipitous decline since the late sixteenth century, had dragged the Spanish Empire down

with it. Thus, by the conclusion of the Thirty Years' War the Dutch Republic had well and truly arrived as hegemon, while Spain's former glory faded into memory.

3.4 THE CONSEQUENCES OF THE WAR

Apart from the explosion of bitter religious antagonisms, the devastation wrought in parts of Germany and Europe, and the eventual decline of the Habsburg dynasty, the Thirty Years' War brought about lasting changes in Europe (and the world), and saw the birth and rise of the first hegemon of the modern world-system.

With regards to the settlement of the Thirty Years' War, the Peace of Westphalia (1648) resulted in several changes in how the political affairs of Europe, and the world-system as a whole, were run. As Spooner (1970:68) argues, the Treaties of Osnabrück and Münster, which constituted the Peace of Westphalia, were intended to finally settle the problems which earlier treaties and agreements (such as the Diet of Augsburg in 1555) could not, and which led to many of the "ferociously disputed" points in the Thirty Years' War.

Kennedy (1988:70) alludes to perhaps the best-known consequence of the Peace of Westphalia when he observes that in the post-1450 era, the waging of war became inseparable from the rise of the sovereign territorial state. As such, Westphalia represents the victory of the nation-state over other forms of political organisation, including city-states and fiefdoms, and "represents a restructuring of international relations based on the principle of balance of power and giving predominance to the northern coalition that had defeated the Habsburgs" (Goldstein, 1988:312-313). Indeed, as Spruyt (1994:155) notes, various arguments have been made ascribing the victory of the sovereign state over, for instance, city-states and city-leagues, to the "Darwinian selection by war," whereby "force is viewed as the final arbiter regarding the viability of any institution." These arguments are rooted in the realist view of the interstate system as anarchic and competitive in nature since, "because of the predatory nature of the international realm, all units have to be able to wage war in order to survive" (Spruyt, 1994:156). Although Spruyt (1994:157) does not wholly subscribe to such a thesis, by positing that "competitive success lies in the particular institutional makeup of different forms of [political] organization," he does concede that "warfare is thus an important selective mechanism, but success in warfare is only an indicator which itself needs to be explained [at the hand of the institutional makeup of different forms of organisation]." Although the particularities of Spruyt's arguments cannot be discussed here, it nevertheless makes sense that the Thirty Years' War, as the first Great Power or hegemonic War of the modern world-system, constituted the ultimate proving ground for the modern, sovereign territorial state, and marked the moment of its ascendancy over other forms of political organisation.

Westphalia was a clear victory for the Dutch, and other 'northern' countries, such as England, in that it brought an end to the power of the Habsburgs and, furthermore, it represented a permanent departure from the Habsburg model of hereditary lands. In addition, the destruction of this "unitary tendency" created the space for the ascension of the principle of an "equal right of all to separate existence" (in the words of Albrecht-Carrié, 1965:40), which was embodied in the nation-state and the states system, and which later became imposed on areas outside Europe as the modern world-system incorporated the rest of the globe (Goldstein, 1988:313). Goldstein (1988:312) further elaborates by stating that the War finalised the shift of military and economic power to the north of Europe, and although this was only part of an ongoing trend, as was demonstrated in this chapter, the Peace of Westphalia did signal the triumph of the north-west Atlantic states over their Mediterranean counterparts.

Other consequences of the rise of the nation-state include what Kennedy (1988:70) calls the “centralisation of political and military authority ... accompanied by increased powers and methods of state taxation.” The spiralling costs associated with war in the seventeenth century, and particularly the Thirty Years’ War, forced all sides to seek greater sources of revenue and, as Goldstein (1988:312) remarks, the Thirty Years’ War, like all major wars following in its wake, led to huge increases in the tax burden of the civilian population. The Dutch Republic was no different, and as Haley (1972:154) observes, the United Provinces had a population one-third the size of England’s, but they paid more in taxation than the English. As such, the Dutch could not escape an increase in their tax burden, but their relative prosperity and wealth derived from trade allowed them to bear this burden much more readily than their rivals. In this sense the Thirty Years’ War established a precedent, in that victory in (hegemonic) war would only go to those states which had a financial system capable of carrying the burden of ever-growing military expenses, and those states lacking in this area were doomed to failure.

For Rasler and Thompson (1989:89), the failure of the Spanish in their war against the Dutch, and conversely the success of the Dutch, can be attributed to the inability of the former to “obtain credit inexpensively, to sustain relatively large debts, and generally to leverage the initially limited base of their wealth to meet their staggering military expenses.” The Thirty Years’ War thus also represented a change in the way in which wars would be fought henceforth, in that victory would go to the side which was the most creditworthy, and had the greatest ability to raise (and sustain) public loans. Wars thus became instances where states would “fight now and pay later,” but only if they could raise the loans in the first place (Rasler and Thompson, 1989:89). The Dutch were thus well placed to emerge victoriously in the Eighty and Thirty Years’ Wars, since they dominated the domain of finance (and enjoyed very low interest rates), while the financial system of Spain ultimately collapsed under the burden of war.

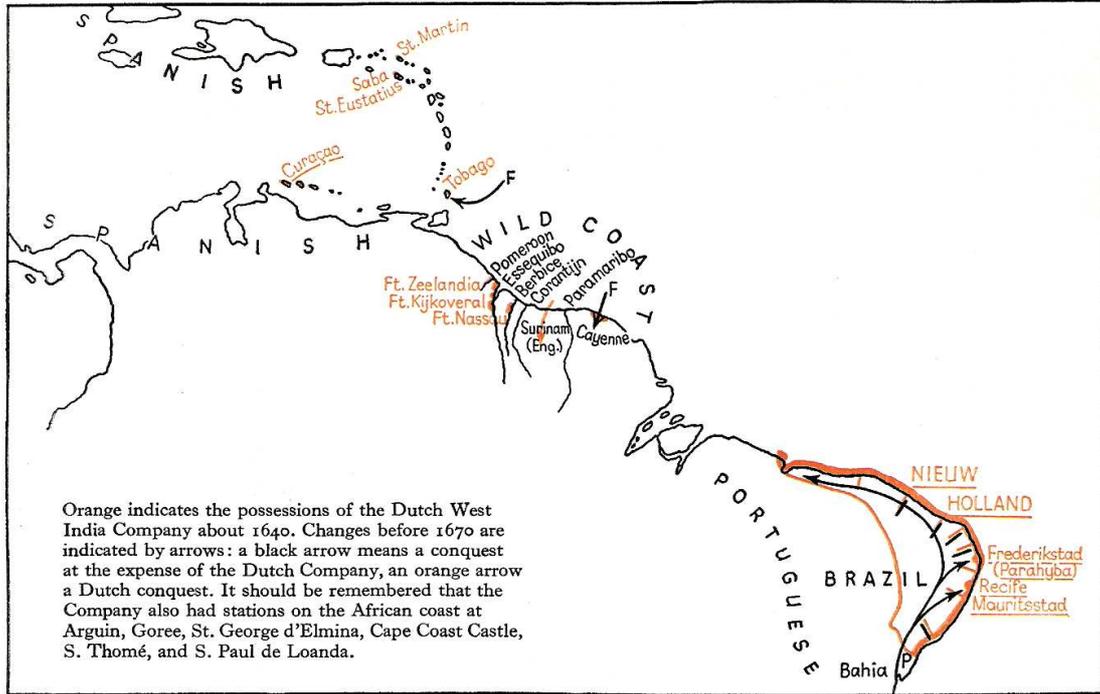
Another lasting consequence of the Thirty Years’ War was the general separation between affairs of the state, and religious beliefs (Steinberg, 1966:99). The Thirty Years’ War had witnessed the chaos that resulted from the confluence of politics and religion, and as Steinberg (1966:99) summarises:

Henceforth religious beliefs, orthodox or heretical, were increasingly confined to the sphere of personal conviction and individual choice, whereas public affairs were directed by a *raison d’état* which no longer needed and used supernatural arguments for the pursuit of worldly ends.

One of the consequences of Dutch naval strength, and consequently global reach, was the growth of their colonial empire (see Maps 3.4 and 3.5). Although many of their conquests were lost again before the end of the seventeenth century, it represents strong evidence in support of the argument that the Dutch were indeed hegemonic, since their influence was felt as far a field as Japan (Haley, 1972:26). The conquest of Portuguese possessions in the Indian Ocean and East Indies, as well as in Brazil, and the harassment of Spanish fleets in the Caribbean, not to mention the founding of New Amsterdam in North America and Cape Town in southern Africa, all point to the rise in relative global reach capabilities of the Dutch vis-à-vis their rivals during the Thirty Years’ War (Haley, 1972:28).

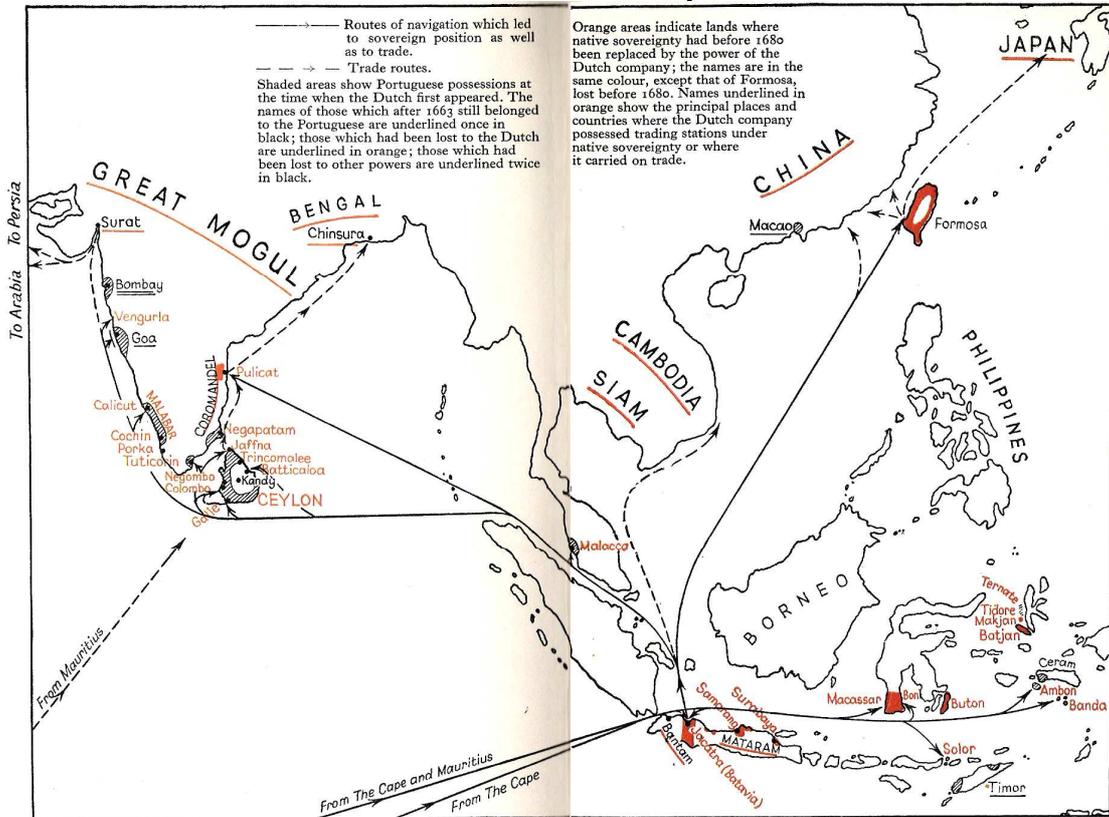
As for Spain, and the Habsburgs in general, the reason for their failure during the Eighty and Thirty Years’ Wars can be reduced to what Kennedy (1988:46) calls the “real weakness of the Hapsburg system” – the inability of the Habsburg (and Spanish) financial systems to cope with the huge burdens of the wars, rebellions, and uprisings of the sixteenth and seventeenth centuries (see Map 3.6). Coupled with this weakness, Kennedy (1988:49)

Map 3.4. Dutch Conquests in the Caribbean Region during the Seventeenth Century



Source: Geyl (1961:277).

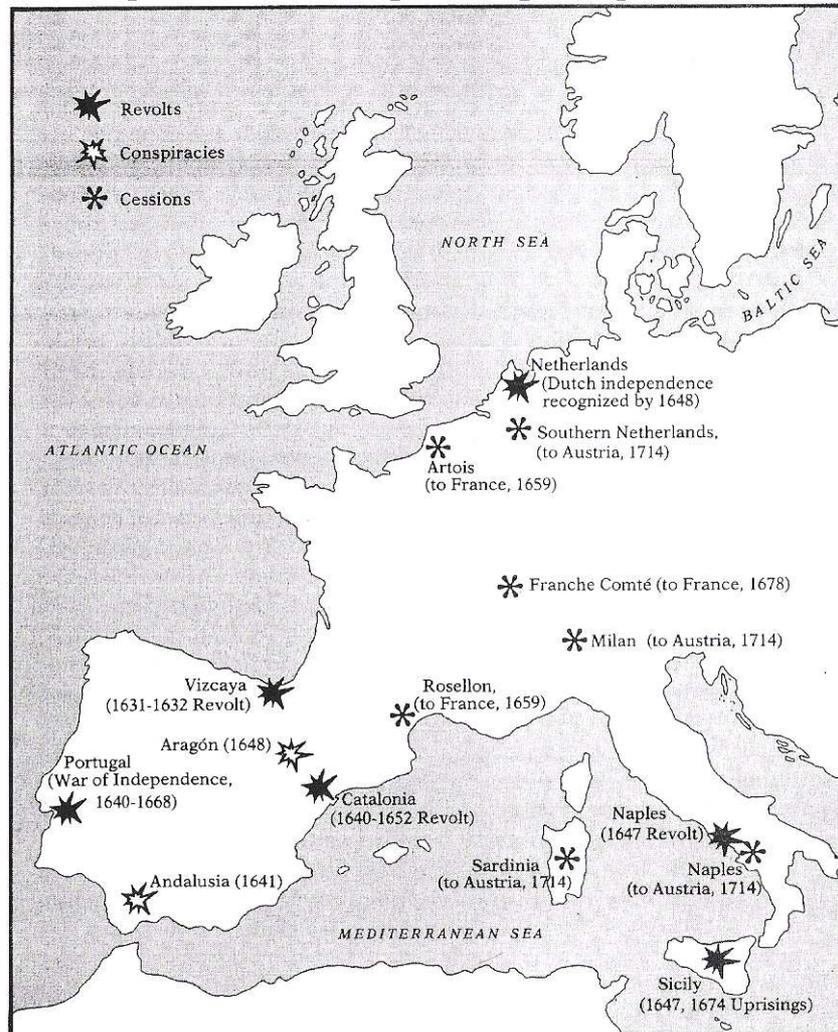
Map 3.5. Dutch Conquests and Trading Stations in the East Indies and Far East during the Seventeenth Century



Source: Geyl (1961:274-275).

observes that both the Austrian and Spanish branches of the Habsburg dynasty were confronted by simply too many enemies at once, and that the Spanish especially could be likened to “a large bear in the pit: more powerful than any of the dogs attacking it, but never able to deal with all of its opponents and growing gradually exhausted in the process.” In addition, as was witnessed with the Hague Coalition, Spain’s enemies (especially the Dutch) were aiding each other against their common foe, to which Spain could ultimately offer no answer. The Thirty Years’ War thus witnessed the first instance of what Dehio (1959:17) calls the mobilisation of a “grand coalition” under the leadership of an island power, against the common foe – the dominant land power making its bid for mastery over the Continent.

Map 3.6. The Mounting Challenges to Spanish Rule



Source: Kennedy (1988:42).

3.5 CONCLUSION

The key to Dutch ascent to hegemony during the seventeenth century lay, in part, in the observation made by Geyl (1961:161), when he remarks that as a result of the confusion of the Thirty Years’ War (and the numerous rebellions and civil wars taking place during that time), no rival government was capable of “undertaking or at least carrying through any vigorous effort at breaking the hegemony of Holland.” Indeed, the War thus clearly played a key role in allowing the United Provinces to ascend to hegemony, not only because their existence as an independent state could be traced back to the beginning of the (Eighty

Years') War, but also because they were able to capitalise on opportunities created by the War, for instance by attracting investment and by establishing a far-reaching trade network on the back of their sea power, and by supplying the needs of other European countries. As long as the Thirty Years' War raged on, no rival could seriously challenge Dutch productive, commercial, or financial dominance.

However, Dutch success can also be attributed to the hegemonic bloc that formed in the United Provinces following the rebellion against Spanish rule. Throughout the struggle with Spain, the Dutch state, comprised of the bourgeois urban élite, acted in support of Dutch merchants, bankers, producers, and companies, particularly by employing the navy in their defence. Spain, lacking an urban bourgeois or middle class, and subject to the overwhelming dominance of the royal court, which enticed any and all with money at their disposal to seek the life of a *hidalgo*, thus lacked a sizeable and influential group of vigorous individuals who devoted themselves to capitalist enterprise. Lacking such an essential foundation, Spain could unsurprisingly not compete with the Dutch in the spheres of agro-industrial production, commerce, and finance and, being semi-feudal, it found itself ill-suited to the challenges generated by the new world-economy of capitalism.

In contrast, the active zone of the world-economy was located in the United Provinces, allowing it to dominate the leading sectors of the world-economy, while the economy of Castile – the Spanish heartland – experienced a steady decline since the end of the sixteenth century. However, this imbalance by itself did not automatically mean that the United Provinces could emerge hegemonic, since the 'rules' of the new world-system still primarily reflected Spanish and Habsburg interests. The Great Power War, which for the Dutch had lasted eighty years, served to correct this fundamental disparity between material power and political influence by fatally and thoroughly undermining the weakened Spanish economy, while affording the Dutch the opportunity and space to emerge dominant in the early European world-economy. This War brought international power back into equilibrium with the distribution of military, economic, and technological capabilities (in accordance with Gilpin's arguments discussed in the previous chapter), and at Westphalia this new Dutch-dominated order was formalised, and accepted by the exhausted Spanish state.

Thus, to return to the original hypothesis of this study, as set out in the first chapter, it does indeed appear valid that Great Power War was an essential ingredient in Dutch ascent, yet it was not the only one. Without the 'material base' – the dominant capitalist economy, hegemonic bloc, geopolitical setting and so forth – as elucidated in chapter one, Dutch hegemony could not have been effected by the Great Power War, and they would likely have followed the Spanish path of ruin. As such, the inclusion of the two independent variables – the material base alongside Great Power Warfare – in the hypothesis of hegemonic ascent appears fully justified by the Dutch-Spanish case study.

Kennedy's (1988:xv) conception of "relative strengths" certainly figure into this understanding of the Dutch rise to hegemony. Had the Dutch become independent by peaceful means, in an era of peace, and had their rivals not been preoccupied with the trials of war (whether external or internal), the United Provinces would likely have faced much tougher competition from other core states, so much so that another state altogether might have become hegemon. What set the United Provinces apart however, and allowed them to flourish in the seventeenth century, was that they were a *relative* "oasis of order and peace in a troubled century" (Haley, 1972:152).

In support of this argument, one can witness that as soon as the Thirty Years' War had ended in 1648, the United Province's rivals began wittingly away its hegemony. The concentration of naval capabilities (refer to Figure 3.5 on page 86) illustrates this particularly

well. After 1648 there is a remarkable drop in Dutch naval concentration, revealing that the height of Dutch naval preponderance (and consequently hegemony) had passed. Geyl (1961:159) also observes that shortly after the end of the Thirty Years' War, the economic preponderance of the Dutch was being challenged by the English, the French, the Swedes, and the Portuguese. Although a detailed discussion of this post-Great Power War period, and the end of what Ormrod (2003:xiii) calls "*pax Neerlandica*", falls outside of the scope of this study, it nevertheless demonstrates the extent to which the Thirty Years' War facilitated the rise of Dutch hegemony.

When turning to Spain, the main military power of the sixteenth century (as was argued earlier in this chapter), the impact of relative strength is abundantly clear. While Schiller (1853:356) observes that the Dutch were busy building an Empire in the East Indies (and elsewhere) during the very war in which they were struggling for their continued existence, an anonymous Spanish councillor noted with dismay, "The War in the Netherlands has been the total ruin of this monarchy" (quoted in Kennedy, 1988:50). Responsible for this difference were the relative productive, commercial, and financial capabilities of these two states and their relative capitalist development, as well as their relative positions with regards to the other European states of the time. As such, while Spain lost its dignity, its wealth, and many of its territories during the Eighty Years' War, the Dutch gained the formal recognition of their independence, which allowed them to join the European community of sovereign states as a full member, all the while seated at the head of the table.

As recounted in this chapter, Dutch prosperity had come from the sea; it provided them with both their protection and their life-line. Ultimately however, hegemony would pass to another sea power a short distance across the Channel, namely the English/British. Eventually, England would overtake the United Provinces as the foremost maritime (and capitalist) power in the world, and establish itself as the new hegemonic state in the nineteenth century. However, the particulars of that case will not be investigated in the present study.

CHAPTER 4 CONCLUSION

4.1 INTRODUCTION

This chapter, which constitutes the final one of this study, will attempt to present a summary of the study in its entirety – including what was envisioned, how it was carried out, what results were produced, the implications and significance of those results, and possible directions for further research. First, the original motives and plan for the conduct of this study, including comments on the methodology, will be outlined, so as to ensure that the discussion presenting the findings will remain focused and relevant, thus presenting as useful an end product as possible. To that end, the background, rationale, objectives, hypothesis and scope of this study, as contained in the first chapter, will be briefly revisited.

Following this, those research questions provided in chapter one will be answered individually, thereby shedding light on the role of Great Power War in Dutch hegemonic ascent, while permitting the tentative speculation of generalisable data for future comparative studies. Once this has been done, a discussion of the theoretical insights and significance of the findings will follow. Aspects for further research will then be highlighted, after which the chapter, and the study as a whole, will be concluded.

This study was inspired by the arguments of Wallerstein (2000a:258) – the main proponent of World-Systems Analysis – and Goldstein (1988:366), that in the three instances of hegemony that can be identified in the modern world-system, the hegemony of each individual state was “secured by a thirty-year-long world war.” Consequently, this study has attempted to investigate how it can be that such world wars, or Great Power Wars, are able to secure the hegemony of one of its participants, when such conflicts are by definition “very destructive of land and population.” In order to carry out this investigation, one of the three hegemonies of the modern world-system was selected, along with its respective Great Power War. The first of the hegemonies – the United Provinces of the Netherlands – was chosen in a conscious effort to bring into clearer focus the historical experience of hegemony in the early modern world-system, given the prevailing contemporary focus on American, and to a lesser extent, British hegemony. For instance, in chapter two it was mentioned that Cox (1987:7,109) has only identified two hegemonic world orders (one British and one American), while others, particularly Wallerstein, have maintained that the United Provinces had succeeded in achieving hegemony in the seventeenth century. Given the value of the *longue durée*, this study has aimed, through its focus on Dutch hegemonic ascent, to bring the history and experiences of this early hegemony closer to the present, and it will be maintained in this chapter that this experience is indeed very relevant today, given the possibility of renewed hegemonic rivalry in the decades ahead.

Keeping in mind that, according to Wallerstein (2000a:255), ‘hegemony’ refers to a stage “in which the ongoing rivalry between the so-called ‘great powers’ is so unbalanced that one power can largely impose its rules and its wishes (at the very least by effective veto power) in the economic, political, military, diplomatic, and even cultural areas,” it was necessary to identify the underlying foundation of hegemony in the world-system so that it could be investigated *how* Great Power Wars could ‘secure’ that hegemony. Here too, Wallerstein’s (2000a:255) comments proved insightful, since he argues that the foundation “of such [hegemonic] power lies in the ability of enterprises domiciled in that power [the hegemonic state] to operate more efficiently in all *three major economic arenas* – agro-industrial production, commerce, finance” (emphasis added). From this, Wallerstein (2000a:255)

proceeds to further clarify the concept of hegemony, by arguing that a given state can be regarded as hegemonic when “the edge [of its enterprises in the three economic arenas] is so significant that allied major powers are *de facto* client states and opposed major powers feel relatively frustrated and highly defensive vis-à-vis the hegemonic power.”

As such, the point of departure of this study was that, in order to investigate how Great Power War is able to ‘secure’ hegemony, it should be identified how such a War impacts the competitiveness of the enterprises of the states in question in the three economic domains of agro-industrial production, commerce, and finance. After all, if hegemony consists of an edge in these three economic domains, and if “the winner’s economic edge is expanded by the very process of the war itself,” then it must hold that a Great Power War *positively* affects the competitiveness of the emerging hegemonic state’s enterprises in the three economic domains outlined above (Wallerstein, 2000a:261). At the same time, it must also hold that a Great Power War *negatively* affects the competitiveness of the enterprises of rival core states in the three economic domains.

As such, the hypothesis of this study, as presented in chapter one, maintained that Great Power Wars not only facilitate the rise of hegemons in the modern world-system, but they are in fact *necessary* for them to do so, since in the absence of Great Power Wars, hegemony cannot, in Wallerstein’s (2000a:258) view, be ‘secured’. In order to test this hypothesis, and Wallerstein’s (2000a:258) argument (which does not explicitly specify the causal process that leads from the independent variable – Great Power War – associated with the theory to variance in the outcomes – hegemony or defeat), a theoretical framework was presented in chapter two, after which the case study was introduced, in which the struggle for hegemony or systemic leadership between the Dutch Republic and Hapsburg Spain was investigated in depth.

However, in accordance with the method of structured, focused comparison, only *specific aspects* of the case were examined, relating to the general impact of the Great Power War on the competitiveness of the enterprises of the hegemon-rival pair (the Dutch Republic and Hapsburg Spain) with regards to the three economic domains. As such, the actual period of Dutch hegemony (i.e. hegemony itself¹²) was *not* investigated, *only* the way in which the Great Power War in question actually facilitated that state’s *ascent* to hegemony. However, in order to present a more complete picture of the impact of the Great Power War, the main rival of the Dutch for systemic leadership was also included in the discussion, and the impact of the Great Power War upon the enterprises of that rival state, with regards to the three economic domains, was also discussed, since it should logically follow that the Great Power Wars *negatively* affected Spain with regards to the economic domains (since it failed to emerge victorious – hegemonic or at the head of a system-wide world-empire – at the conclusion of the Thirty Years’ War).

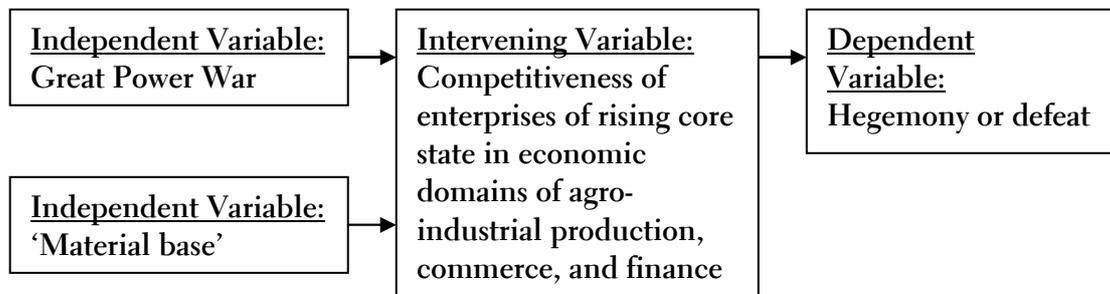
As this (qualitative) study was built around a case study from a past historical era, it necessarily follows that it was historical in nature. However, the structured, focused within-case comparative aspect of the study is yet to be presented. That then is the main responsibility of this chapter, and the method of structured, focussed comparison, as identified by George and Bennett (2004:67), and introduced in chapter one, will be applied to produce the findings presented in the next section. With regards to the detailed historical narrative of chapter three, this has been informed by what George and Bennett (2004:211) identify as that variant of process-tracing (a method that attempts to identify the intervening

¹² This explains the exclusion of sources, such as Cox (1981) and Keohane (1984), which are concerned more with the behaviour of the hegemon during its tenure, or with hegemony once already established.

causal process between an independent variable and the outcome of the dependent variable) which “converts a historical narrative into an analytical causal explanation couched in explicit theoretical forms [namely World-Systems Analysis].” As such, the explanations accompanying the case study were “deliberately selective, focusing on what are thought to be particularly important parts of an adequate or parsimonious explanation.” This was visible with regards to the emphasis that was placed on the impacts of the Great Power War on the three economic domains identified above, of both the rising hegemon and its main rival for hegemony or systemic leadership.

With regards to the structure of the study, chapter one introduced the background, rationale, research problem, hypothesis, main variables, objectives, research questions, methodology, and central concepts of the study. From the outset, it was argued, in accordance with the views of Wallerstein and Goldstein summarised above, that Great Power War constitutes the independent variable of the hypothesis, hegemony in the modern world-system the dependent variable, and the competitiveness of the particular core state’s enterprises in the three economic domains the intervening variable. However, it was also recognised that locational factors existing prior to any Great Power War, such as natural resources, geographical location (including insularity or lack thereof), social organisation including a strong state supportive of capitalist enterprise, the extent of capitalist economic development, the presence of a capitalist hegemonic bloc, and levels of technology, contribute to a state’s success or failure in such a conflict, and as such, the ‘material base’ – shorthand for these factors – was also included as an independent variable. These variables are outlined in Figure 4.1, and following the presentation of the findings of the study in the next section, it will be investigated whether this hypothesis (and the proposed variables) is indeed valid, for the case under study.

Figure 4.1. Variables of Hypothesis Presented in this Study



The second chapter of this study provided a broad theoretical framework, consisting of a discussion of three approaches to structural change (which includes hegemonic ascent) in International Relations, namely the structural realism school, the long cycle school, and the world-economy school. The main authorities of each of these schools were identified and their central arguments briefly discussed. However, the contributions of several authors, as they pertain to the understanding of the relationship between Great Power War and hegemony, but who could not be readily placed within any of the three approaches, were also presented. Later in the current chapter, the findings of the study will be discussed in light of their theoretical insights, and as such, some linkages will be made with the second chapter. These theoretical insights will also be used to aid the tentative generalisation of the data produced by the Dutch case study to the British and American cases, not included here.

The Dutch case study itself was then presented in chapter three, and was structured so that a background of the rising hegemonic state and its main rival was provided, followed by a discussion of the Great Power War and the involvement of these two states and their main allies in that War (the descriptive aspect). Since an attempt was made to generate this study's own historical evidence, the study is necessarily particularly expansive, but production of empirically richer findings than would otherwise be the case was thus made possible. After this descriptive aspect, the impact of the Great Power War upon the economic domains of the two states in question was investigated (the explanatory aspect). In the final instance, the main settlement of the Great Power War, which encrusted the hegemony of the victor, and which "included a major restructuring of the interstate system," was discussed (Wallerstein, 2000a:259).

Although the case study made use of within-case comparison (between the rising hegemon and its main rival), guided by the method of process-tracing, so that "relevant, verifiable causal stories resting in differing chains of cause-effect relations [were presented] whose efficacy can be demonstrated independently of those stories," a structured, focused comparison of the hegemon and its rival is yet to be presented (Tilly quoted in George and Bennett, 2004:205). As stated, this will be the main task of this chapter.

Moreover, the Dutch case study was selected, since it, like the British and American cases, constitutes a 'most-likely case', since the independent variable (Great Power War), as suggested by Wallerstein and Goldstein, "strongly posit[ed] an outcome," namely hegemony (George and Bennett, 2004:121). In all, this study undertook theory testing, with the goal of identifying "whether and how the scope [and] conditions of ... [the theory – world-systems theory, particularly the part of the theory relating to hegemonic succession] should be expanded or narrowed" (George and Bennett, 2004:115). At this point, with the objectives, methodology, and structure of the study having been summarised, it is possible to present and discuss the main findings. The results of the study, with regards to theory testing (and the testing of the hypothesis presented), will also be outlined in the next section.

4.2 MAIN FINDINGS

In this section, the main findings of the case study will be outlined, by way of a structured, focused comparison which, as mentioned, consists of asking several standardised, general questions – reflecting the research objective – of each of the states discussed within the case study in order to "guide and standardize data collection" (George and Bennett, 2004:67). Although these should be general questions, they are "focused" in that they are only concerned with specific aspects of the historical case under examination. The questions that will be used here were those research questions initially posed in chapter one, and at the end of each question, the relevant findings of the case study will be recounted and discussed for their possible generalisability. This will facilitate the drawing of "the explanations of each case [here the Dutch] of a particular phenomenon into a broader, more complex theory" (George and Bennett, 2004:67). At certain points, linkages to the theoretical framework will be made, although the theoretical insights presented by the findings will only be discussed in greater detail in the next section. Following the research questions, the generalised findings will be combined and used to investigate the validity of the purported Great Power War/hegemony link and the hypothesis proposed in chapter one. At this stage, the standardised, general questions will be posed, and the findings of the case study will be presented.

4.2.1 What was the eventual hegemon's position in the world-system prior to the outbreak of the Great Power War?

Initially, the Low Countries (the Seventeen Provinces of the Netherlands in their entirety) became the possession of the Habsburg dynasty in the fifteenth century, when Mary of Burgundy wed Maximilian of Austria, and their son, Philip I, inherited both the Austrian and Burgundian lands (the Low Countries constituted part of the latter). In turn, Philip I and his wife, Joan of Castile, passed their holdings on to their son, Charles V, who ruled over the vast Habsburg Empire during the sixteenth century, which included all of Spain and the Austrian territories (including the Low Countries). However, Charles V delegated the sovereignty and administration of the Austrian Habsburg lands to his brother, while he continued to personally rule over Spain, parts of Italy, and the Low Countries. Although poor in natural resources, the Low Countries nevertheless constituted one of the wealthiest and most cultured parts of the Habsburg lands, largely as a result of the concentration of trade and economic activities around Bruges and Antwerp, the leading economic centres of the emerging world-system during the sixteenth century.

From this, the important observation emerges that the territory that would later be known as the United Provinces of the Netherlands constituted a relatively small part of the Habsburg Empire during the sixteenth century, and although it lacked independence, it was already the leading site of economic dynamism (and thus the emerging lead capitalist economy) of the time. As a result of their wealth (and thus their importance to the Burgundian and Habsburg political units), the Low Countries had been granted a measure of internal autonomy since the fifteenth century, including the right of the inhabitants to have a voice in decision-making processes, protection from corrupt rule, and the right to disobey their sovereign if s/he refused to respect their traditions. When the Reformation swept across Europe during the fifteenth and sixteenth centuries, Calvinist Protestantism, largely spread by traders congregating in the Low Countries, took root in the northern provinces of the Netherlands in particular. When the orthodox Catholic Habsburgs (Charles V and in particular his son Philip II) attempted to root out this 'heretical' Calvinist doctrine by, for instance, introducing the Inquisition, and to undermine the authority of the States and States-General of the Netherlands by imposing taxes and appointing Bishops without consulting these bodies – actions that were in direct contravention of the substantial civil liberties of the Low Countries – they sparked the revolt in the Netherlands that was to lead to the Eighty Years' War of Dutch Independence (1568-1648). This would later merge into the Thirty Years' War (1618-1648), which revolved around the profound religious antagonism between German Protestants and Catholics, and which was to broaden into a general European war. As such, in order to fully account for the hegemonic ascent of the Dutch Republic, the Thirty Years' War must be placed within the broader framework of the Eighty Years' War.

From the above, five points in particular can be identified as potentially generalisable as they pertain to this particular question. First, it becomes apparent that the eventual hegemon was a core, capitalist state (the most advanced of the time), and the leading site of economic dynamism in the world-economy prior to the Great Power War. Second, it possessed a strong capitalist hegemonic bloc and, as a consequence, was a 'strong' state in the sense that coherent, sustained policies supportive of capitalist owner-producers and capitalist enterprise were pursued, often with the backing of the military power. Third, the eventual hegemon was an insular power, although given Dehio's argument that the Dutch were more

amphibious than truly insular, it can be posited that the later hegemon were insular to an even greater extent.

Fourth, the eventual hegemon was already engaged in warfare and direct, open conflict with its main rival for systemic leadership well before the Great Power War erupted. Fifth, those features of the eventual hegemon that would aid its victory in the Great Power War had already taken shape prior to that War, for instance the Dutch resistance to Spain and the emphasis of the Dutch on their navy as constituting an integral part of their defensive and offensive military strength.

4.2.2 Which state was the eventual hegemon's main rival during the War, and what was the position of that rival in the world-system prior to the outbreak of the War?

The main rival of the United Provinces of the Netherlands, not only during the Thirty Years' War, but also during their Eighty Years' War of Independence, was Habsburg Spain. Importantly, Spain was not comprised of a single political or economic unit, but was made up of various realms, including Castile, Navarre, Galicia, Catalonia, Portugal (since 1580) and Valencia. However, of these, Castile was the dominant, in that the officials of the Spanish Empire were Castilian, the mines of America belonged to Castile, the Spanish monarchy and capital were located in Castile, and Castilian finances underpinned and sustained the Spanish government and crown. However, this fractionated nature of the Spanish Empire resulted in tensions between the constituent realms, with Castile resenting its uneven financial and human burden in maintaining the Spanish Empire, while the other realms, considering themselves to be marginalised and lacking a true stake in the larger Empire, resented and resisted Castilian efforts to pass a larger share of the burden onto them.

Although Spain was the dominant power when the modern, capitalist, world-system came into being, possessing both the most powerful and advanced army and the largest navy, its Castilian economic foundations had begun to erode by the second half of the sixteenth century, and despite the Spanish navy and Armada, Spain was never a true maritime or commercial power. Instead, Orthodox Catholic Spain remained fundamentally Continental in orientation, and had succeeded in transplanting its military tradition of conquest and crusade (born of the long struggle against the Moors on the Iberian Peninsula and the Ottomans in the Mediterranean) to the New World. However, it was ill-suited to compete economically with the emerging capitalist regions of north-west Europe, and particularly the Netherlands.

Although Spain had accumulated vast wealth, not only from the bullion flowing in from its American mines, but also from taxes (generated primarily in Castile), and from its control over the two primary trading areas of Europe (the Netherlands and several Italian cities), in the sixteenth century there did not (yet) emerge within Spain itself an entrepreneurial urban bourgeoisie preoccupied with capitalist enterprise. Rather, wealthy individuals were co-opted into the aristocratic upper stratum of Spanish society known as the *hidalgos*, since manual labour and commerce were considered unfitting occupations, while nobility and luxury constituted a dominant social aspiration of the inhabitants of Castile. This, combined with the ready wealth flowing across the Atlantic in Spanish treasure ships, precluded the emergence of an influential class of industrious producers, merchants, and other individuals who could invest in and develop agriculture, industry, commerce, and financial institutions. Indeed, the large proportion of *hidalgos* in Castilian society, and the virtual absence of a bourgeoisie, meant that no capitalist hegemonic bloc could be established in Castile or

Spain, which would critically undermine Spain's ability to keep pace with Dutch advances during the Eighty Years' War.

Moreover, Spain was regarded with suspicion and distrust by its neighbours, particularly France, but also by the Papal States and some German princes, who feared that the Habsburgs were steadily encircling them on the way to establishing a 'world monarchy'. As such, during the Great Power (Thirty Years') War, Spain would not find itself lacking opponents and enemies who, like Catholic France, would readily side themselves with the Protestant United Provinces. Faced with so many enemies, Spain's military pre-eminence and economic foundation would gradually be worn down, thereby allowing the Dutch Republic considerable 'breathing space' during its eighty-year-long war with Spain.

With regards to the main rival of the eventual hegemon, five generalised findings suggest themselves. First, the continental challenger for systemic leadership was to a large extent politically and economically fractionated, thus requiring a strong (i.e. absolutist) state to bind the country together as a political and economic unit. Second, this state certainly did not encompass a capitalist hegemonic bloc that represented the capitalist class in its totality, as Castile did not even possess any significant bourgeoisie to speak of.

Third, as a result of the absence of a working capitalist hegemonic bloc, and the fractionated nature of the economic and political spheres of the continental challenger, it was not the leading site of economic dynamism in the world-economy. Other factors, such as political, religious, or racial oppression, diverted many individuals, and their talents and capital, away to states that could offer more conducive intellectual environments. This was particularly apparent in the discussion concerning the industrial domain.

Fourth, this challenger was a Continental European state, and could not expand militarily or alter the international status quo without immediately and directly impinging upon the interests of its Continental neighbours (here France is particularly important). When it did launch its bid for systemic leadership (and world-empire), it automatically faced several foes simultaneously, and was thereby exposed to attack from multiple directions, forcing great military commitments on the Continent, in turn resulting in a much weaker ability than would ultimately have been necessary to overcome the strategic advantage enjoyed by the insular power (the Dutch). Fifth, this meant that the challenger was necessarily more oriented towards the development of its army than to its navy, and since it lacked the strategical concentration of the eventual hegemon, it could never manage to overcome its insularity, backed by sea power.

4.2.3 How did the Great Power War impact the economic domain of agricultural production (and thus the position of the enterprises operating in that domain) of both the eventual hegemon and its main rival?

Given the fact that arable land was scarce in the Dutch Republic, and that its soils were not particularly suited to the production of cereals, thus meaning that the production of food from the land was vastly insufficient, the Dutch had supplemented their diet with imported food, and by fishing, since early times. Since the Dutch lands were intersected by waterways, lakes, and marshes, thus facilitating the use of water transportation, the Dutch found it relatively easy to extend their 'amphibious' lifestyle into the North Sea, where they were able make use of the large herring shoals moving between the Baltic and the North Sea. With this fishing industry becoming a veritable gold mine for the Dutch Republic, refined techniques and equipment were steadily introduced, such as the large, decked ships known as busses, which remained at sea for extended periods. As a result of their refinements, the Dutch

fishers had an edge over their competitors, and they often generated envy and contempt from other nations, particularly the English, in whose waters they regularly fished.

Meanwhile, the Dutch had harnessed their limited soils, which were well suited to the growing of industrial crops, to produce hops, flax, and hemp in particular. Coupled with further advances and refinements, such as the use of tools and heavy fertilisation, the Dutch were able to make intensive use of their limited arable land, to lead Europe in the production of crops needed by industry (particularly textiles), and while Dutch agriculture became more efficient, the agricultural techniques of their competitors (including the Spanish) stagnated. As such, the Dutch held the lead in agricultural production from the late sixteenth century, which meant that while other European states were often vulnerable to famine, especially during the Thirty Years' War, the Dutch not only produced enough food and industrial crops for their own consumption and industries, but could in fact export large quantities of both to the rest of Europe. Moreover, the Dutch also specialised in the reclamation of land from the sea, funded by an abundance of capital, generated primarily by commerce, which helped to expand the limited area available for agriculture.

In all, as Wallerstein (1980:40-41) argues, Dutch fishing and agriculture reached new heights by the early seventeenth century, since both were driven by necessity as a result of the long war with Spain, and since the state actively supported capitalist entrepreneurs given the existence of a strong Dutch capitalist hegemonic bloc. Even Dutch poldering reached a highpoint between 1600 and 1625. The argument can thus be summarised in the following manner – while the Dutch had steadily advanced both their fishing industry and their agriculture centred around industrial crops before the outbreak of their war of independence, that war (and thus the Great Power War) nevertheless stimulated further, rapid advances in Dutch fishing and agriculture, driven by the necessity to provide food security to the Dutch during a tumultuous period that eventually included general European warfare.

In contrast, the Castilian climate was ill-suited to large-scale agriculture, but was particularly accommodating to the raising of sheep. Indeed, the production of wool was the central agricultural activity in Castile, but this activity was hard hit by a decline in migratory sheep flocks and the lack of a corresponding increase in sedentary grazing in the second half of the sixteenth century. Moreover, most of the wool was shipped to north-west Europe, particularly the Netherlands, to supply the textile industry there, and this trade was severely undermined by the revolt of the Dutch and the war that followed. Lacking the capital and the capitalist stimulant to introduce significant agricultural innovation (wealth was more readily directed to acquire a title of nobility), the foundation of the Castilian, and consequently the Spanish, economy steadily declined. Indeed, manual labour on farms and estates was viewed as unsuitable activities for Castilians, while the Morisco (Moor) inhabitants of the Iberian Peninsula, many of whom laboured on such farms and estates, were expelled in the frenzy and fervour of the early 1600s.

In addition, Castilian and Spanish agriculture never managed to meet the food needs of the populace, and with the concentration of much of the population in towns and cities, driven by the search of better economic opportunities, Spain was particularly vulnerable to famine and plague. A particularly severe case of both struck Castile and Andalusia in 1599 and 1600, bringing about a decline in population and a general labour shortage, and this exacerbated the economic decline of Castile in particular.

Thus, Spain, but also most of the Great Powers of Europe, which were involved in the Great Power War at one stage or another, experienced a general stagnation in their agricultural techniques, and the War arguably disrupted agricultural production on a large

scale, including Spain, given the presence of French armies in the north, while the multiple domestic revolts taking place at the time arguably disrupted its economic activities in general. However, as will be seen with the next question, and the ones that follow, the Dutch advances in fishing and agriculture set in motion a “circular reinforcement of advantage,” either leading to, or supporting, further advances in industrial production, commerce, and finance (Wallerstein, 1980:40).

Four generalised findings may be identified as emerging from the case study. First, the eventual hegemon was a leader in agricultural innovation and in the investment of capital in agricultural production. Second, the intensive cultivation of crops made possible by capitalist investment and cutting edge implements and techniques, not to mention strong state support of capitalist enterprise, meant that the eventual hegemon possessed relatively high levels of food security, to the extent that it could export agricultural produce to sustain its allies during the Great Power War. Also, given its insularity, its farmland and infrastructure were never plundered or otherwise directly subjected to the devastation wrought by the Great Power War.

Third, the agricultural production of the continental hegemonic challenger suffered greatly as a result of the War, and for Spain, was dubious to begin with. Not only were men and money diverted away from the land during wartime, but the political support for capitalist production or processes (virtually nonexistent) fell away as more of the economy was channelled into the war effort. Additionally, this challenger was subject to the destructive effects of the Great Power War on its soil (notably the French invasion and regional uprisings in Spain). This necessarily had a negative impact on its agricultural production and on its economic infrastructure in general. Indeed, Spain also suffered the scourge of famine, which took its toll both on the civilian population and the army. Fourth, the eventual hegemon received a boost to its agricultural production during the Great Power War, through increased demand and additional political will mobilised through the wartime emergency. It also experienced greater agricultural demand, and thus profits, induced by the War.

4.2.4 How did the Great Power War impact the economic domain of industrial production (and thus the position of the enterprises operating in that domain) of both the eventual hegemon and its main rival, and what was the role of the leading sectors of the epoch?

During the period spanning the late sixteenth and early seventeenth centuries, the leading sectors of the world-economy were textile production and shipbuilding, although other industries, such as sugar refining, brewing, and munitions manufacturing were also important. With regards to textiles, the Dutch benefited from their production of industrial crops, and along with the introduction of new techniques for producing lighter types of cloth, there was a boom in Dutch textile production, while they also enjoyed an enormous advantage in the production of dyes. Meanwhile, the advances in Dutch fishing boat design and construction provided the foundation of the Dutch lead in the shipbuilding industry, and by employing a high degree of mechanisation, alongside large-scale and standardised production techniques, the Dutch shipbuilders were widely recognised as being the seventeenth-century European leaders in quality and technical progress. They not only managed to produce new ships at a lower cost than their competitors, as a result of mechanisation which included the use of cranes and wind-powered sawmills, they also pioneered the construction of an economical and efficient class of trade ship, known as the *fluyt* (fluteship).

Apart from textile production and shipbuilding, the Dutch also held advantages over their rivals in other industries, particularly in the paper industry, in book production, sugar refining, oil and soap production, brewing, tobacco curing, glass-blowing, and in diamond cutting. Given their long struggle for independence, the Dutch also developed an advanced munitions industry. During the Thirty Years' War, they would be able to profit from this industry by selling weapons to other European states, particularly (but not only) powers fighting in the Protestant camp.

Apart from their lead in industrial production, the Dutch also benefitted from the influx of Protestant refugees from other parts of Europe (particularly the Spanish or Southern Netherlands), and these refugees brought their skills, experience, and capital with them, allowing Dutch industry to advance even further. As for scientific innovation, the Dutch often took existing designs and methods and refined them to new and unmatched levels, so that, for instance, the Dutch made the most advanced clocks and watches of the time. Also, Dutch scientists made new discoveries in astronomy and biology, spurred on by the relative intellectual freedom afforded them by the Dutch Republic. During its long war with Spain, the literature and art of the Dutch Republic also experienced a golden age, like Dutch society as a whole, amid the turmoil in which the rest of Europe languished.

In all, the Dutch lead in industrial production aided their war effort, since they were able to design and construct not only trading vessels, as mentioned above, but also warships, with which they managed to gain control of the Dutch coast, helping to safeguard the United Provinces against Spanish attack from the sea. Gradually, the Dutch were able to compete more successfully at sea with the Spanish navies, until they emerged as a naval power of note (eventually *the* naval power). Moreover, the advanced Dutch munitions industry also aided the war effort, and that of their allies.

In turn, the long war with Spain, of which the Great Power War formed a smaller part, provided a substantial stimulus for Dutch industry, as the young republic not only fought for its independence from Spain while aiding its Protestant allies against the Catholic powers, but was indeed also able to take advantage of the market gaps created by the turmoil existing in the wake of the conflicts sweeping Europe. It should be noted however, that the hegemonic bloc existing within the United Provinces contributed to a large extent to its success, not only in industry, but also in commerce and finance. Since the plutocracy of the Dutch Republic was built not around a monarchy or aristocracy, but around the upper middle class urban élite that established itself after the collapse of Spanish rule in the United Provinces, and many of whom were directly involved, and profited from, the capitalist industrial and commercial ventures of the Republic, this wealthy class of capitalists was able to exert its influence through the apparatus of government, brought about by their (domestic) hegemony over other classes, to aid the enterprises of the producers, merchants, and financiers of the Republic.

In contrast, Spain's leadership was constructed around its monarchy and aristocracy, and traditional outlooks and habits, which diverted much of the funds that potentially could have driven industrial expansion and advances into the hands of the Spanish crown, either through the sale of titles of nobility, or through the sale of *juros* that allowed the wealthy to live off the fixed annuity they provided instead of investing in business or industry. Moreover, the absence of a vigorous urban middle class served to relegate Castile and greater Spain to a relatively backward economic condition characterised by the lack of incentive to drive innovation and economic improvement, while the conservative Catholic milieu and the consequences of the Inquisition constricted the freedom to innovate or to launch open scientific inquiry, and the ability to attract immigrants from other core states with skills or

capital (indeed, non-Spaniards and non-Castilians such as the Moriscos were expelled from the Iberian Peninsula altogether). As such, rather than constituting the hub of capitalist activity in the sixteenth and seventeenth centuries like the Dutch Republic, Castile and Spain remained locked in a state of semi-feudal economic backwardness. In an era of capitalism, this proved fatal to the Spanish Empire's chances to check the economic and naval expansion of the Dutch Republic, despite the comparatively tiny size of the latter, or to bring them back into the Habsburg fold.

With regards to the impact of the Great Power War on the domain of industrial production, seven generalised findings emerge. First, the eventual hegemon occupied the dominant position in the leading sectors of the era before the Great Power War erupted. Second, the eventual hegemon displayed high levels of state support for industry as a result of the hegemonic bloc existing within it, which meant that the state often interfered in the market in favour of its domestic producers, or to eliminate or impair its foreign rivals. Meanwhile, the continental challenger lacked similar levels of unified, concerted state support of capitalist enterprise.

Third, the eventual hegemon was the leader in technical progress and scientific innovation before the Great Power War. Fourth, it also experienced immigration before and during the Great Power War, often as a result of persecution and the tumults of war abroad, and many of these immigrants brought skills and capital with them, contributing to the development of industry and innovation. Also, the eventual hegemon had relatively high levels of political, social, religious, economic, and intellectual tolerance *for its time*, which not only attracted immigrants and refugees from the more absolutist states, but also proved conducive to innovation due to tolerance of open, scientific enquiry.

Fifth, the eventual hegemon experienced rapid industrial growth during the Great Power War, since it was free from enemy plundering and escaped the destruction of infrastructure and physical capital (particularly in the core province of Holland) as a result of its insularity, and since the Great Power War itself forced the full mobilisation of the productive economic strength of the state to overcome the military challenge posed by the rival state and coalition. Also, in the wake of the turmoil that spread because of the War, and the damages and disruptions caused to the industrial productivity of other core states located within the conflict zone, the insular core power was able to direct its increased productive capacity to take advantage of market gaps created by the declining productivity of other core states.

Sixth, the insular power directed its sea power to sever or impair its continental rival's access to the raw materials of the extra-European periphery of the world-system, and to the markets not immediately accessible by land. The continental challenger and its productive industrial economy were hampered by the loss or disruption of this extra-European link. For instance, Spain lost easy access to naval stores, and especially timber, which hampered ship repairs and construction.

Seventh, the continental rival suffered damage and disruption to its infrastructure and productive, physical capital, and thus emerged from the Great Power War (and domestic insurrections) with a reduced, and less competitive, productive capacity.

4.2.5 How did the Great Power War impact the economic domain of commerce (and thus the position of the enterprises operating in that domain) of both the eventual hegemon and its main rival, and how did sea power factor into the conflict?

In a continuation of the circular reinforcement of advantage, the Dutch efforts to secure timber supplies for their shipbuilding industries, mainly in the Baltic, led to the

establishment of what became known as their ‘mother trade’. In exchange for timber, the Dutch traders sold their fish and textiles, thereby setting up the large-scale and lucrative trade in bulk goods with the Baltic. Along with timber, they also imported grain, further adding to their food security, while supplementing the Dutch diet.

Since the Dutch shipbuilders were able to design and construct trading ships (the fluteships) that had low operating costs and large holds compared to the trading vessels of their rivals, they were able to rapidly expand their efficient trading operations along the coasts of Europe, and even further afield. Indeed, the low construction and operating costs of Dutch trading ships enabled Dutch shipping tonnage to exceed English, French, Portuguese, Spanish, and German tonnage combined, by the second half of the seventeenth century. Additionally, when Spain closed its ports to Dutch traders, the Dutch compensated by establishing their own trade routes with the East, thereby procuring their own spices. Meanwhile, given the presence of hostile (primarily Spanish) ships at sea, the Dutch expanded their navy to protect their oceanic life-lines, helping the English to defeat the Spanish Armada in 1588. With the capital flowing in from their trading operations, the Dutch further invested in their shipbuilding industry, allowing their navy to make rapid advances, and by 1607 they secured a key victory against the Spanish off Gibraltar, allowing them to expand their trade routes into the Mediterranean.

In contrast, although Spain was the pre-eminent naval power before the Dutch surpassed them, it was never a naval and commercial power. Rather, it was a Continental power lacking a sustained commitment to the development of the navy, with a popular absolute monarchy infused with archaic elements, while the colonies of Spain in the American periphery merely represented an extension of its “adventurous, warlike” Continental tendencies, and did not further the development of Spain’s naval and commercial power. Indeed, for much of the sixteenth century Spain did not even have an organised Atlantic navy, but when it established one in 1570, it simply continued its medieval Mediterranean tactics of ramming, boarding, and defeating its opponents in what were essentially land battles at sea. In contrast, the developing Dutch and English navies employed superior tactics and longer range cannons, allowing them to outmanoeuvre and out-class the Spanish navy.

When the Dutch began to harass the Spanish at sea in the last decades of the sixteenth century, the Spanish were forced to commit all their maritime resources to maintaining the ocean link with their American colonies, and to protect their treasure fleets. However, even here the Dutch made inroads, and they not only attacked Spanish and Portuguese shipping in the western hemisphere, but traded with the colonies there as well (much to the ire of the European rulers of those colonies). As a further consequence of their growing naval power, the Dutch also captured the colonies of other European powers (particularly Portugal), or established their own (such as Cape Town), in the periphery of the world-system, and by the end of their long struggle with Spain, they had been transformed into the world’s leading colonial power. Their growing global reach further enabled them throughout the Eighty Years’ War to raid and harass Spanish territories in the Americas and even in the Pacific, thereby diverting precious resources away from Spain to improve the defences of these outlying territories.

Part of the reason for the success of the Dutch merchants was, again, the existence of a bourgeois hegemonic bloc, whereby the state (or more accurately the ruling class) identified its own interests with that of its capitalist class. Since the narrow ruling oligarchy of the Dutch Republic indeed closely identified its own prosperity with that of the Dutch capitalist class (of which it formed part), particularly the merchants, the state afforded the capitalists

sufficient space to flourish and necessary protection by the armed forces, particularly the navy, in light of the dangers presented by the Habsburgs. Dutch traders were also on the whole more vigorous (inflamed by the 'Protestant ethic') than their counterparts in rival European states, while the War itself afforded Dutch traders the opportunity to do business with the enemies of Spain, such as the Ottomans in the Mediterranean. Again, a similar hegemonic bloc did not exist in Castile or in Spain, and commerce in general was regarded as an unfitting occupation or enterprise. As such, the Spanish state never managed to accord its merchants the necessary support or protection to compete against the Dutch in particular, and in fact, foreign merchants dominated the commercial life of Spain. The war with the Dutch also harmed Spanish naval power by depriving Spain of vital naval stores, primarily of Baltic origin, without which Spanish shipbuilding was severely hampered.

In short, through the course of the Eighty Years' War, the rapidly expanding trade of the United Provinces became the foundation of the Dutch economy, resulting in the brisk accumulation of capital, allowing the Dutch to further enhance their industries and to establish even more trade routes, while the Spanish navy, gradually worn down by the attacks of the growing Dutch (and English) navies, was forced to concentrate its main forces on the defence of its maritime communications with the Americas. This naturally also complicated the Spanish military offensive against the United Provinces, since all troops and supplies had to travel by a circuitous land route across Europe, and along the French border, to reach Flanders. Once France entered the war against Spain, the conflict shifted from one fought along a distant frontier, to one fought along Spain's own borders, adding further pressure which Spain, ultimately, was unable to withstand.

Five central points emerge from the above discussion with regards to the impact of Great Power War on commerce, and the role of sea power in such a conflict. First, the eventual hegemon could, by virtue of insularity, focus primarily on the development of its navy, and did not face the challenge of having to establish and maintain both a first class navy and a first class army. As such, and as a result of its manufacturing strength, the eventual hegemon possessed a lead in sea power over its rivals. Indeed, due to domestic natural resource shortages, the Dutch Republic established early commercial links with the periphery, which necessitated a strong merchant marine and navy. In contrast, the continental rival for systemic leadership lacked a naval or commercial tradition, not to mention sustained state support to develop its navy due to the often more immediate utility of the army and its centrality in the state's defence. For instance, despite having the largest naval capability concentration in the sixteenth century, Spain's navy used outdated tactics and the state was more continental than maritime in orientation.

Second, the insular power acquired major colonial interests (for the time) in the extra-European world, often to serve as sources of colonial produce and raw materials or markets, and it was the core state with the largest share in the wealth (natural resources and markets) of the periphery (of course, Spain had vast holdings in the periphery, but due to its weaker sea power faced disruptions in its colonial trade while the Dutch navy was preponderant). That wealth could then be channelled into the war efforts of the insular power and its allies. Also, during the Great Power War itself the damaging of rival merchant marines and navies, increased mobilisation of productive strength (particularly in shipbuilding), and resource needs, meant that the eventual hegemon expanded its commercial interests and sea power during the War. Meanwhile, the insular power also employed its preponderant sea power to impair the peripheral access of its continental rival or to rob it of its colonies (Brazil is a

notable example, recall that Portugal and Spain were unified at the time), as mentioned above.

Third, the eventual hegemon used its sea power to protect its merchant marine and advance its interests, while during the Great Power War it attacked the merchant marines of its rivals. This again contributed to the relative shift in the commercial and sea power balance in the world-system in favour of the insular power. Fourth, due to its preponderant sea power, the eventual hegemon was relatively safe from enemy attack, particularly invasion, while its rivals were not. Fifth, due to its preponderant naval power, and the virtual elimination of many of the weaker navies and merchant marines of its rivals, the eventual hegemon emerged with a monopoly on sea power at the conclusion of the Great Power War. Since sea (and more recently air) power is required for global reach, this meant that the victor was able to project its power across the world to a far greater extent than any other core power at the time.

4.2.6 How did the Great Power War impact the economic domain of finance (and thus the position of the enterprises operating in that domain) of both the eventual hegemon and its main rival?

As a result of the rapid expansion of the trading routes, and profits, of the Dutch merchants, the Dutch were able to accumulate capital more successfully than any other nation in Europe at the time, which was then reinvested in industry and trade, helping to further enhance the competitiveness of the United Provinces, and to accelerate their accumulation of capital. Since the Dutch were the foremost traders, it was natural that their currency also came to be preferred for world trade.

With the capital accumulating in the United provinces, the Dutch were able (and necessitated) to establish a sophisticated banking system, turning Amsterdam into the dominant financial centre of the world-economy of the seventeenth century. Meanwhile, the general instability brought about by the 'Thirty Years' War in Europe led many investors to direct their finances to the Dutch Republic for safekeeping, since it was regarded a relative haven of safety and stability in an age of tumults and economic shocks induced by War. Given the flow of finances centred on Amsterdam, and the establishment of a secure credit system, the Dutch government also found that it could borrow money for its war effort at comparatively low rates of interest. Thus, even though the expenses of an eighty-year-long conflict, and the subsidies granted by the Dutch to their allies, led to a rapidly growing government debt, the crucial difference between this debt, and that of other powers such as Spain, was that it remained affordable due to the government's high credit rating and the soundness of the Dutch financial system.

In contrast, the Great Power War truly undermined the Spanish in the domain of finance, more than any other, since Spain was not only the victim of a permanent economic shift in favour of the Atlantic economies, but it also failed to maintain sound economic underpinnings with which it could continue its military campaigns – campaigns often sparked by the traditional emphasis of Castile and Spain on conquest, particularly vis-à-vis the Moriscos and the Ottomans. However, the largely ad hoc financial practices of the Spanish crown, the diminishing flow of silver and particularly gold from the American mines, the financial exhaustion of the Castilian taxpayers, the resistance of realms such as Catalonia to increased taxation, and excessive borrowing, all meant that Spanish finances were unable to sustain the heavy costs of eighty years of conflict with the United Provinces and other Protestant territories, not to mention France.

Indeed, its less developed financial system and poor credit rating meant that the Spanish crown paid higher rates of interest on loans – loans it took out so often that it ended up spending the majority of its budget on interest payments, often defaulting on its debt obligations. This in turn increased the risk of lending money to the Spanish crown, driving up the rates of interest, making future repayment of loans even more difficult, while these difficulties were exacerbated by the fact that future revenues were already pledged to bankers years in advance. When this financial weakness is coupled with the fact that Spain simply faced too many enemies during the Thirty Years' War, not to mention rebellions and uprisings within its own borders, it becomes evident that despite initial appearances, Spanish power was far too tenuous to succeed in saving its war effort with the Dutch. In contrast however, the Dutch economy, based on its innovative and dynamic capitalist producers, merchants, and bankers proved too vigorous to compete with, meaning that the enterprises of the seven provinces of the Dutch Republic came, through the course of the War, to eclipse the formerly pre-eminent Spanish Empire not only in the economic spheres of agro-industrial production and commerce but, ultimately, in finance as well.

Six generalised findings can be identified here. First, the eventual hegemon had within its borders the leading city of the world-economy and thus the leading financial centre, before the outbreak of the Great Power War. Indeed, it possessed the most developed financial sector in the world at the time. This had much to do with its primacy in international trade and commerce which, as argued throughout this study, is achieved before primacy in finance. Indeed, it was clear that the world-economy's financial centre of gravity had shifted *before* the Great Power War to the state that was to emerge hegemonic *after* the War. The eventual hegemon also benefitted from an influx of capital, often being brought into the country by refugees and immigrants, prior to and during the Great Power War, since it was viewed as a haven of safety and stability due to its insularity and better developed banking and financial system.

Second, the availability of capital, and this better developed banking and financial system meant that the eventual hegemon was able to borrow money more cheaply than its continental rival, whose banking and financial system was underdeveloped and often haphazard by comparison, and which, by necessity, had to borrow large amounts of money at higher rates of interest often just to keep afloat, or to fund preparations for, and waging of, war. Since the waging of Great Power War is by its very definition extremely expensive, the difference between a stable financial system and relatively cheap loans, and a haphazard, inefficient, over-strained financial system and more costly loans, can mean the difference between victory and defeat. Moreover, since the continental rival lacked similar recourse to higher direct taxes to that of the insular power – especially on the wealthy, who were often exempt from taxation or used their political influence to evade taxes – it could not avoid taking out more expensive loans, even though it had to devote a large portion of its yearly income to interest repayments.

Third, with its access to relatively cheaper loans and a larger tax base, the eventual hegemon could not only afford to fund its own war effort with less strain than its rival, it could also afford to offer loans and subsidies to its allies, whose war efforts would either have been less fruitful or entirely absent without this source of financing. Fourth, in a circular reinforcement of advantage, the eventual hegemon could reinvest its capital, thus further improving its agro-industrial and commercial competitiveness.

Fifth, the use of plunder or taxation of occupied territories by the continental rival meant that those regions (especially the Southern Netherlands), often including core areas, were

left relatively impoverished by the Great Power War. This also applies to the rival itself, which exhausted its economy in its failed bid for hegemony and eventually world-empire. Sixth, the commercial and financial preponderance of the eventual hegemon meant that its currency steadily became the preferred and leading monetary unit in the world-economy. During its hegemonic tenure, this would further extend its influence over its competitors in the core.

4.2.7 How did the material base – i.e. locational factors (geopolitical setting and natural resources), and the relative strength of the capitalist economy and state – of the eventual hegemon compare to its main rival, and what effects did these have upon the War efforts of each?

With regards to Dutch geopolitics, there can be no doubt that the presence of numerous waterways conferred a splendid natural advantage in terms of defence against the Spanish onslaughts. Although the Dutch Republic was, and is, strictly speaking, a Continental European state, the fact that large portions of its territory, particularly the provinces of Holland and Zeeland, were more accessible by sea than by land, offered it many of the advantages of insularity enjoyed by full island states. Once the Dutch managed to gain control over the local seas, they were able to prevent the Spanish from attacking them along their coast, while their numerous waterways made it exceedingly difficult for Spanish troops to make rapid advances on land, allowing the Dutch to fortify their position, and then to strike at the Spanish advancing along the inland waterways.

Although the Dutch never invaded the Iberian peninsula, Spain nevertheless eventually had to contend with a hostile France along its northern border, while the Habsburg Empire as a whole, with holdings scattered all over Europe, including Austria, Italy, and the Spanish (southern) Netherlands, was exposed to attack from multiple directions, forcing great military commitments purely for defensive purposes, resulting in the availability of a much smaller offensive force than would ultimately have been necessary to overcome the strategic advantage enjoyed by the Dutch Republic. Moreover, with so many military commitments necessitated by considerations of defence, not to mention Hapsburg participation in the Thirty Years' War in Germany, it is little wonder that Spanish finances, and for that matter ordinary Spanish citizens, were taxed beyond their limits, ultimately undermining the ability of Spain to defeat the recalcitrant northern Dutch provinces which, in direct contrast, proved remarkably successful at accumulating capital, and establishing a thriving capitalist economy (and in fact *the* leading capitalist economy) during eighty years of warfare with an initially much more powerful foe. As discussed before, much of this success in the accumulation of capital was the result of a bourgeois hegemonic bloc, which was dominated by the upper middle class urban élite, and which meant that state support was forthcoming to Dutch ventures, especially when threatened by Spain. Spain, on the other hand, lacked such a capitalist hegemonic bloc, and the concomitant state support of (nearly nonexistent) capitalist enterprises.

It should also be mentioned however, that the lack of abundant natural resources did not hamper the economic development of the Dutch Republic but rather, poor resources spurred innovation to compensate and generate wealth with which to wage war. Central to this effort was the Dutch Republic's location along the Atlantic coast of north-western Europe, and its proximity to the Baltic, the English Channel, the North Sea, Scandinavia, and the north and west of France, not to mention the presence of navigable rivers leading into the hinterland of Germany, which all meant that the Dutch Republic was ideally situated for it to become the centre of international trade networks, allowing it to obviate its

own resource shortages via imports of raw materials, while it could export manufactures, particularly textiles, but also other goods, including refined sugar, armaments, and even ships, to its trading partners.

Spain on the other hand found that the naval activities of its numerous enemies, including the Dutch, French, and Ottomans meant that its maritime communications were much more vulnerable than it could cope with, which resulted in the deployment of the bulk of its navy along the trading routes with its American colonies, since its poor financial state meant that it was highly dependent upon the continued importation of bullion from the western hemisphere. However, as the Dutch navy grew in strength and confidence, it started harassing the Spanish along this vital life-line, even managing to capture the Spanish treasure fleet in 1628 in a spectacular coup against Spain. The abundance of Spanish and Portuguese territories to raid, harass, and capture also provided the Dutch with opportunities to divert much of the wealth of these territories away from Spain, and into local defence.

In short, while the Spanish and the wider Hapsburg Empire were increasingly vulnerable as the Thirty Years' War proliferated and as numerous allies, including Sweden, Denmark, Norway, and England joined the Dutch camp, and while its economy was straining under the burdens of the War, the Dutch occupied a much more favourable and strategically defensible geopolitical setting, while their vast trade network, their thriving capitalist economy and vigorous capitalists, along with their rapid accumulation of capital, meant that the Dutch Republic, unbound by tradition, not only survived, but indeed thrived upon the Great Power War of the seventeenth century.

Four particular points emerge that constitute the generalised findings relating to the material base independent variable of the hypothesis proposed in this study. First, the contender that emerged hegemonic from the Great Power War was, by virtue of geography, (primarily) insular and could afford to focus on the development of a first-rate navy without hampering its defence. It could also use this sea power to defend its commerce, and access the resources of the periphery, while restricting the access of its more continentally oriented rival. Since it was also physically separated from the fighting, it was also able to escape direct damage and disruption to its economy. Second, the hegemonic contender that eventually lost during the Great Power War was a continental state, that is, it was by virtue of geography more preoccupied with matters in or around its own border regions and it was thus far more vulnerable to attack during wartime (and less able to suppress domestic insurgents).

Third, the continental rival could not attempt to alter or maintain the prevailing hierarchy of prestige (the international political status quo) in its favour given the new hierarchy of economic and military power resulting from the rise of the Dutch as a hegemonic contender, and any efforts on the part of Spain to make alterations to the hierarchy of prestige directly impinged upon its neighbours (often militarily powerful in themselves, such as France), thereby eliciting their resistance to the continental state's attempt to change the status quo (which often favoured the militarily powerful neighbours). In contrast, given the insularity and sea power of the eventual hegemon, it could expand onto the world stage without impinging upon the direct interests and survival of the other core and semi-peripheral powers, although this is not to say that colonial wars did not occur. However, the threat posed by the expansion abroad of the insular power was less immediate than that posed by the expansion of the continental power, since the latter mainly occurred at the direct expense of the other core and semi-peripheral powers of the world-system.

Fourth, and as mentioned elsewhere as well, the eventual hegemon was the leading capitalist economy already before the outbreak of the Great Power War, and had a strong state in the sense that coherent, sustained support was extended to capitalist owner-producers in general, often at the cost of rival foreign owner-producers. Meanwhile, the defeated hegemonic contender had a strong state in the sense that it was absolutist and authoritarian, a development necessitated by the fractionated economic and political character of the country. However, this absolutist state often operated against, or implemented policies unfavourable to, capitalist owner-producers in general, since those actions and policies were directed at maintaining the internal cohesion of the country at all costs. The strongest and most dynamic capitalist economy was therefore to be found in the insular power.

4.2.8 What were the major consequences of the Great Power War, and how did the hegemon restructure the interstate system at the conclusion of the conflict, in other words, how did it secure its hegemony, and what was the settlement through which it do so?

Apart from the explosion of religious antagonisms, the devastation and turmoil wrought in large parts of Europe, and the eventual decline of the Habsburg dynasty, the Thirty Years' War brought about lasting changes in the world-system, by way of the Peace of Westphalia of 1648. For instance, the settlement of the Thirty Years' War formalised the victory of the sovereign territorial state over other forms of political organisation, while at the same time, it represented a permanent departure from the Habsburg model of hereditary lands. Moreover, Westphalia restructured international relations on the principle of a balance of power, since the establishment of a Habsburg 'world monarchy' had, for a time, appeared to be a distinct possibility, so that henceforth, this threat of world monarchies or world-empires would be countered by an attempt to rebalance power in the international system through a coalition of states, should another single state become disproportionately preponderant and threaten the existence of all others (as happened twice subsequently). This is the root of what Dehio (1962) calls "the precarious balance" – the balance between the creation of a world monarchy or world-empire, and the preservation of the international system of states.

Additionally, Westphalia represented the victory of the coalition of northern, Atlantic states which defeated the Habsburgs, and thus helped to solidify the shift in the world-economy away from their Mediterranean counterparts. The rise of the sovereign state as the accepted form of political organisation also witnessed the centralisation of political and military authority within those states, along with increased governmental powers and methods of state taxation. With the costs of wars, and particularly Great Power Wars, continuing to spiral upward as the centuries passed, the ability of states to secure greater sources of revenue became a decisive factor in the outcome of such conflicts, as the financial (and thus military) failure of Habsburg Spain had demonstrated. With the Peace of Westphalia, the trend was also set into motion whereby affairs of state and religion would increasingly become separated (at least in the core), with the emergence of a distinct *raison d'état*, no longer dominated by religious concerns.

In all, the Thirty Years' War, and the Peace of Westphalia, had set the interstate system upon its modern course, while the Dutch managed to secure their hegemony not only through Spain's recognition of their independence, but also through the triumph of their form of political organisation – not only had they broken away from their status as a territory that was passed on between ruling families, they also established themselves as a modern republic – and of their Atlantic, commercial orientation. In the process, the Dutch had become the preeminent colonial power, and could thus derive the most benefit from the exploitation of the periphery of the world-system at the time. Spain, on the other hand, was

set upon a course of steady decline, until it eventually bore only the slightest semblance of the global power it once was.

With regards to the settlements and consequences of the Great Power War, three main generalised findings emerge. First, the state that emerged victorious from the struggle for systemic leadership restructured the interstate system at the conclusion of the Great Power War. That restructuring was advantageous to the new hegemon, and reflected its interests. For instance, the sovereign territorial state became the dominant and accepted form of political organisation, while the Habsburg model of hereditary lands was steadily undermined.

Second, the contender for systemic leadership that lost the Great Power War was enfeebled as a result of the conflict, although for Spain this enfeeblement was less the result of formal impositions by the Dutch, and more a case of domestic revolt, such as the secession of Portugal (which could not be countered while Spain was facing several foreign opponents simultaneously). As such, one of the two rivals for systemic leadership emerged from the Great Power War defeated and unable to economically or militarily challenge the hegemony of the victor, which thus enjoyed preponderance in the world-system, at least until the core as a whole could recover from the War (and related tumults, such as civil wars) and diminish the lead of the hegemonic state's enterprises in agro-industrial production, commerce, and finance.

Third, at the end of the Great Power War, the victor ensured that its enterprises and their products would have unimpeded access to foreign markets and thus became a proponent of free(r) trade. This was evident in the termination of the Spanish embargo on Dutch imports for instance. Of course, this removal of barriers to the free flow of goods and capital perfectly suited the hegemonic power since its enterprises were the most competitive, even in the markets of other core states.

4.2.9 Summary of findings

In the various sections above, it was attempted to summarise the findings of the case study undertaken in the previous chapter, in light of eight general questions that probe specific aspects of the relationship between Great Power War and hegemonic ascent. This was done so that each question might illuminate the manner in which Great Power War affected the two main contenders for hegemony at the time, possibly revealing general features common to all instances of hegemonic ascent in the modern world-system, which can in future be amalgamated into a theory or 'covering law' that helps to specify the causal relation between the variables proposed in chapter one of this study, and summarised earlier in this chapter. This section is tasked with this amalgamation of the findings, so that the causal process between the independent variables and the dependent variable can be clarified. Once this has been done, it will be possible to scrutinise the validity of the proposed hypothesis, and to ultimately revisit the claim presented by scholars such as Wallerstein, that hegemony can only come about, or be secured, through a Great Power War.

From the generalised findings presented in the sections above, a number of general observations can be made concerning the two main contenders for hegemony before, during, and after the Great Power War of this early era of the modern world-system. These can be listed as follows:

1. The main contenders for systemic leadership were the leading capitalist core state of the world-system and the leading military power.

2. One of these main contenders for systemic leadership was to some extent an 'island' or insular state, physically separated by geographical features (primarily rivers) from the remainder of the core and semi-periphery, and any fighting taking place there.

3. The other main contender for systemic leadership (primarily via a world-empire), was a continental state sharing long boundaries with other core or semi-peripheral states. Also, in one of its main oceanic areas of operation, the Mediterranean, it faced the opposition of the Ottomans.

4. The 'island' or insular contender achieved internal economic and political cohesion long before the Great Power War with its main rival broke out (although the United Provinces was not yet recognised as independent by Spain). This was facilitated by a relatively small geographical size and the presence of interior waterways binding the national economy and political unit together. For instance, the United Provinces were geographically miniscule compared to the major western European states at the time, and had the benefit of an extensive network of internal waterways facilitating transport and communications.

5. The insular contender had a (relatively) representative regime (for the middle and upper capitalist classes), in which the capitalist class was internally dominant or hegemonic, using the state to implement policies favourable to capitalist enterprise (often mercantilist policies) and to intervene in the market in favour of domestic owner-producers. This also often meant employing the state's military power to protect the interests of domestic capitalists and/or to harm the ability of foreign capitalists to compete and the ability of their governments to interfere in the market in their favour. Meanwhile, the state would benefit from the support it extended to capitalist enterprise since a growing and dynamic economy meant that more financial resources (through taxation for instance) would be available for the state to expand its power (particularly military power) vis-à-vis other states. Thus, within the insular contender there was a close and reciprocal relationship between the state (which was 'strong' in its support of capitalist enterprise) and business. The insular contender thus possessed the most dynamic and thriving capitalist economy at the time, with all the concomitant capitalist advantages.

6. The continental contender was politically, socially, and economically fragmented or fractionated to some extent due to its heterogeneous geography and it experienced difficulties in its process of territorial consolidation. Indeed, in the continental contender, the outlying regions were only incorporated and bound to the political unit through a strong, i.e. absolutist, government. Although these outlying regions were politically incorporated into the state, they maintained divergent economic vectors, often vigorously defending these in the face of demands emanating from the political centre. Also, in the continental contender these outlying regions faced some sort of political discrimination or exclusion, while the centre – Castile – maintained some sort of political and economic privilege.

7. This meant that the continental contender maintained an absolutist and exclusionary regime, which served to maintain the dominance of the centre over the outlying regions. As part of this system of government, powerful groups (often the traditional agrarian aristocracy) serving the interests of the centre, and indeed influencing the policies of the state, were afforded some sort of social privilege, such as exemption from direct taxation. This meant that even though these powerful groups might have aided capitalist enterprise, they used their influence to create state

policies perpetuating their socially privileged status, often against the interests of the wider capitalist class. Thus, the capitalist class as a whole cannot be considered to have been dominant or hegemonic within the continental contender, and coupled with the lack of a more representative government, the support that this state extended to its (very few) capitalist owner-producers was neither consistent nor as extensive as in the insular contender. Accordingly, capitalist enterprises in the continental contender were comparatively less competitive in the market, while the state had access to a reduced tax base, and thus less solid financial underpinnings (in spite of, or rather partly *because of*, the gold and silver windfall of the American mines).

8. The insular and continental rivals for systemic leadership were already in open political or economic conflict well before the Great Power War itself erupted. Indeed, this conflict already erupted into war (or a series of wars) before the decisive Great Power War began. As such, it was clear who the two main contenders for hegemony or systemic leadership were well before the Great Power War erupted, and the growing antagonism between them came to be a dominant force in international relations at the time.

9. The continental contender for systemic leadership, as a result of its geographical features, automatically impinged upon the interests of the other core or major semi-peripheral states as it attempted to expand its political and military power. The continental contender thus aroused the suspicions and fears of its neighbours, since it had attempted at various times before the Great Power War to expand its territory through conquest and inheritance. As such, France, the Papal States, and many of the German princes were particularly distrustful and wary of Spain. This meant that during a general or Great Power War, the continental contender would face an array of enemies, who could be enticed by the subsidies or loans of the less threatening insular power, and the continental contender would thus automatically be much more strategically vulnerable. Its numerous foes also meant that the military and economic resources of this contender would be divided and stretched during the conflict, thus diminishing its ability to overcome the strategic advantage enjoyed by insular power.

10. As a result of other states being drawn into the fight against the continental contender, its war effort was unavoidably converted into an overt quest for world-empire rather than hegemony in the course of the Great Power War. This explains fears of Hapsburg 'universal monarchy' that were so widespread at the time.

11. Given the fact that the insular contender was separated by water barriers from the other core states and from the majority of the semi-periphery and periphery of the world-system, it was necessarily oriented more towards maritime or sea power, and it could and did use sea power as its primary means of defence, and its transportation and communications links with the core, semi-periphery, and periphery were necessarily maritime in nature. As such, this contender could afford to neglect its army in favour of the development of a first-rate navy, and was thus afforded by geography the luxury of strategic concentration.

12. In contrast, the continental contender necessarily awarded pride of place to the development of its army, since it was instrumental in establishing and maintaining internal political cohesion, and to expand territorially at the expense of neighbouring states. These armies were also the only defence against the advances of neighbouring core and semi-peripheral states. This meant that the continental

contender lacked a true maritime and commercial orientation, even though this did not preclude it from *intermittently* attempting to establish a powerful navy. However, since it was never in a position to establish a first-rate army *and* a first-rate navy, its government oscillated between the two, and thus was unable to foster the skilled manpower needed for a first-rate navy to function. Given the more immediate utility of the army and its role in the defence of the state, its development always trumped that of the navy.

13. The sustained drive on the part of the insular contender to develop a first-rate navy meant that this state could acquire a major share in the political and economic control of the periphery, and could threaten and disrupt the control of its enemies, thus having access to its resources and markets. During wartime however, the insular state could use its navy to sever (or at least weaken) the more tenuous maritime links of the continental contender with the extra-European world-system, and not only expand there at continental state's expense, but also deprive it of resource (or bullion) imports. This would particularly impact the commercial domain, but agriculture and industry would also suffer, since the continental state had reliable recourse only to resources and markets that were located nearby and could be reached by land. Given the destruction and diversion of productive industrial capacity away from shipbuilding during the Great Power War, not only in the continental contender but also in those core and semi-peripheral states directly affected by the conflict, the insular power emerged from the War with overwhelming naval preponderance, amounting to a near monopoly of sea power. This then allowed it to exercise the global reach required by hegemony and systemic leadership while it continued to advance its commercial interests.

14. The insular contender for hegemony was a leader in agricultural production before the Great Power War, with large amounts of capital invested in agricultural production, allowing the use of new labour saving implements. The insular contender also made use of intensive cultivation of crops, and supplemented the national diet with fish, and it consequently had relatively high levels of food security. Its continental rival was hampered by a lesser degree of state support of capitalist agricultural producers, while the Spanish terrain was generally unsuitable for large-scale crop cultivation. During the Great Power War, the continental contender further experienced a decline in its agricultural competitiveness, by diverting men and money to the war effort, and importantly, by experiencing the destructive effects of the War (and the insurrections it fanned) on its soil. This would devastate crops and infrastructure, in addition to the disruption of the normal functioning of the economy by the War, thus leading to a decline of agricultural competitiveness vis-à-vis the insular contender. This would also lead to food shortages and famine, thus weakening the morale and health of the civilian and military populations alike. However, given the dominant sea power of the insular contender, the continental contender could not import large amounts of food from overseas producers to make up for the domestic shortfall. Importantly, all core, semi-peripheral, and peripheral states experiencing significant fighting on their soil during the Great Power War would also be vulnerable to a similar decline in agricultural competitiveness and food security (such as the Southern Netherlands), and as such, the insular contender would not only be able to better feed its population and troops, but would thus also emerge from the War with its agricultural producers dominant over their foreign competitors.

15. The insular contender had a dominant share in the leading sectors of the era before the Great Power War broke out, and it was thus the leading industrial power of the core. The support of the state was crucial in attaining this dominant share in leading sectors, as was access to the requisite industrial resources either at home or abroad. Spain in contrast not only lacked a sizable modern industrial sector, but its few industrial owner-producers did not enjoy the same level of state support as their insular counterparts. During the Great Power War, by severing or disrupting access to extra-European resources, particularly bullion with which the Spanish financed their war effort, the insular contender could damage the industrial economies of its rival, while the fighting taking place within the borders of this rival damaged and diminished their productive industrial capacities. Meanwhile, the industrial production of the insular power was fully mobilised during its war effort, and wholly escaped the destructive effects of the Great Power War raging further afield. Moreover, since the insular contender had a relatively representative regime (and was relatively tolerant and open for its time), and was removed from fighting in the core (before and during the Great Power War), it attracted immigrants and refugees not only from the semi-periphery and periphery, but also the core, and these latter immigrants often brought capital or skills with them which further augmented the industrial growth of the insular contender. The insular contender was also a leader in scientific innovation and technical progress, due to its receptive intellectual, spiritual (especially in terms of the 'Protestant ethic'), economic, and political environment, and supportive state policies. In all, the insular contender emerged from the Great Power War with enlarged shares in the leading sectors of the time, and with more competitive and dynamic industrial sectors vis-à-vis the rest of the core.

16. Given the absence of large groups enjoying tax exemption, the capital flowing in from its commercial endeavours, foreign investment, its outward economic orientation, and the public confidence elicited by its representative regime, the insular contender possessed better developed financial and banking sectors than its continental rival before the Great Power War. Its continental rival, given the exemption of large groups of wealthy individuals from taxation, was more inclined to borrow money at higher rates of interest and to mortgage future sources of income to meet the extraordinary financial demands of warfare, and especially Great Power Warfare, while the insular contender successfully leveraged more funds from the public while having recourse to loans with lower interest rates due to the public confidence in its better developed financial sectors and state financial practices. This meant that the financial foundations of the war effort of the continental contender were far more precarious than those of its insular rival, often necessitating plundering and predatory warfare to supplement its funds (here the plundering of the peripheral American colonies is an excellent example). However, this was never sufficient, and the Great Power War as a whole thus served to relatively impoverish the continental contender *and* the states directly affected by occupation and conquest (particularly the Southern Netherlands), thereby facilitating the financial dominance of the insular state after the War. The insular contender could also more readily afford to supplement its allies' war chests with subsidies or loans, or to entice new allies to join the fight against the continental conqueror. Its financial infrastructure and the reach and dominance of its trading networks also meant that the currency of the insular contender came to be preferred above all others, and came to dominate the financial markets of the world-economy after the Great Power War.

17. By way of the settlement of the Great Power War, the victorious insular contender encrusted its new dominance in the interstate system through the creation of policies and institutions reflecting its interest. For instance, it supported the creation of some sort of balance of power mechanism at the conclusion of the Great Power War, which served to maintain the balance existing in the core at the moment of the hegemon's victory. However, that balance did not apply to the economic or extra-core spheres, where the new hegemon could expand its interests and influence at leisure. Apart from its reduced economic competitiveness, the losing contender was also enfeebled, primarily through internal divisions (such as the secession of Portugal). The defeat of its primary rival for hegemony, the exhaustion and devastation of much of the core and semi-periphery, and the full mobilisation of its productive economic strength during the conflict meant that the insular contender enjoyed unrivalled preponderance in the three economic domains, and in international relations and military affairs. In short, by way of the Great Power War, it had become hegemonic.

The seventeen points above, representing the generalised findings of this study, unequivocally support those claims of Wallerstein (2000a:258) and Goldstein (1988:366) – which inspired this study – that Great Power War plays a central and fundamental role in the creation of hegemonic power in the modern world-system, *at least in terms of the Dutch case*. Moreover, the findings of the case study conducted in chapter three strongly validate the hypothesis and variables suggested in chapter one. Indeed, even though the eventual hegemon was a core state with the leading capitalist economy of its time, which was established through strong and consistently favourable government support of capitalist owner-producers based on the domestic hegemony of the capitalist class, it was the Great Power War and the military actions taken during that War that finally and decisively increased the lead of the insular contender to hegemonic proportions, through the full mobilisation of its economy and the concomitant economic and military *weakening* of rival core states, particularly (*but not only*) the main continental contender for hegemony.

As such, in terms of *tentative* generalisations,¹³ the findings suggest that those states are most likely to emerge hegemonic from a Great Power War where: (1) the capitalist class as a whole is dominant over the other classes; (2) the state is unequivocally and consistently willing to interfere in the market in favour of its capitalist owner-producers; (3) the economic, political, and social spheres of the state are not significantly fragmented, which would require an absolutist regime to ensure the cohesion of the state; (4) significant groups, such as the aristocracy, are not exempt from taxation or enjoy social and political privileges that are at odds with capitalist development and that they use their political influence to preserve; (5) the development of the tools of global reach, notably the navy and air force, is favoured above that of the army; (6) the state has relatively secure and uninterrupted access to food imports and those raw materials needed by domestic industry that are located in the semi-periphery and periphery; (7) agricultural production is capital intensive and highly modernised, and there is a large degree of food security; (8) the state has a dominant share in the leading sectors of the time; (9) the state has a well-developed financial system and recourse to comparatively cheaper loans than its rivals; and (10) importantly, the state is separated by a physical barrier from the greatest concentration of core and semi-peripheral

¹³ Tentative until a single study can *comparatively* investigate the role played by Great Power War in hegemonic ascent in the modern world-system.

states where the boundary between the two coalitions is likely to lie, and where the fighting in any Great Power War is likely to be fiercest.

Although all the above are important ingredients in the creation of hegemony in the modern world-system, the last is particularly significant, since a highly developed capitalist economy is less effective and less *competitive* when disturbed and damaged by total warfare on the scale of a Great Power War.¹⁴ However, continued access to semi-peripheral and peripheral resources is also important, since no capitalist economy can fully function during wartime without the necessary resources. From the above, it also follows that the hegemonic contenders without these features are most likely to be defeated during a Great Power War. Although these findings strictly only pertain to the Dutch case in this study, I have argued elsewhere¹⁵ that they are also valid in the British and American cases. The findings presented here should nevertheless be sufficiently generalisable to provide future researchers with a starting point when attempting to investigate possible hegemonic rivalry in the current century.

Based on this, the following understanding of the causal process between Great Power War and hegemony can be arrived at: first comes a thriving capitalist economy, then a Great Power War provides the opportunity to consolidate that capitalist economy and to establish its dominance over the capitalist economies of rival states, by forcing its full mobilisation during the conflict and by damaging and weakening the capitalist economies of rival core states. However, a strong, even thriving, capitalist economy does not ensure victory during a Great Power War, hence the state must also possess the requisite ‘material base’, which includes favourable geographical features, most notably a barrier to the movement of belligerent armies across its territory, the domestic hegemony of the capitalist class and the presence of a strong (i.e. supportive) state, a relatively open environment conducive to scientific enquiry and innovation, an ethic of hard work and the taking of personal initiative and risk (whether such an ethic be religious or not), unimpeded access to strategic resources, and a dominant share in those capitalist advantages and leading sectors that will directly impact upon the waging of warfare (such as shipbuilding). Indeed, this causal sequence is reminiscent of Sun Tzu’s (1988:91) maxim, recorded more than 2,000 years ago, that “a victorious army first wins and then seeks battle; a defeated army first battles and then seeks victory.” Another of Sun Tzu’s observations is also relevant, particularly in reference to the fate of the continental hegemonic contenders identified in this study:

When you do battle, even if you are winning, if you continue for a long time it will dull your forces and blunt your edge; if you besiege a citadel, your strength will be exhausted. If you keep your armies out in the field for a long time, your supplies will be insufficient. ... When your forces are dulled, your edge is blunted, your strength is exhausted, and your supplies are gone, then others will take advantage of your debility and rise up. Then even if you have wise advisers you cannot make things turn out well in the end (1988:57-58).

The causal sequence suggested above thus reveals the necessity of including both independent variables (Great Power War, and the requisite ‘material base’) in the hypothesis proposed in this study. Indeed, both these independent variables are needed to set the causal chain that culminates in hegemony in motion, and both have high causal power since the

¹⁴ Of course, the contemporary existence of nuclear and other weapons of mass destruction make it doubtful that one can still speak of insularity, *unless* more effective means are developed to counter at least the bulk of these weapons during wartime, such as space-based anti-missile defences.

¹⁵ Again, the reader may access my work on British and American hegemonic ascent at <http://andresiebrits.weebly.com/works1.html>

material base, particularly a physical barrier between one contender for hegemony and the major battlefields, plus strong, concerted, committed, and sustained state support of economic enterprises, provides the initial foundation of hegemonic ascent, while Great Power War provides the final edge to those economic enterprises, primarily by way of damaging and disrupting the economies of the majority of participating core and semi-peripheral states, except that of the insular contender. This latter point is supported by the observation that hegemony was only possible while other core states were economically and competitively hampered and preoccupied with post-War reconstruction, and were thus not actively striving to catch up with, and undermine, the hegemon's lead in the agro-industrial, commercial, and financial domains, or its dominance in sea power.

Having thus presented the findings of the study, which validate the proposed hypothesis that Great Power War plays a necessary and central role, in concert with an advantageous 'material base', in establishing hegemony in the modern world-system (in the context of the Dutch case) the significance and theoretical insights of these findings can be discussed. This will be done in the following section, after which possible directions for future research will be provided, and the study as a whole concluded.

4.3 SIGNIFICANCE AND THEORETICAL INSIGHTS OF FINDINGS

In this section, the significance of the findings discussed in the previous section will be highlighted, and where noteworthy theoretical insights result from links between the findings and the literature utilised in this study, as expounded in chapter two, these will be revealed. Also, the existing literature on the subject of war and hegemony will help to further reveal how the findings presented above can be tentatively generalised, despite the absence of a comparative discussion of British and American hegemonic ascent.

Firstly, in broad terms, the findings of this study demonstrate the significance of utilising a multidisciplinary historical social scientific approach in investigating large-scale and long-term social change, as advocated by Wallerstein (2000b). Since it is highly unlikely that a complex phenomenon such as the relationship between Great Power War and hegemony can be fully understood from a narrow, ahistorical perspective on International Relations, particularly if that perspective is limited to Political Science alone, any social scientist attempting to arrive at a more comprehensive conception of this relationship is necessarily required to undertake research that explicitly includes an awareness of the *longue durée*, and that eschews those artificial boundaries between social scientific 'disciplines'. Indeed, even though such research is likely to produce a particularly expansive study, as has been the case here, it is also more likely to produce not only empirically richer findings, but also findings that lend themselves more readily to open scrutiny. In this, the groundbreaking three volumes of Wallerstein's *The Modern World-System* may serve as worthy models for emulation by serious social scientists from all 'disciplines'.

Secondly, by not relying exclusively on the contributions of the world-economy school to the understanding of the Great Power War/hegemony link, and by explicitly seeking to incorporate insights from a variety of scholars, not only from the structural realism and long cycle schools, but from more disparate orientations, it was attempted to produce findings that may advance the knowledge of this specific question in more general terms, and also to guard against over-reliance on one perspective or scholars from a specific academic background. This is also in keeping with the goal of undertaking multidisciplinary research that builds upon the insights and contributions of social scientists from a variety of 'disciplines'. With regards to the general advancement of knowledge, relating to the topic of this study, it is possible to (briefly) relate the findings of this study to the literature presented

in chapter two by regarding some of the main arguments of each of the authors that relate to the Great Power War/hegemony question, in turn.

Beginning with the structural realism school and with Gilpin in particular, the findings of this study reflect the argument that the interstate system, as an institution, reflects the interests of its most powerful members. This was particularly evident in the manner in which the new Dutch hegemon encrusted its dominant position in the interstate system by way of the settlement to the Thirty Years' War. Gilpin's argument that hegemonic wars sprout from the disequilibrium between the growing power of some states, and the declining power of others (whose interests the interstate system still reflect), also appears valid and has been observed in terms of the Dutch historical case study. This is also one of the most pertinent points that one can tentatively speculate is also true in the British and American cases, and even today, with the growing economic and military power of states such as China, India, and Brazil, while the composition of the interstate system and major Intergovernmental Organisations still reflect the vested interests of the United States in particular. Based on Gilpin's argument, one can posit that unless the hierarchy of prestige existing today is rapidly brought into alignment with the new and changing underlying hierarchy of power, the risk and threat of hegemonic or Great Power War may indeed grow in the coming decades. However, as happened in the past, the unwillingness of the main beneficiaries of the current (Western-oriented) hierarchy of prestige to surrender their privileged position in terms of systemic leadership may well be a strong contributing factor to a future Great Power War.

It can also be argued, given the historical time-period investigated in this study, that the fundamental nature of international relations has remained more or less constant, since the modern world-economy of capitalism has not been altered in any significant way, and that states have been, and arguably continue to be, engaged in an age-old struggle for wealth and power. However, it should be noted that this study differs from Gilpin's arguments since it was only concerned with Great Power War in the modern – that is capitalist – era, while Gilpin considers much earlier conflicts, such as the Peloponnesian War, to be hegemonic wars. Of course, this is a predominantly Realist view of the interstate system, and increased cooperation and the establishment and strengthening of international regimes, in Keohane's (2005) view, may well prove to be the surest way to avoid another Great Power War. However, as Keohane (2005:9,245) himself argues, it is often more valuable to build on Realist insights since there is less danger of making naïve assumptions about cooperation, and “since its taut logical structure and its pessimistic assumptions about individual and state behavior serve as barriers against wishful thinking.” However, this is only a starting point, and more research concerning the fostering of conceptions of shared interests and of global or communal security as opposed to national security is urgently necessary, particularly in light of contemporary threats of terrorism and environmental and climactic degradation and change.

With regards to Mearsheimer's insights – that hegemony is the ultimate guarantee of a state's survival, and that conflict in the interstate system sprouts from the ever-present disproportionality in the military power of states, and the lack of a central rule-making authority to enforce cooperation in the interstate system – these relate to those of Gilpin discussed above, and are again by definition Realist in orientation. However, for the period under study in chapter three, one can certainly speak of hegemony as a means of ensuring state survival, but in the present era, given the high and frankly unaffordable costs of establishing such hegemony through the waging of a Great Power War, one may argue, as does Chomsky (2004, emphasis added), that it has now become an issue of “hegemony *or*

survival.” As such, more research must be done to establish how hegemony may in future be peacefully established (though it would likely not be as long-lasting or penetrating in scope if it is peacefully established, perhaps becoming a sort of ‘quasi-hegemony’) or how the world may decide issues of systemic leadership in the absence of hegemony, in the vein of Keohane (2005).

In addition, Mearsheimer’s argument that regional hegemony is the highest pinnacle that may be attained in the interstate system also appears unfounded, since hegemony has been conceived in this study not only in terms of military strength, but crucially also in capitalist economic preponderance. While it is indeed unlikely that no single state can achieve global military conquest, it *can* be so disproportionately competitive in capitalist enterprise that it *may* achieve dominance in the markets of other core states, to say nothing of the semi-periphery and the periphery.

With regards to the long cycle school, and the insights of Dehio, although he was not writing from the perspective of World-Systems Analysis, his conception of the island/insular and continental rivalry for dominance in the interstate system, and the recurrence of this duality, has been central to this study, and the findings of the Dutch/Spanish case study validate the argument that it was a continental state that made a military bid for dominance, only to be thwarted by an economically dominant insular power at the head of a ‘grand coalition’. Naturally, this argument required fleshing out in terms of the features of the capitalist world-economy, yet the basic observation remains valid. However, Dehio (1962:281) questions the value of using the term ‘insularity’ in the contemporary era, as was indeed discussed above, but despite this, it could still conceivably be argued that insularity continues to merit consideration in any investigation of future hegemonic rivalry, although in an expanded sense that includes air superiority, and advanced anti-missile weaponry. With regards to generalisability, Dehio’s insular/continental duality suggests that in both the British and American cases there was a similar dynamic at work with one main contender for hegemonic succession being insular and maritime in orientation, and with the other being continental and oriented to land power. A future study that can comparatively investigate the Dutch, British, and American cases can shed further light on this.

Turning to Modelski, his focus on the role of sea power has been particularly important, not only in terms of global reach, but also in commercial links between the core and the periphery. The importance of containing the continental contender for hegemony and world-empire by way of sea power has been demonstrated in the Dutch case, and the close link between the period of high Dutch naval capability concentration and hegemony corroborate the importance of sea power in the exercise of global reach. One can speculate that a similar link between naval capability concentration and hegemony exists in the British and American cases, further necessitating the production of a comparative study into the role played by Great Power War in the ascent of all three historical hegemonies. Returning to Modelski’s list of hegemonic powers (which includes Portugal in the fifteenth and Britain in the eighteenth century and again in the nineteenth century), this was rejected in favour of Wallerstein’s, given the role and importance of bulk commodity trade in the functioning of the capitalist world-economy, and the strong challenge posed by France until its defeat at the end of the Wars of the French Revolution and Napoleon.

As for Thompson, an investigation into leading sectors, in the context of capitalist economic competitiveness, has helped to shed light on how Great Power War facilitated the ascent of the Dutch Republic in the domain of industrial production over its Spanish competitor in particular. Since many of the leading sectors, such as shipbuilding, have directly affected the ability of states to wage Great Power War, Thompson’s arguments have

been insightful. However, until a study can be produced that compares the ascent of all three historical hegemonies, one can only speculate that leading sectors were important in the British and American cases as well.

Regarding the world-economy school and Wallerstein, this study has been built upon World-Systems Analysis and has proceeded from its assumptions. Based upon the Dutch case study and its findings, a Political Economy approach in the investigation of the Great Power War/hegemony relationship appears to be far more beneficial than exclusively relying on a narrow political and military/security approach. This is because no state can successfully compete militarily in a Great Power War unless it has economic and financial underpinnings that can support such a total military struggle. Moreover, since capitalism has been one of the defining features of the modern world-system, no state can achieve hegemony unless it has *the* dominant capitalist economy. Constructing an understanding of hegemony predominantly on capitalist economic foundations thus appears far sounder than placing an exclusive focus on the military or political aspects of hegemony, as Realists are wont to do. This is not to say that these military or political aspects are not important, on the contrary, state support of capitalist enterprise has been shown to be one of the most indispensable ingredients in hegemonic ascent. However, if sound economic and financial underpinnings are not maintained, no military attempt to secure hegemony can succeed, as the failed bid of Spain revealed.

Kennedy has also demonstrated the importance of economic factors, in addition to his arguments that no state's relative strength ever remains constant, and that geopolitical factors are inescapable when attempting to account for the rise and fall of Great Powers in the modern world-system. As for Ropp, his contributions to the Great Power War/hegemony question have primarily revolved around military considerations, yet he too revealed the importance of sea power and productive economic underpinnings in military contests. Ormrod's insights primarily revolve around the importance of the leading cities in the world-economy, and it was seen in chapter three of this study that the economically and financially dominant city was located in the state that emerged victorious from the hegemonic contests, and again this has much to do with the capitalist economic and financial foundations of hegemony in the modern world-system. It would indeed be revealing to compare the position of London and New York in the British and American cases, and possibly Hong Kong and Shanghai today.

Although Levi and Barbieri's work concerning the continuation of trade between enemies during wartime did not constitute a central aspect of this study, at certain points in the Dutch case study, this helped to reveal the dominant profit motive of commercial enterprises, even if it meant trading weapons and ammunition produced in domestic factories to foreign enemies.

As for Cox, his contributions regarding the formation and characteristics of capitalist hegemonic blocs were useful, and highlighted the importance of a strong, supportive, state in fostering capitalist economic competitiveness, and on this point his views correlate closely with those of Wallerstein. It was also argued in chapter two that the era of Dutch hegemony constituted a hegemonic world order, albeit less pronounced than the British and American hegemonic world orders that followed in later centuries. However, it should again be emphasised that this study has not sought to investigate how the Dutch hegemonic bloc became established, but rather how Great Power War facilitated the hegemonic ascent of the Dutch state in the world-system.

Finally, the document issued by the University of the West Indies, concerning the 'brain drain' phenomenon, contributed to the discussions in chapter three concerning the role of

immigration and the importance of the influx of skills and capital along with those immigrants in fostering economic competitiveness. Particularly in the fields of technical progress and scientific innovation, the more open, tolerant atmosphere of the insular hegemonic contender brought thinkers from afar whose contributions had an impact during wartime.

Having thus established that the findings of this study, for the most part, pertain directly to the literature consulted, while many of the contributions of scholars to the Great Power War/hegemony question from a variety of academic backgrounds help to tentatively generalise the findings produced in this study, it can again be emphasised that only through undertaking unidisciplinary historical social scientific research, that is inclusive of a multitude of scholars and 'disciplines', can a more complete understanding emerge of those IR questions concerning large-scale and long-term social change.

In more specific terms, this study and its findings, insofar as the Dutch case is concerned, have been significant since they have helped to elaborate and refine the causal process between Great Power War and hegemony, which has not enjoyed sufficiently intensive examination in existing literature, even though only one case study could be employed given practical space considerations. The findings have also validated the utility of the conception, as employed by World-Systems Analysis, of hegemony as sprouting from economic preponderance, and with regards to theory testing, those claims made by Wallerstein and other authors – that Great Power Wars play an integral role in hegemonic ascent – appear validated, again when viewed in the context of the Dutch case.

4.4 ASPECTS FOR FURTHER RESEARCH AND CONCLUSION

The present study, which is now nearing its end, cannot be concluded without offering suggestions for future research directions, since it is impossible to address all matters of import within the scope of a single study. First, and arguably most important, is the need to produce a single study that comparatively investigates the role played by Great Power War in hegemonic ascent (and which includes the Dutch, British, and American cases), and which then applies those insights to an investigation of and speculation about hegemonic rivalry in the twenty-first century. Such a study, while relying on much the same methodology as the present study, would rely more heavily on cross-case comparison, and on speculation about how present and future trends in questions of systemic leadership are influenced and shaped by historical processes. This is an endeavour that I personally aim to undertake, given the need for further research on the establishment of systemic leadership in the wake of US hegemonic decline.

Second, the call can be issued for urgent research on how to allow for peaceful hegemonic succession and closer international cooperation in the absence of hegemony, in a similar vein to research undertaken by Keohane (2005). Given the potential dangers posed by renewed hegemonic rivalry and Great Power War, this task cannot be postponed, and must be taken up with all possible alacrity, not only in social science circles, but also in those of politics and society at large. Although social scientists such as Goldstein (1988), Modelski and Thompson (1988), and Chase-Dunn and Podobnik (1995), along with many, many others, have long been writing about the dangers of nuclear war, and the unacceptably high possibility of its occurrence, for too long this has remained an academic exercise, while the practice of power politics has continued. Despite moves towards disarmament, the nations of the world, both nuclear and not, continue to search for deadlier weapons and more effective means of killing – now not only soldiers on the battlefield, but entire populations. A fundamental shift of mindset *must* therefore occur at some point in the future, and better for

it to occur in time than after a nuclear apocalypse – if there should still be some semblance of humanity remaining. Research on how to best facilitate this shift of values is thus also urgent, but it must be said that given the long and sordid history of humanity it is unlikely that we have seen the last of major, devastating interstate wars, be they Great Power Wars or not. Even once a new historical system comes to replace the capitalist world-economy, as in time it must, warfare is likely to persist in some form or another, while the knowledge to make weapons of mass destruction will remain.

Third, another possible direction for future research is to investigate the role of Great Power Wars in the *decline* of hegemons. For instance, it can be investigated how the Dutch Republic's hegemony declined as a result of English and French efforts, which included warfare, with the Dutch Republic finally succumbing to France during the Revolutionary Wars. As for Britain, although Germany never succeeded in occupying her, the fortunes of the erstwhile hegemon nevertheless declined as a result of having waged war beyond its means between 1914 and 1945. Much research could be done here, especially the manner in which those Great Power Wars harmed the competitiveness of the Dutch and British in the three economic spheres of agro-industrial production, commerce, and finance. Perhaps it will also be that the US will finally be eclipsed as a result of some future war, although the likely use of nuclear weapons will eclipse much else besides!

Fourth, it is up to future researchers to investigate which two states are likely to be the main hegemonic contenders of the twenty-first century, if hegemonic rivalry should return to the world again. Perhaps such studies can make use of the findings presented here, given the features of the two rivals for hegemony in the early era of the modern world-system, and those eventually produced by a complete, comparative study on the matter. Indeed, the space for future research is there.

Fifth, the call should be issued to future searchers to take account of the *longue durée*, as Wallerstein (2000b:34) argues, and as was attempted here. Unfortunately, the observation of Winston Churchill (quoted in Langworth, 2008:564), made in 1929, still rings true, perhaps now more so than ever, and this is certainly something that future researchers can work on: "How strange it is that the past is so little understood and so quickly forgotten. We live in the most thoughtless of ages. Every day headlines and short views. I have tried to drag history up a little nearer to our own times in case it should be helpful as a guide in present difficulties." The value of such an enterprise has hopefully been emphasised in this study, for as Santayana (1905:284) argued, "Those who cannot remember the past are condemned to repeat it."

So then concludes this chapter – which presented the main findings of the historical case study and their significance – and this study – investigating the role of Great Power War in the rise of hegemons. As a concluding remark, in light of potential hegemonic rivalry in the current century, consider another of Churchill's comments (quoted in Langworth, 2008:10), recorded in 1954 as the Cold War gathered momentum:

Nothing is final. Change is unceasing and it is likely that mankind has a lot to learn before it comes to its journey's end ... We might even find ourselves in a few years moving along a smooth causeway of peace and plenty instead of roaming around the rim of Hell. For myself I am an optimist – it does not seem to be much use being anything else – and I cannot believe that the human race will not find its way through the problems that confront it, although they are separated by a measureless gulf from any they have known before ... Thus we may by patience, courage, and in orderly progression reach the shelter of a calmer and kindlier age.

It is indeed up to social scientists of all persuasions to contribute to making such a vision of the future a reality, and although only to small degree, it is hoped that this study has taken a step in the right direction.

FINIS

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