

Neorealist hegemonic stability theory history essay



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This paper seeks to produce a critique of neorealist hegemonic stability theory (HST) through a historical comparison of Britain in the nineteenth century and the United States after 1945. HST assumes that Britain in the nineteenth century and the United States after 1945 have both been hegemons, initiating and maintaining identical policies. The basic argument of this paper is that there is a fundamental asymmetry in these two cases with respect to the concept of hegemony, such that Britain was not a hegemon while the US has been. In short, there has only been one example of a hegemon in the last two hundred years. It is the ramifications of this argument for HST that are of particular interest. Thus if we reject one of the key examples of hegemony (ie., Britain), neorealism is left with only one example of hegemony - the United States after 1945. Halving the examples of hegemony in history does not merely diminish the theory; it calls it into question at two fundamental levels.

Firstly, it will be argued that neorealism's assumption that history is subject to continuity, stasis and repetitive cycles of hegemony is inadequate for understanding great power politics, (or International Relations more generally). Secondly, perhaps the most fundamental limitation of neorealism is its insistence that international politics can be understood only with reference to the logic of anarchy and changes in the distribution of political power at the international level. While this paper does not trace the social origins of great power politics, it will be argued in the conclusion that only by treating the state as a variable in international politics can we make sense of great power politics, as well as international relations more generally. I turn to these ramifications in the conclusion. The bulk of this paper is given over

to critiquing the claim that Britain was not a hegemon, and that implicitly, international relations in the nineteenth century cannot be explained through recourse to such a notion.

It is interesting to note that there is throughout the social sciences, and perhaps more so in IR, a popular picture of the mid-nineteenth century which is characterised broadly as follows. This was supposedly the classical heyday of liberalism - a golden age of free trade, of peace, cooperation and interdependence in which economic growth reached a high that would not be repeated until after 1945, glued together by the benign policies of Britain which made this all possible. Britain as hegemon ensured that free trade spread across Europe, ensured international security ('Eurocop'), and provided a stable currency through the sterling-gold standard. This paper shall argue that this received wisdom is problematic in every single respect, and it is to this that I now turn.

The myth of 'Pax Britannica'

According to Robert Gilpin, hegemonic capacity is a function of two fundamental variables: power base and the ability and willingness to convert this into international offensive adjustment strategies (to borrow the phrase adopted by G. John Ikenberry). The power base refers simply to a state's preponderance of economic and military power relative to other states in the international system. Hegemonic capacity implies a reach into the international system which is based on a specific set of policies - namely the provision of public goods. These public goods are of a military and economic nature; specifically the maintenance of international security (pacification), and the construction of an international economic system based on liberal

prescriptions. With regard to the latter, the most important aspects are free trade and the provider of a stable international currency. This is achieved through the setting up of liberal institutions and norms, with a dose of coercive military power to be applied when necessary.

Britain undoubtedly enjoyed a strong power base relative to others in the international system, enjoying a clear preponderance of economic power in the 1820-60 period, as measured by share of world GNP, per capita GNP, world manufacturing output, and especially per capita output. Nevertheless, Britain 'failed', or rather chose not to transform this into hegemonic capacity, lacking a clear control over international outcomes along the lines prescribed by hegemonic stability theory. The reasons for this are not the central concern of this paper and are explored elsewhere. It is rather, to an analysis of British hegemonic incapacity that the following sections address.

British military/hegemonic incapacity

The standard claim made by HST is that hegemons play a key role in the provision of military public goods. This is achieved, so the argument goes, through particularly high military expenditures (power base) as well as through the willingness to use its military capacity to intervene internationally so as to maintain international security (implementation of international offensive strategies). Surprisingly, it is not possible to trace this argument in the works of Gilpin and other neorealists; indeed, of Gilpin's extensive writings there is comparatively little discussion on British hegemony more generally. It is to a different, though complementary set of

writers that we must turn to in order to examine the claim that Britain performed the role of hegemon ('Eurocop').

The best discussion of the claim that Britain spent more than any other great power (the fundamental claim of HST) in the nineteenth century is made by various economic historians, most notably Lance Davis and Robert Huttenback in their book, *Mammon and the Pursuit of Empire* (1988) as well as by Patrick K. O'Brien. These writers have measured military spending on a comparative basis by converting all expenditures into one currency (ie., sterling), and then converting these into per capita figures. Thus Davis and Huttenback claim that for 1860-1912, the British per capita tax burden was £1-14, rising from an initial level of £0-74 and culminating in a substantial £2-04 for the 1900-12 period. This significantly outpaced France and Germany, (the next biggest spenders), where both averaged per capita 'burdens' of £0-62 (1860-1912), while in the 1900-12 period the French burden rose to £0-85 and the German rose to £0-77. On this evidence it would seem that the British taxpayer endured a burden over and above the foreign nationals of those in the rival great powers.

But this analysis is highly problematic for a variety of reasons, though here I shall focus on the three most important. Firstly, conversion into one currency using exchange rates, ignores differences in purchasing power and considerably distorts the final figures. The effect particularly understates the expenditures of the weaker economies in favour of Britain. Emile Benoit and Harold Lubell point out that prices may bear some relation to real costs only under conditions of free internal and external markets, and in a world of freely fluctuating exchange rates. But for the period of concern here, namely <https://assignbuster.com/neorealist-hegemonic-stability-theory-history-essay/>

the 1850-1913 period, these conditions did not hold. Europe underwent relative free trade from 1860-1877, and exchange rates were fixed for the major states after 1870.

Secondly, and most importantly, the major objection is that using expenditures measured in one standard currency fails to reveal the real tax burden. Of course Britain spent more in absolute terms (ie., in sterling equivalent), because it had the largest economy and consequently could more easily afford to. As defence economists point out, the only way to measure the 'real' defence burden is to express expenditures as a proportion of national income (the d/NNP ratio - where d refers to defence spending, and NNP refers to net national product at factor cost), thereby factoring out the distorting effects of national income as well as inflation. While there are problems with national income data in the eighteenth and nineteenth centuries, nevertheless for the period under review here, the 'best' data sets have been used, and are sufficiently accurate to provide a basis for comparison. Moreover, sensitivity tests reveal that assuming even substantial margins of error in the national income data, this would not affect the conclusions of my data analysis laid out below. Despite problems of national income data construction, the fact remains that defence expenditures measured as a proportion of national income (the real burden) 'is the least unsatisfactory measure of a country's defence burden'.

Table 1: British military burden (d/NNP) in comparative perspective, 1820-1913

YEARS

GP AVG

LESS UK

UK

AUS

FRA

PRUSSIA/ GERMANY

ITALY

JAPAN

RUSSIA

1820-29

4.7

4.3

7.0

1830-39

3.0

3.2

5.6

1840-49

3.1

3. 1

4. 2

1850-59

3. 9

3. 3

3. 2

1860-69

3. 5

2. 9

2. 7

4. 0

4. 4

1870-79

2. 4

6. 4

4. 8

2. 3

4. 4

1880-89

2. 7

3. 8

3. 5

3. 8

3. 0

4. 2

1890-99

2. 6

3. 4

3. 7

3. 8

5. 7

4. 5

1900-13

4. 1

3. 3

3. 9

3. 3

9. 5

5. 6

AVERAGES

1820-1870

3. 5

3. 3

c. 4. 8

1870-1913

4. 6

3. 2

c. 3. 0

4. 0

3. 9

3. 3

8. 2

5. 1

1820-1913

3. 3

3. 7

4. 4

Source: J. M. Hobson, *The Wealth of States* (Cambridge: Cambridge University Press, 1997), Appendix 1 and 2.

When the d/NNP ratio is calculated for the great powers in the nineteenth century, Britain comes out at the bottom of the international league table. Table 1 shows that the British taxpayer was actually under-taxed relative to the nationals of rival great powers; a conclusion reached by a range of studies.

The third problem with the Davis/Huttenback data is the omission of the element of 'taxation in kind'. This refers to the difference in recruitment policies enacted by the continental great powers compared to that of the British. The continental powers employed a conscription recruitment policy, which was considerably cheaper than the British system of a volunteer, long standing army and navy. The continental conscripts had to supplement their very low pay rates with personal sources and/or civilian employment. While these amounts would not therefore show up in the budget accounts, they

constitute a 'hidden cost' and should be added on to provide a more accurate final burden figure.

There are two basic methods of estimating this figure. Firstly, we can estimate what the British burden would have been had continental rates of pay been adopted. In this scenario, according to my estimates, the British burden would have been reduced by 0.7 per cent of national income had German rates of pay been adopted, reducing the final burden figure from 3.2 per cent to 2.5 per cent. Had Russian rates of pay been adopted, the final burden figure would stand at approximately 2.0 per cent. A better way of making allowance for 'taxation in kind' is to calculate what the continental burdens would have been had the conscripts been paid a 'fair' market wage. According to my estimates, the German military burden would have been approximately 5.0 per cent; the Russian and French final burdens would have been very approximately 6.0 per cent. Overall, continental burdens would have fallen within a range of 4-6 per cent, compared to a mere 3.2 per cent for Britain. In sum, not only did Britain not top the international military spending league table; most significantly, Britain enjoyed a strikingly low real military burden. Thus Britain enjoyed a (real) military-extraction gap with her rivals on the continent; undertaxation was the 'privilege' accorded to the British taxpayer.

This has two major ramifications for HST. Firstly, it undermines the central neorealist claim that hegemons or systems leaders spend more than other states in the international system. Secondly, it also fundamentally undermines the claim that British decline set in after 1873 because of its provision of public - especially security - goods. The problem here is that <https://assignbuster.com/neorealist-hegemonic-stability-theory-history-essay/>

Britain was not 'over' but under-stretched. Indeed, relative to her great power rivals, Britain in fiscal-military terms had never had it so good. Moreover, the lowest real military burden that Britain enjoyed in the 1700-1980 period, was achieved between 1815 and 1914 - the very period of its alleged hegemony. Indeed it is hard to see how such a low burden - in absolute as well as relative terms - could have had such a drastic effect on the economy in the 1870-1913 period. Indeed if Paul Kennedy is correct in assuming that a military burden of 10 per cent over the long run and 5 per cent when the economy is structurally weak, then either way, Britain's burden of a mere 3 per cent could not have posed a serious problem. At this point we come across a particular problem that emerges within Paul Kennedy's work, which is worth briefly considering.

The received argument of Paul Kennedy's magnum opus, *The Rise and Fall of the Great Powers*, is the claim that great powers decline because they become embroiled in expensive foreign military adventures - thereby suffering the classic problem of imperial overstretch. As he put it in his summary statement right at the end of his book in the epilogue: 'Far too often, however, statesmen found themselves confronted with the usual dilemma: between buying military security... which then became a burden upon the national economy; or keeping defence expenditures low, but finding one's interests sometimes threatened by the actions of other states'. This 'hegemon's dilemma' - the phrase used by Arthur Stein - becomes of course increasingly prescient as a particular great power advances through time. Thus eventually hegemons or leading states will find that 'if they spend too much on armaments - or, more usually, upon maintaining at

growing cost the military obligations they had assumed in a previous period – they are likely to overstrain themselves, like an old man attempting to work beyond his natural strength’. While the theory of imperial overstretch has a long lineage, it was Paul Kennedy who made the argument famous.

But what is puzzling here is that the five page summary statement for which he has become famous (and which comprised a mere 0.9 per cent of his whole book!) – does not accurately reflect the arguments made throughout the more careful analysis presented in the rest of the book and indeed, in his other works. Thus in an earlier section, Kennedy argued that, ‘although Britain was one of the heaviest spenders on defence prior to 1914, it needed to allocate a smaller share of its national income (the real indicator of military spending) to that purpose than any other great power in Europe’ (my addition). In three other books, he put it more pithily: ‘The most remarkable feature of the post-1815 Pax Britannica was its cheapness’. Moreover, Gilpin also concedes, citing Susan Strange, that ‘the British empire was like a Model-T Ford: “It was comparatively easy to assemble and comparatively cheap to run”’.

What is particularly surprising here is that Kennedy became involved in a debate with the economic historian Patrick K. O’Brien, conducted in the historical journal, *Past and Present*, in which O’Brien argued – echoing the Davis and Huttenback thesis – that British decline was premised in significant part through ‘imperial overstretch’ (specifically through the high costs of empire) in the 1860-1912 period. Kennedy countered by arguing that in real terms (defence measured as a proportion of national income) Britain was one of the lowest military spenders of all the great powers in the nineteenth century.

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century. The irony was that while Kennedy was agreeing with the careful analysis conducted through most of his *The Rise and Fall of the Great Powers*, he was clearly contradicting the general claim made in his epilogue. Ironically therefore, this anomaly in his work provides clear support for the claim being made here. The conclusion must be, however, that Britain was not a hegemon that suffered structural decline after 1873 through imperial or hegemonic overstretch; a conclusion that leaves Kennedy (and of course Gilpin) with a hole in their general theories.

The argument can be extended further by moving away from analysing Britain's military burden (ie., power base), towards considering Britain's capacity to intervene militarily on the continent (ie., hegemonic outcome) and play the role of 'Eurocop'. Thus it might be retorted that even if Britain did not suffer a high military burden, this would not necessarily imply that it did not play some sort of hegemonic role militarily on the continent of Europe.

The fundamental problem here is that this assertion is even harder to sustain because Britain specifically eschewed a 'continental commitment'; a fundamental requirement of a hegemonic role. Preferring a 'blue water strategy' and holding a strong navy rather than army may have enabled it to carry on its imperial policies away from Europe, but it fundamentally undermined its ability to police the mainland of Europe - the necessary precondition for performing the role of world policeman. Britain chose not to pursue direct European pacification, although it is the case that she played a role within the balance of power alongside Prussia, Russia, France and Austria. Europe was militarily policed not by the unilateral actions of a British

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hegemon but by the multilateral actions of the great powers as set up at the 1815 Congress of Vienna. Indeed, 'Diplomacy was consciously geared to the very opposite of hegemonic stability theory: preserve peace and order... by avoiding hegemony'.

Moreover, most European wars went unchecked by Britain, notably the Franco-Prussian War (1859), the Austro-Prussian War (1866) and the Franco-Prussian War (1871). The latter two wars were crucial in enabling Germany to emerge as a consolidated nation-state in 1871. As many historians have noted, such a development was especially threatening to Britain, causing a fundamental change in the balance of European power and leading on to a realignment of European alliances. If Britain had been a hegemon, it would undoubtedly have mobilised against Prussia in 1866 and 1871. Instead Britain watched passively from afar, as it had traditionally done throughout the long nineteenth century (1789-1913). No one has put it more comprehensively than Paul Schroeder, and it is worth citing him here at some length.

All the major developments of these decades [ie., 1855-75] in European politics, and some in world politics, were ones which Britain either failed to control or simply observed without important participation: the Peace of Paris after the Crimean War; the liberation and beginnings of national unification of the Danubian Principalities (Rumania); the unification of Italy; the building of the Suez Canal by Egypt under French guidance; Russia's completion of its conquest of the Caucasus and steady penetration into Central Asia and towards India's Northwest Frontier; huge Russian gains into China; French annexation of Nice and Savoy, ruining the Anglo-French

alliance and producing a semi-serious war and invasion scare; Austro-Prussian conquest of Britain's client Denmark, despite British diplomatic intervention; serious troubles with the United States over the American Civil War; an Austro-Prussian war destroying the German Confederation, ousting Austria from Germany, redrawing the map of Central Europe, and drastically changing the balance of power; a Franco-German war in 1870 which Britain tried half heartedly to prevent, and which further revolutionised the European system; Russia's repudiation of the Black Sea clause of the Peace of Paris; and the isolation of France in Europe and the renewal of Austro-German-Russian ties in the Three Emperors' League after 1871... No historian recognizes this as a "unipolar (or hegemonic) moment"; the question is how to explain Britain's isolation and apathy in international politics.

As Aaron Friedberg has argued in his important book, *The Weary Titan*, Britain's low military hegemonic capacity meant that it was unable to prevent the rapid disintegration of the European system after 1900. As he put it, 'With a larger, more capable and more readily expandable army, the British might have been able to indefinitely deter a German assault on France. Failing that, they might have been better prepared to play a decisive role in the early stages of a continental conflict'. There can be little doubt that the minute nature of the British army gave Germany a 'free hand'. As the Kaiser put it in 1911, 'Excuse my saying so, but the few divisions you (the British) could put into the field could make no appreciable difference'. Developing the counterfactual scenario suggested by Aaron Friedberg, it is tempting to argue that had Britain undertaken the necessary adjustment

strategies, namely adopting conscription and increasing the wartime army to some two million, as well as station troops in France well before 1914, and raising taxation by perhaps two per cent of national income (hardly a striking amount) in order to fund these measures, Germany might have been deterred from going to war. Indeed, given that the total available French wartime army was not much smaller than Germany's, the additional British conscripts would have easily swung the military balance in the allies' favour. And Germany would have had difficulty responding within such an arms race because after 1900 the state was facing fiscal crisis. It would not be unreasonable to suggest that had Britain not underfunded her military establishment, and had spent as much as Japan, Russia or France, Germany might have been indefinitely deterred.

This discussion is used here not so much to demonstrate British hegemonic decline, as both Friedberg and Nye have argued, but rather to illustrate Britain's passive military stance; a passivity that is clearly evident in both military dimensions - namely, its military underfunding (weak military power base) and unwillingness to employ military strategies on the continent. But the key point here is that this passivity did not suddenly emerge after 1870 as alleged 'hegemonic decline' set in. Rather, it had been there all along throughout the long nineteenth century. It was thus not for nothing that Britain was said to enjoy 'splendid isolation'. And perhaps at no point in Britain's history in the last two hundred years has this isolation been more splendid than in the years 1850-1875 - the alleged heyday of Britain's so-called hegemony.

Britain's passive international economic stance

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HST claims that one of Britain's most fundamental of hegemonic offerings was its promotion of free trade in Europe after 1846, on the back of which was secured significant European economic growth. More specifically, Stephen Krasner has argued that from 1820 down to 1879 Europe was more or less free trading; a scenario that correlates closely with Britain's emergence as a hegemon after 1815 and its decline after 1873. This is problematic for a number of reasons. Firstly, while Gilpin claims that Europe was free trading after 1846 alongside Britain's free trading hegemonic posture, Krasner claims that Europe was free trading after 1820.

But these different dates pose a problem for HST in a number of ways. Taking Gilpin's scenario, given that HST correlates hegemonic strength with free trade, we would anticipate a shift to free trade after 1815 (when Britain became a hegemon). However, European free trade was not secured until 1860, very nearly half a century later. Even then, as Stein points out and as Paul Bairoch's tariff data testify, it was neither especially free nor persistent, lasting a paltry 15 years. Average tariff rates in Europe between 1860-1879 were 10 per cent. And if we include the 1846-1879 period average tariffs were as high as 19%. By way of comparison this equates with the Smoot-Hawley tariff of 1930 - reckoned to be one of the most protectionist tariff acts ever legislated.

It seems at first sight as though Krasner's scenario, which links British hegemony with European free trade after 1820 might at least overcome the former problem; the need to correlate Britain's hegemony (emerging in 1815) with European free trade. But Krasner's scenario is even more problematic, not least because European tariff rates remained very high

after 1820. In particular, British rates remained very high right down to 1846. No real decline in rates is evident before 1846. To many scholars – especially within International Relations – this questioning of ‘correlation’ might seem a semantic point: ‘what’s forty five years in world history?’ But forty five years is a very long time when British ‘hegemony’ was at its peak for only sixty. Were such a lack of correlation between hegemony and free trade in evidence for the modern period, much would surely be made of this. More care vis-à-vis the historical record is crucial not just for this point, but for the question of British hegemony more generally.

But if correlating the dates is problematic, most fundamental of all is the problem, as several scholars have pointed out, that Britain did very little to actively promote free trade in Europe. Although Britain moved over to more or less free trade in 1846 (though not achieved fully until 1860), Europe had to await the 1860 Cobden-Chevalier treaty before it even began to move towards freer trade. Moreover, France took a particularly prominent role in promoting European free trade. Britain was fundamentally hampered by the policy of unilateral free trade, which prevented her from policing ‘recalcitrant’ trading behaviour by other advanced states; a weakness that does not apply to contemporary America, which has turned to protectionism against ‘recalcitrant’ trading behaviour, most especially vis-à-vis Japan. Moreover, the so-called free trade institutions in this period were extremely weak. The 1860-1877 ‘free trade regime’ was not based on an institutionalised multilateral structure in contrast to the American GATT system (after 1945). As Lipson put it, ‘[i]n a difficult environment, the liberal treaties of the 1860s offered little help in coordinating trade policies, limiting

retaliation or tempering the growth of nationalist tariffs in Germany, France, Italy and elsewhere'. There was no multilateral institutional setting which could mitigate the resort back to protection should individual states choose to go it alone. Multilateralism crept into the 'system' through the back door so-to-speak, in the guise of the Most Favoured Nations Clause. But it could not prevent a resort back to protectionism, as would become obvious by 1877 when Italy, Austria and Russia and later Germany turned away from freer trade.

If Britain did little to promote free trade how can we explain the move - albeit tentative - towards such a trade regime? This is a highly complex question, which lies outside the focus of this paper. While many reasons are relevant, as I have argued elsewhere, one cause was the dip in the geofiscal cycle that became apparent by the mid-nineteenth century. Thus the costs of war had reached an historic low point by then, which enabled states to reduce their tariff barriers since they no longer needed to rely on tariffs to fund their military budgets.

Moreover, Britain did nothing to prevent the demise of free trade in Europe after 1877, when first Russia, then Italy, Austria-Hungary and Germany shifted back to protectionism; and certainly the weak institutional nature of the free trade regime could not prevent such a move. HST would anticipate 'corrective' action by the hegemon, either through coercion or, at the very least, retaliatory tariffs. No such action was forthcoming. Britain simply maintained its passive unilateral free trading stance through the 1846-1913 period, unwilling to undertake international offensive adjustment strategies to promote the rise of free trade or equally to prevent its rapid demise.

Britain's passivity and the international currency regime

Surely it could be retorted, Britain did play a role in shaping the European international order, not least through its provision of a stable currency through the sterling-gold standard? However, while Britain did provide a stable currency environment, this aspect of its alleged hegemony provides, I would argue, clear supporting evidence for the thesis being made in this paper. The first and most obvious problem with the neorealist claim is in the timing: that it was only in the very late nineteenth century that such a system came into operation. However, according to HST, British hegemony was in its down-phase after 1873 and was supposedly turning away from providing international public goods towards the politics of self-help, or 'predatory hegemony'. HST it would seem, has no way of explaining this incongruence.

But it could be retorted that whether HST's prescriptions are correct or otherwise, surely the main issue is whether Britain was able to pursue international offensive adjustment strategies that supported the European system. At this point, my claim that Britain was a 'wary titan' becomes especially relevant. The fact is that Britain moved onto the gold standard as early as 1821. The key point is that Britain showed no interest in creating an international system of finance based on gold. Britain could neither compel other countries to move onto the gold standard, nor had the inclination to do so. It was not until after 1870 that moves were made by European states to move onto the gold standard: Germany in 1871, Austria in 1892, Russia in 1897, (the US in 1879), while Italy failed to join at all in the 1870-1914 period. A mixture of factors enabled these belated moves, some

international and some domestic. In other words, states moved onto gold when it became opportune for them to do so, not when Britain became a hegemon. The picture of a British hegemon playing a central role in pushing states is inaccurate; states were pulled perhaps mainly by domestic considerations. In this sense, the 'wary titan' thesis of this paper is reinforced by the example of the international currency regime.

Britain as a 'wary' titan

In sum, the British state never achieved the hegemonic capacity required to implement internationally offensive adjustment strategies ascribed to it by HST. Throughout the nineteenth century, the state proved to be a 'wary' titan, unwilling to provide the services for the development of the international economy. Aaron Friedberg's depiction of Britain after 1870 as a 'weary titan', no longer able to provide the costs of hegemonic leadership is inaccurate in part because Britain never had that kind of power in the first place, not even at its peak in 1860. In short, the British state lacked the global reach (or adapting Mann's concept, it lacked the necessary international 'infrastructural' or penetrative power) required of a hegemon.