



mastering
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*hegemony, territory
and international
political economy*

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THE TERRITORIAL TRAP

In political theory definitions of the state have two main aspects. One involves the exercise of power through a set of central political institutions. The other entails the clear spatial demarcation of the territory within which the state exercises its power. The former has been uppermost in discussions of state-society relations and the 'relative autonomy' of the state in relation to other putative causes of social life. In international relations theory, however, the second aspect has been crucial. It has been the geographical division of the world into mutually exclusive territorial states that has served to define the field of study. Indeed, the term 'international relations' implies an emphasis on the relations between territorial states in contradistinction to processes going on within state territorial boundaries. State and society are thus related within the boundaries, but anything outside relates only to other states.

The historical development of the relationship between the two aspects of the state has not been well explored. As Walker (1993) has pointed out, political theory has largely concerned itself with 'domestic' politics. Meanwhile in international relations theory the (any) state's essential territoriality has been taken for granted. Much of the literature on international relations (including international political economy) assumes implicitly that a state is a fixed territorial entity (even if its actual boundaries can change) operating much the same over time and irrespective of its place within the global geopolitical order; a state is territorial much like life on earth is terrestrial.

The question of the persistence or the obsolescence of the territorial state has given rise to considerable previous discussion among international relations theorists (the *locus classicus* is Herz 1957). But debate has been overwhelmingly in terms of the presence or absence of the territorial state as an actor rather than in terms of its significance and meaning as an actor in different historical circumstances. This point has been 'lost in endless controversies over whether states are here forever or are about to disappear into some global cosmopolis' (Walker 1993, 14).

Systems of rule or political organization need not be either territorial, where geographical boundaries define the scope of membership in a polity a

priori (for example, in kinship or clan systems space is occupied as an extension of group membership rather than residence within a territory defining group membership as in territorial states), or fixed territorially (as with nomads). But the main point of contention inspiring this chapter is that even when rule is territorial and fixed, territory does not necessarily entail the practices of total mutual exclusion which the dominant understanding of the territorial state attributes to it. Indeed, depending on the nature of the geopolitical order of a particular period, territoriality has been 'unbundled' by all kinds of formal agreements and informal practices, such as common markets, military alliances, monetary and trading regimes, etc. (Ruggie 1993, 165), not to mention new systems of telecommunications.

The objective of this chapter is to identify and describe the geographical assumptions that have led international relations theory into the 'territorial trap'. To this end, the first section offers a short discussion of space and spatiality. A second section provides a review of the position taken on the territorial state in the 'mainstream' of international relations. The specific geographical assumptions that underpin the conventional representation are then examined. These are held to define a 'territorial trap' for the field as a whole. A third and final section sketches some recent trends in the world economy that point to the emergence of new spatial forms that the idea of a state territoriality with fixed characteristics cannot adequately capture. These trends are examined in more detail in Part Two of the book.

SPACE AND SPATIALITY IN SOCIAL SCIENCE

The representations of space we use in everyday life to signify our political, social, religious and moral outlooks – left/right, central/peripheral, beyond/within – go largely unremarked. They are unremarkable yet deeply symbolic of how we define what is right and wrong and whom we identify with and against. They are not explicit in the sense of terms we are self-conscious about. A similar situation holds for the conceptions of space and spatiality that have taken hold in various social science fields, including international relations. They are usually implicit or taken for granted rather than openly advertised or contemplated.

In the context of this chapter 'space' is taken to refer to the presumed effect of location and spatial setting – or where political-economic processes are taking place – upon those processes. Spatiality refers to how space is represented as having effects. Apart from a small group of scholars interested in such representations themselves (e.g. Ashley 1988; Weber 1992; O'Tuathail 1993a; Walker 1993), space has been understood most commonly by social scientists in either of two ways. The first sees space as territorial. In other words, space is viewed as a series of blocks defined by state territorial boundaries. Other geographical scales (local, global, etc.) are largely disregarded. This usually taken-for-granted representation of space appears

dominant in such fields as political sociology, macroeconomics and international relations. A second understanding views space as structural. From this point of view, geographical entities of one sort or another, nodes, districts, regions, etc. have spatial effects that result from their interaction or relationship with one another. For example, an industrial core area is paired with a resource periphery in a structural relationship of superiority/subordination. This more self-conscious understanding is characteristic of much human geography, economic history, and dependency theories in sociology.

One feature both understandings commonly share is a lack of historical consciousness about the appropriateness of particular spatialities. Rather than a lack of attention to space and a privileging of time, these understandings have idealized fixed representations of territorial or structural space as appropriate irrespective of historical context. In particular, in its attachment to a territorial spatiality international relations theory 'has been one of the most spatially oriented sites of modern social and political thought' (Walker 1993, 13).

The present historical moment has made the nature of spatiality in a wide range of fields an open question in ways that it has not been since the early part of this century (Kern 1983). The dissolution of the Cold War, the increased velocity and volatility of the world economy, the emergence of political movements outside the framework of territorial states (arms control, human rights, ecological, etc.), all call into question the established understanding of the spatio-temporal framing of 'international relations'.

THE TERRITORIAL STATE AND INTERNATIONAL RELATIONS THEORY

The merging of the state with a clearly bounded territory is the geographical essence of the field of international relations. The centrality of the association ranges from realist and neo-realist positions where it is vital, to liberalism and idealism where it appears relatively less important. Even that body of work which takes 'geography' seriously, in the sense of adding contiguity or 'regional ecology' to models of inter-state behaviour, usually sees geography as a body of fixed facts setting the environment for the action of territorial states that are essentially the same today as 200 years ago and as much so in Africa as in Europe (e.g. Ward 1990). At least space other than that within the borders of the state gains recognition! But it is important to emphasize that a neo-realist synthesis combining elements of liberalism (the state as equivalent to a rational individual exercising free choice), with a state-centred politics (in which that choice is constrained by the presence of anarchy beyond state borders), has become something of an orthodoxy in American international relations (Ashley 1984; Shimko 1992; Inayatullah and Rupert 1993). One can thus characterize the central tendency in the field as a whole even while acknowledging that differences of emphasis do exist. Even among 'globalist' perspectives (including dependency theories and world-systems

theory) only 'critical' international relations theory (e.g. Cox 1987; Gill 1993) regularly avoids the 'territorial trap'.

The importance of the territorial state, and the similar ontological roles (including a fixed identity) it performs within different theories, can be seen in the recent writings of two influential but distinctive theorists: Kenneth Waltz (1979) and Robert Keohane (1984). In examining their writings we do not claim that their work constitutes a 'scientific sample' of all points of view among scholars in international relations. The 'median' would be better represented by Gilpin (1987), particularly with respect to international political economy. We rather claim that they have been especially influential figures towards either end of a continuum of viewpoints in neo-realism stretching from structural realism (Waltz) towards liberalism (Keohane). Focusing on the ends of the continuum establishes a field of disciplinary practice rather than setting up what could be a median 'straw man' alone with his private neo-realism.

Waltz first established his realist view of international relations with the publication of his influential work *Man, the State and War* (1959). In this work he compared three images of the origins of war – human nature, the domestic constitution of states, and the international system. He concluded that the third of these was the best basis for a theory of war. His later work continued this emphasis by focusing on the 'structures of inter-state relations' and totally excluding the internal character of states from the purview of international relations as a field of study. For Waltz the structure of the international system has three features: it is anarchic, without any higher authority; states all perform the same functions and are equivalent units; and there is an uneven distribution of resources and capacities among states. From these fundamental features he draws a number of inferences, in particular that the balance of power is the central mechanism of the international system and that at any specific moment the system's shape as a whole is determined by the nature and number of its Great Powers. Since 1945 the international system has thus involved a bipolar balance of power between two Great Powers in contrast to the multipolarity of the early nineteenth century.

Waltz's (1979) account rests on a 'strong' conception of the territorial state. Unlike classical realist positions, such as that of Morgenthau (1948), Waltz bases his argument on the presumption of international anarchy rather than Fallen Human Nature or the simple desire to master others. In this construction, fear of domination by others, rather than the desire to dominate them, drives inter-state competition (Shimko 1992, 294). This leads Waltz to take the territorial character of the state to an extreme in his claim that international relations should be studied only at the systemic level. This is because it is the anarchy beyond state borders that international relations as a field takes as its subject. The order within state borders is for others to study. From this point of view states are unitary actors whose nature is determined by their interaction with one another. Each state pursues a calculus of status

maximization relative to the others. No spatial unit other than the territory of the state is involved in international relations. Processes involving sub-state units (e.g. localities, regions) or larger units (e.g. world regions, the globe) are necessarily excluded. It is a dangerous world out there and if a state (read: our state) is not ready for a competitive environment then it is headed for disaster. This was a reassuringly hard-headed message for Americans during the Cold War!

Waltz's 'system of states' is also structural and ahistorical. If the examples used by Waltz are a guide to his thinking, then antagonistic territorial states have seemingly been around at least since the time of the Greek philosopher-historian Thucydides. For Waltz, the seventeenth-century political philosopher Hobbes stands in direct succession to Thucydides as a philosopher of political realism; a view strongly disputed by many historians of political thought (see, for example, Johnson 1993; Bagby 1994). Waltz pays no attention to the question of the distinctiveness of the modern international system and its roots in the growth of capitalism and centralized military competition in the sixteenth to eighteenth centuries. To retain a parsimonious structural model of international relations Waltz sacrifices historical validity. 'The state system' thus has an existence outside of the historical contexts in which it has evolved.

In contrast, the question Keohane (1984) seeks to address is the orthodox 'idealist' one of how cooperation is possible in the international system without a dominant or hegemonic power. Keohane's book was prompted by growing discussion of the 'relative decline' of the United States and what might replace the 'hegemonic stability' the United States had brought to the world economy. His concern with hegemonic stability is very much of a piece with the ideological geopolitical discourse of the Cold War period. Much of Keohane's argument relies upon the role played by 'regimes' - 'rules, norms, principles, and decision-making procedures' - in governing the institutionalization of the international economy, especially in trade and finance, since the Second World War. In this framework the behaviour of states is not only the result of the competitive pursuit of power in an anarchic world. There are also important incentives for international cooperation; the regimes and formal international institutions that result can significantly restrict state conduct. This is because states are regarded as utility rather than status maximizers. They can gain simultaneously rather than always at one another's expense.

Even here, though, the territorial state remains the central actor. The pattern of international economic relations is seen as determined largely by the policies of states and states' relative economic importance and decline. There is little sense of the state in its 'state-society' aspect or of the political and economic processes within state borders that shape state policies. Moreover, unlike some of Keohane's previous writings in which he argued that non-state actors (such as multinational and global corporations) were

eroding the absolute power of states, in this work there is no attention to either the global political-economic system in which individual states are situated or to the shifting balance between state-territorial and other spatial scales of political-economic determination. Perhaps he is accepting the assumption of fixed state territoriality in order to engage with those, including Waltz, who deny the possibility of meaningful cooperation between states?

We would hypothesize that three contextual factors have interacted to reproduce the dominant view about state territoriality found in such apparently different works as those of Waltz and Keohane. One is the preference for abstract and 'closed-system' thinking among advocates of a scientific (positivist) approach to international relations. (On open and closed systems in scientific thought, see Bhaskar 1979.) From this perspective a 'state' is an ideal-type or logical object rather than any particular state and, thus, states can be written about without reference to the concrete conditions in which they exist. If the system of international relations is thought of as an 'open system', such abstract (ahistorical and aspatial) theorizing becomes impossible. Causal chains would form and dissolve historically and geographically. They could not be reduced to a set of primitive terms that would hold true across space and through time. Essential state territoriality is such a primitive term.

A second support has come from the muddling of two terms, state and nation. In the political science literature the term 'nation-state' is often used as synonymous with territorial state. This seems innocent enough, but it endows the territorial state with the legitimacy of representing and expressing the 'character' or 'will' of the nation. Since the nineteenth century the term 'nation' has carried connotations of both cultural singularity and self-governance that boost the transcendental significance of the territorial state when it is associated with them (Doty 1993). Many states are clearly not nations in this singular sense.

A third contextual factor discouraging more dynamic conceptions of statehood and its geographies lies in the intellectual division of labour in political science that emerged in the aftermath of the First World War. The 'international' (meaning inter-state) was theorized as separate and distinct from the national/domestic, and it required a more homogeneous and uniform conception of the state as an actor than that adopted by students of 'domestic' political life (the image of family coziness is shared!). It was also restricted to studying and proffering advice on managing relations between territorial states (see Carr 1939).

Underlying these three contextual factors which have led to the privileging of a territorial conception of the state there have also been three key geographical assumptions. First, state territories have been reified as set or fixed units of sovereign space. This has served to dehistoricize and decontextualize processes of state formation and disintegration. Classical realism

and idealism have both relied heavily upon this assumption. But it can be regarded as the 'rock-bottom' geographical assumption that underwrites the others. Indeed, some commentators have restricted their attention entirely to this one (e.g. Weber 1992; Walker 1993). Second, the use of domestic/foreign and national/international polarities has served to obscure the interaction between processes operating at different scales, for example, the link between the contemporary globalization of certain manufacturing industries and the localization of economic development policies. This assumption has been particularly important in neo-realism's fixation on the 'national' economy as the fundamental geographical entity in international political economy. Third, the territorial state has been viewed as existing prior to and as a container of society. As a consequence, society becomes a national phenomenon. This assumption is common to all types of international relations theory.

From an analytic point of view the 'territorial trap' is set from three directions, but operates empirically when at least one of the second two is combined with the first assumption. The first, therefore, is particularly powerful. The assumptions, and how they combine, are now examined in detail.

State sovereignty and territorial space

The concept of 'security' is closely associated in the field of international relations with defending the integrity of the state's territorial space. But this has not signified defence of human, cultural or ecological security, except incidentally. What is at stake is the survival and maintenance of the sovereignty of the state over its territory. The total sovereignty of the state over its territorial space in a world fragmented into territorial states gives the state its most powerful justification. Without this a state would be just another organization. Its claim to sovereignty is what distinguishes the state. Conversely, if there are states then there must be sovereignty (Waltz 1979; Gilpin 1981).

However, the idea of state sovereignty in anything like its modern form is a relatively recent one. It emerged in late medieval Europe in the face of the collapse of the well-established principle of hierarchical subordination (Ruggie 1993). In medieval Europe there were few fixed boundaries between different political authorities. Regional networks of kinship and inter-personal affiliation left little scope for fixed territorial limits. Violence was widespread not because state borders were clearly established but because of frequent switches in political allegiance across fuzzy boundaries (see Fischer 1992; Hall and Kratochwil 1993; and Fischer 1993 for discussion of this claim). Communities were united only by allegiance and personal obligation rather than by abstract conceptions of individual equality or citizenship in a geographically circumscribed territory. Space was organized concentrically around many centres depending upon current political affiliations, rather than

a singular centre with established territorial boundaries. In Western Europe the term sovereignty was formally associated with the authority of a monarch (Poulantzas 1980). Time was thought of in terms of repetition of the past rather than an unfolding of novel events in a cumulative or progressive sequence. It was known only as cyclical – seasonal, annual, natural (birth, lifetime, death). The experience of events was not yet associated with a particular 'national' history.

The modern territorial state steadily replaced the plurality of hierarchical bonds with an exclusive identity based upon membership in the common juridical space defined by the writ of the state. In other words, 'the principle of hierarchical subordination gradually gave way to the principle of spatial exclusion' (Walker 1990, 10). The older hierarchical arrangements in Europe involving the Roman Church and the Holy Roman Empire, feudal obligations, and theological claims to just rule, gradually dissolved. Identification of citizenship with residence in a particular territorial space became the central fact of political identity (Sack 1986; Sahlin 1989; Greengrass 1991). Sovereignty shifted from the person of the monarch, identified with a 'divine cosmos', to the territory of the state and state institutions (Collins 1989).

In both political theory and practice the central dilemma became that of the political control of people released from their customary obligations under religious-dynastic authority. The older religious-dynastic communities had relied on a chain of command extending from God through the sovereign and his/her links of political obligation, to the humble subject at the base of the pyramid of power. As this broke down an alternative subjectivity emerged. By and large the new subjectivity involved the emergence of a self-conscious individual constrained in various ways by the rationality of the state and/or the market (a mechanism for coordinating anonymous transactions). Theorists from Hobbes to Rousseau, Kant and Hegel offered different accounts of the new subjectivity. In Hegel, arguably the most important philosopher of the modern state, the individual person was an agent only through the state's definition and enforcement of private property rights:

capable of owning, acting according to private will, entering into contract, establishing [a] career, accountable legally and morally for stealing from others, and worthy of being held responsible individually for the successes and failures in [their] life.

(Connolly 1988, 118)

In this construction only the state could guarantee the harmonization of society. Only within the homogeneous territorial space of the modern state could the self-conscious subject of modern history emerge. This in turn gave rise to the fundamental distinction between places inside the borders of the territorial state in which 'authentic politics' – the pursuit of justice and virtue – was possible, and the space outside where it was not (Walker 1990; 1993).

Walker (1990, 11–12) gives an eloquent summary of the inside = politics, outside = force logic:

Inside particular states we have learned to aspire to what we like to think of as universal values and standards – claims about the nature of the good society, freedom, democracy, justice, and all the rest. But these values and standards have in fact been constructed in relation to particular communities. They depend on a tacit recognition that these values and standards have been achieved only because we have been able to isolate particular communities from those outside – an isolation that implies the continuing legitimacy of war and violence.

Politics thus was theoretically possible only on the basis of territorial affiliation rather than non-spatial/categorical identities. This bias was reinforced by the strong identification with the 'imagined community' of the nation which followed the French Revolution (Anderson 1983). Identities such as those of class or gender, though difficult to organize under modern conditions, have certainly not been absent from modern politics. What has been missing from the accounts of those who link subjectivities directly to the territorial state is any recognition of this. In theoretical terms, such categorical identities undermine the key link between sovereignty and security. Security is only possible for a tightly defined spatial unit endowed with sovereignty. Hence, politics, in the sense of the pursuit of justice and virtue, could exist only within territorial boundaries. Outside is danger, *realpolitik* and the use of force. Security is then, by definition, the defence of a particular spatial sovereignty and the politics within it.

This relationship of security to spatial sovereignty has had four consequences for international relations theory. First, it has led to the definition of political identity in exclusively state-territorial terms. This can be seen as progressive in the sense that state sovereignty can involve an active embrace of popular membership or citizenship as opposed to hierarchical subordination by empires, superpowers or multinational corporations (Wolin 1960). However, in the contemporary world there is a remarkable flowering of alternative political identities of a sectoral (gender, ecological, etc.), ethnic and regional character related in part to the threats to 'security' that emanate from changes in military technology, global ecological problems and resistance to repressive bureaucratic government. Increasingly, orthodox thinking about security must engage with shifting sensibilities about political identity (Dalby 1991; Routledge 1993). Conceptions of 'universal' human rights, for example, cynically exploited during the Cold War for political advantage, now are used to call into question conventional definitions of legal sovereignty and the 'right' of governments to mistreat their citizens, shelter war criminals, pollute the global environment or engage in drug trafficking.

In the dominant understanding, geographically variegated, as opposed to territorially homogeneous, forms of political community have been elimin-

ated from consideration by the close association of security with spatial sovereignty. This reflects a persisting tendency in modern European thought to view the autonomy of 'intermediate' or non-governmental organizations as a threat to the vital interests of both individual liberty and the territorial state (Frug 1980, 1089). Indeed, eradicating the power of intermediate groups was for long seen as simultaneously advancing both the interests of individuals and state interests. Powerful subsidiary bodies could be seen as representing a threat to the monopoly of sovereignty exercised by the territorial state. To permit more than one sovereign to function within one territory would create *imperium in imperio*, a dispute over jurisdiction.

It was also assumed that individual liberty could be guaranteed only if there is limited possibility of coercion and interference by other organizations in state 'protection' and regulation of individual citizens. Yet, non-state forms of political community can be defended precisely in terms of their contribution to political freedom and the pursuit of the good life. The arguments of Jefferson and Tocqueville about the stimulus to democracy provided by membership in local primary groups relied upon this point of view.

Second, and also related to a spatially exclusive definition of political identity, is the rigid separation between those people within the territorial space pursuing 'universal' values (politics) and those outside practising different, and nominally inferior, values. This is one dimension of the so-called problem of the Other, in which the people of states other than one's own are represented and incorporated into the world of sovereign states either as 'barbarians' (uncivilized and dangerous but capable of co-existence), 'heretics' (dangerous dissenters who threaten the stability of the system of states and who must be suppressed or converted), or 'primitives' (those who have not yet gained recognition as states and await incorporation into the 'community of nations') (Rosow 1990, 294–9).

In the contemporary world these Others are less easily marginalized than in the past, even as the classic representations of them persist. In particular, massive international migrations, the emergence of middle-level or world-regional 'superpowers' (such as India and China), and the deterritorialization of the communications media combine to limit the confinement of Others in spatial reservations. It has become increasingly obvious to people that the spaces occupied by Others have long been connected to the rest of the world, especially to its Civilized Territories, and have not remained separated or autonomous. However, 'The presumption that spaces are autonomous has enabled the power of topography to successfully conceal the topography of power' (Gupta and Ferguson 1992, 9).

Third, and most misleadingly in terms of the actual 'content' of state territoriality, the security-spatial sovereignty nexus involves viewing the territorial state 'not in its historical particularity, but abstractly, as an idealised decision-making subject' (Ashley 1988, 238). The actual processes out of which different states have arisen are then obscured in favour of an ideal-type

territorial state. By way of example, consider the different processes of expansion and incorporation by which the modern states of Britain, the United States and Germany were created. Modern Britain was the outcome of conquest and dynastic inheritance of adjacent territories by a succession of English monarchs over six hundred years working from an initially limited regional base. The United States came about through the settlement of a vast continental tract by immigrants from Europe, Africa and Asia engaged in an expansion that took only about one hundred and fifty years. Modern Germany was created in the mid-nineteenth century by the incorporation of many small German-speaking principalities into a Prussian-dominated *Reich*. Each of these is a territorial state, but each has distinctive origins, geographic scale and founding mythology. Students of comparative politics appreciate this. (For a classic account, see Barrington Moore 1967.) But the peculiar intellectual division of labour in the social sciences has most students of international political economy bundling all of these states together. This has undermined the possibility of seeing the various states as bringing unique contributions in values and behaviour to the system of states, especially in terms of a predisposition towards favouring either economic or military relationships with other states (Rosecrance 1986).

The lack of interest in the creation of specific states has allowed the European confusion of 'state' and 'nation', particularly strong in the English language, to legitimize the idea of a world made up of singular territorial states through a claim to ethnic or national representation by states when in fact most states are not ethnically homogeneous (Ra'anana 1991). The states are the same, it is the nations that differ. It was the success of German and Italian unification in the nineteenth century that confirmed the 'nation-state' as the paradigmatic political unit. This naturalized the territorial state in either one of two ways. The first, notable in the German and Italian cases, was through the dual nature of a nationalism which offered both the universalistic, progressive ideals of the American and French pioneers of the eighteenth-century and a collective political identity based on the 'awakening' of an archaic *Volkegeist* (folk-spirit). The second, exemplified by the British, American and French cases, was by the imposition of an ethnic or cultural representation of the national history on an older civic model of statehood.

Fourth, and finally, the principle of state sovereignty 'denies alternative possibilities because it fixes our understanding of future opportunities in relation to a distinction between history and progress within statist communities and mere contingency outside them' (Walker 1990, 14). The only alternatives for political organization as we can imagine it are either continuing division into territorial states or integration into a global superstate. This rests on the view that government through states is necessary because of the axiomatic untrustworthiness of people. 'If men [and women] were to be safe in each other's company, they needed a fundamentally external guarantee of their security – a familiar Hobbesian argument' (Dunn 1979, 23).

But this is not an argument without its own problems. As Locke suggested, the trustworthiness of government remains the larger question: 'This is to think that Men are so foolish that they take care to avoid what Mischiefs may be done them by Pole-cats or Foxes, but are content, nay think it safety, to be devoured by Lions' (Locke 1967 edn quoted in Dunn 1979, 24).

In fact, the territorial state as a primary mode of political organization is no older than the eighteenth century, though it has older roots. This is so despite the best efforts of international relations theorists to find it in the Greece of Thucydides or the Italy of Machiavelli (Garst 1989). The European medieval world was one of local and hierarchical rather than territorial and horizontal allegiances. As late as the Elizabethan period in England, the dominant 'world picture' was still that of 'an ordered universe arranged in a fixed system of hierarchies' (Tillyard 1943, 13). Great power could be exercised by small places; city-states such as Venice, Florence, and Lubeck were world powers. This may never occur again in the way it did before, although the emergence of Hong Kong, Singapore and Kuwait as important financial and industrial centres is suggestive of a move towards 'node and network' forms of political-economic organization. (See Chapter 7 for a sustained examination of these nodes and networks in terms of theories of power and hegemony.) What is more important to note here is that the spatial scope of political organization has not been set for all time and all places in a particular mould. Except during periods in which a balance of power has prevailed in relations between states (as in the mid-nineteenth century) the 'principle' of sovereignty has been routinely violated by Great Powers and other powerful organizations. The sovereign territorial state is not a sacred unit beyond historical time. The state-centring of conventional renditions of international relations assumes precisely that.

The domestic/foreign polarity

Regarding territorial states as the 'nodes' of international political economy, many theorists adopt what can be thought of as a version of abstract individualism (Inayatullah and Rupert 1993). Its theoretical origin lies with Hobbes's world of 'war of all against all' in which territorial states are understood as individuals struggling against one another for wealth and power. In this construction the territorial state is viewed, as in the political economy of mercantilism, as a single, abstract individual: a domestic polity or economy, understood as an identity, in an environment of international anarchy. This is an especially important feature of so-called neo-realist arguments (Milner 1991).

Mercantilism was a loose set of practices and policies followed by many European states in the seventeenth and eighteenth centuries. It was never a coherent economic theory or doctrine. Its most important characteristic was an overt economic nationalism. This was based on the idea that the world's

wealth was basically fixed in size and that, consequently, one state's gain could come only at the expense of another state's loss. States were thus locked into a permanent and deadly competition for wealth and trading advantage.

In the context of the general economic stagnation of the seventeenth century this perspective had a certain plausibility. However, the view that national economies were the basic building blocks of economic activity in general became strongly grounded in economic and political philosophy. We are its inheritors. The liberal political economy of Adam Smith and his successors, with its emphasis on comparative locational advantage and the logic of rational (self-serving) individual action producing collective optima, has provided a coherent alternative. But it has always been vulnerable, especially during periods of economic stagnation or depression, to charges of depoliticizing resource allocation and devaluing place and social solidarities in the service of general consumer or firm welfare (Agnew 1984; Neff 1990).

Under early industrial capitalism the spatial division of labour was strongly organized on a state-territorial basis. The leaders who built many modern territorial states, from Hamilton in the United States to Bismarck in Germany and the Japanese oligarchy of the Meiji Restoration in Japan, all used economic policy to buttress their political ambitions. Over time, however, the increased mobility of capital and the decreased importance of transport costs have produced a global geography of economic activities not readily captured by state-territorial representations of economic characteristics or performance (Massey 1984; Knox and Agnew 1994).

But despite this secular trend in spatial practices, the subordination of the economic to the political in an essentially mercantilist formula is still characteristic of the dominant realist and neo-realist approaches to international political economy. Carr (1939, 116) long ago attempted to ground such interterritorial competition empirically when he asserted, during a very 'abnormal' time in modern history (1939), that 'We have now therefore returned, after the important, but abnormal, laissez-faire interlude of the nineteenth century, to the position where economics can be frankly recognized as part of politics.' Carr thus characterized the epoch of inter-imperial rivalry as the normal condition of international relations. This helped to define economic as well as political life as following the fault lines of state boundaries. It also fixed the geographical scale of significant economic and political activities as that of the territorial state. More recently, a recourse to mercantilist ideas has often been to the fore in discussions of the US-Japan trade relationship, in which two territorial economies are often regarded as the leading actors, when in fact its principal features are intraindustry and intrafirm trade and investment rather than territorial competition (e.g. Mastanduno 1991). The historically contingent nature of state-economy relations thus continues to be collapsed 'into a single abstract unity' (Rupert

1990, 429) in which the long-term complementarity of wealth- and power-seeking by territorial states is assumed a priori.

Such intellectual choices eliminate the possibility of seeing the territorial state and its power as dependent on the interaction between global and local (including state-territorial) processes of political-economic structuration. Cox (1981) suggests that territorial states are in a constant condition of reconstruction at the intersection of global and local material conditions. From this viewpoint, showing how the domestic and the foreign come together under different historical circumstances rather than separating them into permanent opposition becomes the overriding task.

We have already addressed this task in Chapter 2, where we outlined three different periods of global geopolitical order for the period 1815-1990. Only in the period of rival imperialisms was mercantilism a dominant feature of international economic relations. Just how misleading the mercantilist position is in contemporary conditions is illustrated by one statistical item that many people (especially economists) spend a good deal of time worrying about, the United States trade deficit (Julius 1990, 81). In terms of the territorial books, the deficit was \$144 billion in 1986. If the trading and foreign direct investment activities of US-owned companies abroad and foreign firms in the United States are included in the calculations, however, the huge territorial deficit becomes an ownership surplus of \$77 billion. By comparison, Japan's territorial and ownership trade balances are much closer, showing how much more deterritorialized American firms are than Japanese ones (Table 4.1). Most important, an ownership measure of trade raises the basic question of how foreign transactions should be thought of in a non-mercantilist world economy in which perhaps 40 per cent of trade between territorial states is carried on within companies (Reich 1991a).

Table 4.1 Conventional and 'ownership-based' trade balances, US (1986) and Japan (1983), in US\$ billions

		USA	Japan
<i>Exports</i>			
Less intra-firm transfers	[1]	224	146
Plus local sales to foreign MNCs		123	60
Plus sales by home-owned MNCs abroad		267	3
Equals total 'foreign sales'		777	150
	[2]	1,145	239
<i>Imports</i>			
Less intra-firm transfers	[3]	368	114
Plus local purchases from foreign MNCs		191	65
Plus purchases by home-owned MNCs abroad		445	58
Equals total 'foreign purchases'		446	90
	[4]	1,068	197
Conventional trade balance			
'Ownership-based' trade balance	[1] - [3]=	-144	+32
	[2] - [4]=	+77	+42

Source: Recomputed from Julius 1990, 81

The competitiveness of many firms in a wide range of industries is now determined by non-territorial factors: access to technology vested in firms, marketing strategy, responsiveness to consumers, flexible management techniques. All of these are the assets of firms not of areas. Large firms grow because of their success in deploying their internal assets. Multinational firms cannot be readily restricted from switching their relatively mobile assets from place to place or state to state. Indeed, territorial states now compete with one another to attract these mobile assets to their territories. In this new world of territory-transcending industry and finance who is regulating whom?

The territorial state as container of society

To the extent that its existence is problematized at all, 'society' in international political economy means what it means in most everyday usage: the social order or organization within the territory of a state. Thus we commonly encounter such phrases as 'Italian society' or 'American society'. This reinforces the totalizing power of the territorial state as a primal force; everything is subordinate to it. Only rarely, as in Bull (1977), is the system of states regarded as analogous to a society. By and large the main contours of society are seen as coincident with the borders of the state.

The historical etymology of the term 'political' gives an important clue to the definitional subordination of society to state. Today the term presupposes the existence of the territorial state. 'That an impersonal structure of domination called the state is the core of politics is an idea so deeply embedded in our ways of thinking that any other conception of it appears counter-intuitive and implausible' (Viroli 1992, 284). Yet this was not always the case. In early Renaissance Italy the term 'political' was intimately associated with society. Politics was 'the art of preserving the republica, in the sense of a community of individuals living together in justice' (Viroli 1992, 2-3). Only during the sixteenth and seventeenth centuries did politics become the 'art of preserving a state, in the sense of a person's or group's power and control over public institutions (for instance the *stato* of the Medici)' (Viroli 1993, 3). The best known political theorists of Renaissance Italy, Machiavelli and Guicciardini, struggled to reconcile the two but later theorists abandoned the challenge. 'There was not, and there could not be, room for both: either the city of all and for all, or the state (*stato*) of someone' (Viroli 1992, 5).

The close association of society with the territorial state was further reinforced at the beginning of formal sociological thinking in the nineteenth century. A principle of what Smith (1979, 191) calls 'methodological nationalism' came to prevail among a wide range of thinkers. Irrespective of their other profound differences and in degree of its centrality, such figures in the development of modern social science as Durkheim, Weber, and Marx, all shared a territorial definition of 'society'. This is most obvious in such works as Durkheim's *Suicide*, Weber's *Economy and Society* and Marx's (with

Engels) *The German Ideology* (with reference to capitalist if not to communist society). To Durkheim, arguably the most influential of the leading figures called on in American social science, the territorial state was both the creator and guarantor of the individual's natural rights against the claims of local, household, communal and other 'secondary' groups. The state guaranteed social order. But as a 'container' it also provided a territorial unit for the collection of the statistics about social and economic processes that empirical social science required. The categories of the state census came to be the main operational categories of empirical social science.

The intellectual division of labour that emerged in the rapidly expanding universities in the late nineteenth century reinforced this sense of reality. Fields such as sociology, political science and economics were from the beginning concerned with the practical interests of states in, respectively, social control, state management and accumulation of wealth. At their roots they were state-territorial in focus. It is not surprising that derivative fields such as international relations or international political economy should share this orientation.

Reference to local or regional settings, except as 'case studies' of ostensibly state-wide processes, or to 'global' processes, was largely closed off by the 'nationalizing' of social science and its subservience to the territorial state (Agnew 1989). Only outside the modern world, in the 'traditional' societies where states did not yet exist, were other geographical scales of analysis appropriate. This sense of the territorial state as the container of (modern) society has been reproduced in the main currents of international relations. Only inside the state territory is there social order; outside is anarchy and danger.

Mann (1984; 1986) has argued persuasively that a state-centred society has had a definite historical existence but that the pertinence of state-territorial boundaries to what is meant by society is by no means either self-evident or of transcendental relevance. In the ancient Greek polis the nature of the social relationships of the city-state defined the possibility of the pursuit of the virtues (MacIntyre 1981, 152). 'The outer world was only significant if it threatened invasion or promised plunder' (Mazzolani 1970, 16). But this paralleling of social and political organization was unusual. Prior to modern times society was rarely state-defined. But in the twentieth century 'states are central to understanding of what a society is' (Mann 1984, 212). This is because 'where states are strong, societies are relatively territorialized and centralised' (212). 'The territoriality of the state has created social forces with a life of their own' (210). These include:

the existence of a domestic market segregated to a degree from the international market, the value of the state's currency, the level of its tariffs and import quotas, its support for its indigenous capital and labour; indeed its whole political economy is permeated with the notion that 'civil society' is its [the nation-state's] domain. (210)

The state-defined society, therefore, is 'the product of the usefulness of enhanced territorial-centralisation to social life in general' (211) as groups in civil society (dominant economic classes, churches, military élites) 'entrust power resources to state élites . . . because their own socio-spatial basis of organisation is not centralised and territorial' (210-11). However, as Mann is quick to add, 'This has varied considerably through the history of societies, and so consequently have [sic] the power of states' (1984, 211).

This last point is the essential one in the present context. The territorial-state society is a historically and geographically contingent one. In particular, the modern European territorial-state system 'resulted from the way expansive, emergent, capitalist relations were given regulative boundaries by pre-existing states' (Mann 1984, 209). But these relations have never been readily contained. Only when they are contained is the territorial state of central importance in structuring social processes. The territorial state has been 'prior' to and a 'container' of society only under specific conditions. The growth of a strong 'welfare' state and the social changes it allowed, for example, were possible only while capital was relatively immobile beyond state boundaries (Johnston 1993).

The fusion of the territorial state with society, therefore, is not necessarily an intellectual illusion. But what is illusory is its treatment as a Hegelian 'rational unity'. Actual territorial states, based on a circumscribed territory, involve the creation of unified and homogeneous spaces in which various social practices - culture, knowledge, education, employment - are rationalized and homogenized. Making spatial exclusivity is vital to the incorporation of social practices under state regulation. But because space has been subordinated in some instances to the state and became, in Lefebvre's terms (1991, 281), merely 'classificatory' and 'instrumental', the state's spatial unity and internal homogeneity were taken for granted as a 'reality' of social life in general. Lefebvre traces this 'timeless' conception of state-centred space to the influence of Hegelian idealism. Lefebvre (1991, 279) notes that 'For Hegel space brought historical time to an end, and the master of space was the state.' There could be no society without the state. Far from Hegel's immediate influence, indeed in circles that might disavow his every aphorism, this understanding has prevailed. The territorial state unthinkingly serves as the container of society. What better basis for its self-evident importance could there be?

The territorial trap

There is a historiography to these three geographical assumptions. The second two are relatively recent, dating in their current construction from the nineteenth century, even though they have older intellectual sources. They can be thought of as interacting with the older and more fundamental assumption of territorial sovereignty. But they are not simply extensions of

it; they have distinctive sources, and they are related to the assumption of state sovereignty in different ways.

In the first place, sovereignty as construed by mainstream approaches implies a relation of similarity among all states in which differences in political and economic practices are defined and demarcated by state-territorial boundaries. The third geographical assumption, therefore, is closely tied to the assumption of territorial sovereignty because the state-society identity is only possible on the assumption of state-territorial sovereignty. This is the way in which the understanding of sovereignty is shared by bureaucratic and popular cultures; practices based on sovereignty such as citizenship, emigration and immigration, policing, trade, national defence and diplomacy are so pervasive that society is easily defined by them (Milliken 1990). It is 'commonsensical' to see the territorial state as the container of society when the state is sovereign.

Territorial sovereignty is also intrinsic to the second geographical assumption, the domestic-foreign opposition. The state's resolution of the problem of order within its boundaries contrasts with the foreign anarchy beyond them. Outside state boundaries there is only struggle for power between the individuals of international relations: sovereign states. There is an essential conflict of interest between states in which one state's gain is always another state's loss unless, in more liberal and idealist accounts, the states can negotiate a temporary regime of cooperation over their antagonistic interests.

The territorial trap, therefore, is circular and cumulative. The geographical assumptions are not linear and additive. They interact to produce mutually reinforcing accounts of international political economy, be they realist, neo-realist or idealist, that are state-centred and in which the space occupied by states is timeless. Theorizing is thus put beyond history by its geographical assumptions.

EMERGING SPATIAL FORMS

The theories of writers such as Waltz and Keohane outlined earlier came to prominence during the Cold War when, one might argue, their orientations to state territoriality had a certain validity. The global conflict between the United States and the Soviet Union effectively froze the world political map into a relatively fixed form for nearly fifty years. During the past twenty years, however, spatial practices, the ways in which space is produced and used, have changed profoundly. In particular, both territorial states and non-state actors now operate in a world in which state boundaries have become culturally and economically permeable to decisions and flows emanating from networks of power not captured by singularly territorial representations of space (Nye 1988; Stopford and Strange 1991).

This dramatic change has led some commentators into speculation about the 'disappearance' of space. Much like at the turn of the twentieth century

when Futurists saw the speed of new technologies like the telephone and airplane displacing or homogenizing space, so today there are those who see management of speed replacing control over space. One proponent of this view is Virilio (1986; 1989). Emphasizing the impact of new military technologies on warfare he claims that 'Territory has lost significance in favor of the projectile. In fact the strategic value of the non-place of speed has definitely supplanted that of place . . .' (Virilio 1986, 133). Der Derian (1990) follows this logic in suggesting that with the proliferation of information technologies we can think of 'geopolitics' being replaced by 'chronopolitics' or the spatiality of 'virtual reality' beyond military applications. The whole world is now mastered in a cathode-ray tube rather than on the ground.

We can see what these commentators are implying. The pace of economic transactions certainly has quickened over the past twenty years (Knox and Agnew 1994) and wealth is no longer tied very closely to (national) territory. An interesting example of this is how little of the accumulated wealth of Kuwait was accessible to the Iraqi army after its invasion of Kuwait in 1990. Much of it was stashed away in foreign assets and bank accounts. This illustrates a more general point made eloquently by Luke (1991, 326):

The essentially fictive nature of many contemporary nation-states . . . is exposed by the Kuwaiti and Iraqi experiences in the Gulf War [of 1990-1]. As a classically styled authoritarian state, using modernist myths of military conquest, supreme leadership, national mission, and chiliastic global change, Iraq - like fascist Spain, Portugal, Argentina, Japan, Italy, or Germany before it - demonstrated the bankruptcy of spatial expansion, place domination, and territorial imperialism in the informational flows of contemporary world systems. Kuwait, on the other hand, as a bizarrely postmodern fusion of pre-modern feudalism with informational capitalism, is more of a place-oriented stream within the global flow of money, ideas, goods, symbols, and power. As a point of production and consumption in the flow, however, Kuwait far outclassed Iraq in global significance, even though it had fewer people, less territory, and a smaller military force. . . . Iraq took Kuwait's real estate but failed to capture its hyperreal estate.

This suggests, contra Virilio, that space is not identical to state territoriality. Kuwait has a spatial identity as a node in the network of informational capitalism. This identity now has distinct advantages in terms of garnering and protecting wealth. Kuwait could have others fight for it because of its importance as a node in the emerging global capitalism. But Kuwait still exists grounded in space as well as situated in time. The prophets of homogenization, of time conquering space, confuse state territoriality with space in its entirety.

Be this as it may, the signs of a new spatial organization departing from the conventional spatial representation of state territoriality are everywhere. At one scale there is fragmentation or localization; what Eco (1987) calls 'the

return of the Middle Ages'. The Soviet Union, which was in part an attempt to meld many regional ethnic groups into one state, has broken up along its ethnic fault lines. The replacement states are trapped between the desire to acquire the accoutrements of statehood (flags, currencies, militaries, etc.) and the need to collaborate economically with one another. In the former Yugoslavia Serbs and Croats fight violently with one another and with the Moslems of Bosnia over national differences that in a multicultural milieu like New York City would not seem of significant import. Many French-speaking Quebecois openly advocate separation from a state, Canada, that has already given them considerable autonomy. In nominally secular India radical Hindus suggest that the country should become more Hindu, initiating a renewal of regional and religious enmities. In Africa the territorial states inherited from colonialism have failed to establish national identities that override local and ethnic loyalties, leading to suggestions that they are 'failed' or 'quasi' states (Jackson 1990). The position of these states within the global division of labour has worked against the wealth creation that would have led to a displacement of local and ethnic loyalties and to a more effective exercise of sovereignty (Inayatullah 1994).

Regions, religions and ethnicity everywhere challenge territorial states as the loci of political identity. In many countries social classes and established ideologies appealing to 'class interests' have lost their value as sources of identity. Increasingly, the links between the places of everyday life in which political commitments are forged, and the territorial states that have structured them and channelled political activities, are under stress. New loyalties everywhere undermine state political monopolies.

At another scale, in the recent Uruguay Round of the GATT, states negotiated about opening up trade in services, which would involve them admitting more foreigners and 'foreign' ways of doing business into their territories. 'Foreigners' are already migrating at rates rarely experienced in modern world history. In Europe the dominant political issue of the 1990s is the movement towards a more unified European Community (European Union) and whether membership should be expanded or political unification deepened. The world's financial service industries are increasingly globalized, operating around the clock without much attention to state boundaries. Many manufacturing industries have branch plant and research facilities scattered across the globe. Even that most sacrosanct of state powers, the power to wage war, is becoming the mercenary activity that Machiavelli decried in his day. The 1990-1 Gulf War, the first significant post-Cold War war, involved the US in an exercise in coalition building, cost sharing and use of the United Nations that smacked more of collective security with the US as its military arm rather than unilateral action by a single nation-state.

Why have these apparently contradictory spatial forms of fragmentation and globalization emerged together? The most obvious point is that globalization is not synonymous with homogenization (Mlinar 1992; Strassoldo

1992; Lash and Urry 1994). The globalized world economy is based on the transnational movement of the mobile factors of production: capital, labour and technology. As this movement has occurred at an increasing pace localities and regions within states have become increasingly vulnerable to economic restructuring. Previously, during the heyday of the welfare state in Western Europe and North America and state socialism in Eastern Europe, the Soviet Union and China, regional economic policies, national wage agreements and welfare policies, and/or state repression had produced increased equalization across regions within states. With increasing economic competition and increased capital mobility and the collapse of state socialism the outcome has been increased uneven development and spatial differentiation rather than homogenization. Wolin (1989, 16–17) captures the main point most eloquently when he writes:

Compelled by the fierce demands of international competition to innovate ceaselessly, capitalism resorts to measures that prove socially unsettling and that hasten the very instability that capitalists fear. Plants are closed or relocated; workers find themselves forced to pull up roots and follow the dictates of the labor market; and social spending for programs to lessen the harm wrought by economic 'forces' is reduced so as not to imperil capital accumulation. Thus, the exigencies of competition undercut the settled identities of job, skill, and place and the traditional values of family and neighborhood which are normally the vital elements of the culture that sustains collective identity and, ultimately, *state power itself*. [emphasis added]

One result has been an evolving redefinition of economic interests from national and sectoral (age group, social class, etc.) divisions to regional and local levels. The struggle for jobs and incomes takes place within a global spatial division of labour that is no longer contained by territorial-state boundaries. Another has been that political identities are no longer anchored in singular nation-state identities. For one thing, increasing numbers of people live in what Said (1979, 18) has called 'a generalized condition of homelessness'; a world in which identities are less clearly bonded to specific national territories. Refugees, migrants and travellers are the most obvious of these homeless. But the issue is more general than the question of exile. Globalization is producing a proliferation of multiple (mixed) and local cultures which are not congruent with the boundaries of established territorial states.

From this perspective, globalization has provided the context for fragmentation. Without the first, reducing expectations of and loosening ties to the state, the second, disturbing and reformulating identities, could not occur.

Of course, the territorial state, especially in Western Europe and North America, has continuing strengths within its borders. National political identities are still strong within many territorial states. Mann's (1984) 'society-

defining' state is still not exhausted despite attempts in the 1980s to spread the gospels of economic liberalization and privatization of state-provided services. States are principal employers and through their demand for goods and services they are also important economic actors in their own right. The state still provides 'legitimation services' through social spending and most states still exercise a degree of power over economic transactions, notwithstanding an often fragile position within the world economy. States, especially the more powerful ones, are not yet pitiful giants. Labour, investment and, sometimes, monetary policies can still have tremendous impacts on retaining and attracting investment (Parboni 1984; Garrett and Lange 1991).

At the same time, however, states must now mobilize more actively than in the past to attract and keep capital investment within their borders and open up foreign markets to their producers. Much contemporary economic discussion in the United States is about how best to do this. One group preaches a 'geo-economic doctrine' in which the US (and 'its' capitalists) is portrayed as in an economic 'war' with Japan (in particular) (see O'Tuathail 1993b). Another group accepts the advent of transnational capitalism and argues for policies that will encourage investment in the US territorial economy irrespective of its 'national' origin (e.g. Reich 1991a). According to Reich, the question of the day is 'Who is Us?'

Finally, the territorial state has a continuing normative appeal. In his classic work *Politics and Vision*, Wolin (1960, 417) made the case as follows:

To reject the state [means] denying the central referent of the political, abandoning a whole range of notions and the practices to which they point – citizenship, obligation, general authority, . . . Moreover, to exchange society or groups for the state might turn out to be a doubtful bargain if society should, like the state, prove unable to resist the tide of bureaucratization.

However, such a juridical state should not be confused with the absolute sovereign state of conventional modern political theory. Territorial states as we have known them are not necessarily the best instruments for Wolin's political life. In support of a 'cosmopolitan ideal' of democracy, for example, Pogge (1993) advocates a world-wide multilevel scheme of political units to encourage a 'vertical dispersal of sovereignty'.

The main point in reviewing the continuing strengths of territorial states is to suggest that globalization and fragmentation do not signal their terminal decline; the Final Fall of the territorial state. But at the same time, and this is the main point of the chapter, the world that is in the process of emergence cannot be adequately understood in terms of the fixed territorial spaces of mainstream international relations theory (and international political economy).

CONCLUSION

By means of three geographical assumptions the territorial state has come to provide the intellectual foundation for the mainstream positions in international relations theory – realist, neo-realist and liberal. The first assumption, and the one that is most fundamental theoretically, is the reification of state-territorial spaces as fixed units of secure sovereign space. The second is the division of the domestic from the foreign. The third geographical assumption is of the territorial state as existing prior to and as a container of society. Each of these assumptions is problematic, and increasingly so. Social, economic and political life cannot be ontologically contained within the territorial boundaries of states through the methodological assumption of 'timeless space'. Complex population movements, the growing mobility of capital, increased ecological interdependence, the expanding information economy and the 'chronopolitics' of new military technologies challenge the geographical basis of conventional international relations theory.

The critical theoretical issue, therefore, concerns the historical relationship between territorial states and the broader social and economic structures and changing geopolitical orders (or forms of spatial practice) in which these states must operate. It has been the lack of attention in the mainstream literature to this connection that has led it into the territorial trap. In the second part of *Mastering Space* we will comment further on the dangers of hypostatizing the territorial state at a time of rapid deterritorialization of the global political economy. In so doing we will also comment critically on two more sets of concerns that remain central to international relations theory: the view that because some territorial states have succeeded one another in the past as Great Powers, so another Great Power must succeed the US as the next hegemon; and the view that the world system must tend to instability and disorder in the absence of a singular hegemonic Great Power.