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A Comprehensive Review of the International Political Economy System (From the Past to the Present)

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Abstract:

Today, a large share of scientific achievements in the natural sciences is due to the existence of laboratories that determine the truth or falsity of the calculations of natural scientists in a short time; however, the conditions in the field of humanities are completely different.

In the humanities, the laboratory of history is used to test hypotheses; Therefore, the previous article attempts to examine the history of international relations in a mixed manner with the history of international economics in order to examine the variables and characteristics that have influenced the formation and evolution of the international political economy system.

The question of the present research can be posed as follows: What has been the course of formation and evolution of the current international political economy system? In response, it should be said that the political units that achieved a kind of economic hegemony after the fourteenth century AD played a fundamental role in the formation and evolution of the international political economy system, relying on two variables: investment in the international system and access to modern technologies. The present study is based on the assumptions of the scientific-empirical approach, and aims to examine the formation and evolution of the current international political economy system using a comparative approach. The research method of this paper is also of the fundamental type, material and process studies. The research discussion shows that the formation of the international political economy system has been within the framework of the competition of economic hegemons over the past five centuries, and each of these players has played an important role in this regard by relying on technological and capital changes alongside institutional innovations.

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1. Introduction

Today, a large share of humanity's scientific achievements in the field of natural sciences and technology is owed to the existence of laboratories with advanced equipment that determine the truth or falsity of the calculations and results of natural scientists in a short time frame.

It is natural that scientists can make the necessary corrections by quickly observing the results of their hypotheses and theories in the event of deficiencies and shortcomings; Or to ensure their validity and to apply them practically on a large scale. It is clear that the advantage of being inexpensive, of being quick and accessible results, as well as the possibility of conducting repeated experiments under different conditions, has not been without effect on the rapid progress of these scientific branches. With all these conditions in the technical and natural sciences, the conditions in the field of humanities are completely different. Given the focus on human behavior and actions; the fact that the study of these actions is not limited to a specific person, group, or population; and, most importantly, the involvement of the element of choice in human behavior, virtually none of the advantages of natural science experiments apply to the human sciences.

Simply put, the advantage of low-cost experiments does not apply to the human sciences; Because in the humanities, the main subject is man, and the high value placed on human life prevents humanists from being able to comfortably study all dimensions of human collective life.

For example, a humanities scholar cannot simply study the impact of human disasters such as war or natural disasters on the economic stability of countries by identifying a disaster at the national or global level. This action could undoubtedly affect or disrupt the lives of many people. The advantage of rapid results, easy access, and repeated testing under different conditions is also not available for testing in the human sciences.

For example, a chemist can observe the result immediately by combining two substances and creating a chemical reaction and repeat it several times to achieve a definitive result or to study the results of the reaction of different substances with each other; But in the same example of studying the impact of human disasters on the economic stability of countries, a humanities scholar cannot simply test a hypothesis by creating a war or an earthquake, or by repeating it. At best, this scholar is forced to wait for a disaster to occur in order to reach a preliminary conclusion.

Without a doubt, one of the reasons why the human sciences, like the natural sciences, have not made such revolutionary advances as the Industrial Revolution, is the lack of laboratories. Some disciplines, such as psychology, only study a group of people with certain characteristics; disciplines such as sociology and economics are concerned with the study of a nation and society; And disciplines such as international relations and international economics have a wide range of studies as large as the nations and countries of Korea. The first two groups have much easier study conditions than the third group; because they have a smaller scope of studies; but the third group has more complexities due to its breadth. However, humanities researchers, especially in the third category, use another laboratory called history to overcome some of these complexities.

With all these interpretations, the collective history of human life has a high potential for different and sometimes contradictory perceptions. Depending on the variables, the facts cited, and the way the researcher studies history, the results obtained can also be different. Groups like the realists study history from the perspective of war and peace. Liberals try to situate history within the broader international systems within which international conflicts and cooperation take place. Marxists also tend to offer a reading of the perpetual conflict between the economic classes of societies, which may never end.

This study attempts to examine and analyze the history of international relations in a way that is integrated with the history of international economics in order to assess the variables and characteristics that have influenced the formation and evolution of the current international political economy system.

With these descriptions, the question of this study can be posed as follows: What has been the course of the formation and evolution of the current international political economy system? In answer to this question, it must be said that the political units that achieved a kind of economic hegemony after the fourteenth century AD, relying on two variables: investment in the international system and access to modern technologies, played a fundamental role in the formation and evolution of the international political economy system. It is important to note that this research, by adopting the assumptions of the scientific-empirical approach, aims to examine the formation and evolution of the current international political economy system through a comparative approach and by using Robert Gilpin's theories of "hegemonic rotation" and "hegemonic stability" alongside Robert Solow's economic growth model. The type of research in this study is also basic, material study (international political economy system) and process study.

Among the important works that can be mentioned as research literature for this study is Paul Kennedy's (1987) work entitled "The Rise and Fall of Great Powers". In this study, he discusses and examines the competition of great powers over five centuries, that is, the years 1500-2000, from various aspects. Graham Allison (2017) also introduces, in his book Inevitable War, several rivalries between dominant and emerging powers that have sought to create international and regional orders throughout history.

In an article entitled “War as an Economic Activity in the Eighteenth Century,” Nicholas Roger (2010) attempts to examine the impact of war on economic growth using historical data and thus explain the competition between great powers during that period.

The present study consists of eight sections, except for the first, second, and eighth sections, each section is separately dedicated to an economic power from the fourteenth century AD. The first section of this study is dedicated to the introduction, which includes topics such as the research question, hypothesis, and methods.

In the second section, a new theoretical framework based on the theories of Gilpin in international politics and Solow in economics is designed and mentioned in order to explain the formation of the international political economy system.

The remaining chapters deal with the political economy of economic hegemons, including the Italian city-states, the Spanish Empire, the Dutch nation-state, the British Empire, and the United States of America, in chronological order from the fourteenth to the twentieth century. Finally, a conclusion is provided as the final section of this study.

2. Theoretical Framework of the Research

In most historical research in the field of the history of international relations, a specific analytical perspective prevails, and historians have focused on explaining and explaining historical events based on their theoretical perspective. What this research does is to present a narrative that is somewhat distant from qualitative methods and closer to quantitative methods. To this end, an attempt has been made to use a different theoretical framework to meet the needs of this research. In this regard, a theoretical framework in the field of international political economy will be explained in order to achieve the goal of this research, namely, to provide a quantitative narrative of the history of international relations.

This theoretical framework is based on Robert Gilpin's theories of "hegemonic rotation" and "hegemonic stability," which attempts to enrich and depopulate the economy through Robert Solow's growth model. In his theory of hegemonic rotation, Robert Gilpin aims to use the literature of the realist school to assess the rise and fall of hegemons in order to explain changes in the international system and order. In other words, Gilpin focuses on hegemonic competition and sees change in the system and the system as a result of this competition. On this basis, Gilpin introduces three types of change, which are:

1: System change, which he sees as being facilitated by deep and structural changes in the international system, such as changes in the nature of the players.

2. Systemic change (regime change) which refers to internal changes in the system and implies a change in the pattern of power distribution among the players in the international system.

3. It is interactional change that this type of change, from Gilpin's perspective, means a change in the rules and patterns of behavior among international players. (Gilpin, 1981: 41-44)

The present study focuses on the first and second types of change, namely, changes in the international system and order (changes in the pattern of power distribution) from an economic perspective. In the second step, with regard to defining this competition within the framework of international political economy, it seems necessary to state Gilpin's theory of hegemonic stability.

A hegemon in the international system must take steps to provide public goods such as security, establishing norms and rules in the international system, punishing wrongdoers, managing and monitoring the international economy, and similar resources for other players. (Guzzini, 2013: 167) It is worth noting that these resources primarily provide the hegemon’s interests and legitimacy, which leads to the continuation of hegemony and the international order. It will be.

In the second stage, in the shadow of the international stability created by the hegemon, the economic and industrial growth of the players is also possible, and international relations and interactions become regular. This situation will continue as long as a hegemon is present in the international system.

Gilpin depicts a hegemon as one that is dominant in economic, technological, industrial, and prestige terms among other players in the international system. Because of these capabilities, the hegemon will expand the definition of its interests to gain more; but on the other hand, there will be an increase in commitments.

This expansion of interests will continue until it is equal to the commitments. At this stage, the hegemon's costs of protecting its interests will increase to the point where it can no longer secure them, which will mean the beginning of decline. (Richardson, 1991: 72) At this point, another player may take steps to maximize its own interests and confront the dominant hegemon in order to create a new order that suits its own interests, which, in addition to the first case, could lead to the decline of the hegemon. Strengthen and accelerate the ruling. These conditions can destabilize the international system and disrupt the process of providing public goods. In such conditions, the international economy will face disruption.

A clear example of this claim can be seen during the two world wars, when economic growth was severely reduced due to the destruction of infrastructure and the concentration of power of the countries involved in the war. To better explain the above theories and conditions, the Solow economic model can be used.

He presented his model in macroeconomics to explain how economic growth occurs, emphasizing variables such as investment, labor, and technology. Among these cases, two variables, capital and technology, can be important in that Gilpin also considers access to modern technologies and having sufficient infrastructure as a necessary condition for achieving and maintaining hegemony, as well as the ability to invest in the international economy (Spiezio, 1990: 173). On the one hand, one can, with tolerance and taking into account the issues raised, compare the role of the hegemon to the role of the state in Macroeconomics was considered.

It seems useful to use the Solow model to explain Gilpin's theories from an economic perspective (Cheghanizadeh and Timuri 2024:14). The equation is the production function in the Solow model. The initial form of the production function in the Solow model can be rewritten mathematically as the per capita production equation (equation) to separately evaluate the impact of the investment variable.

Equation (1) $Y=F(K,AL)$

Equation (2) $y=f(k)$

In the first equation, " " denotes production, " " is the capital variable, " " is the technology variable, and " " is the labor force variable. In the second equation, " " denotes per capita production and " " is the capital investment. In equation 2, the dependence of the function on the investment variable is specified. By graphing the above function and taking into account the consumption function, we can reach Figure 1.

It is observed that a particular investment will have a suitable return until it exceeds the costs and depreciation. In a better statement that is consistent with this research, a player can benefit from his international investments to the extent that its returns exceed its costs, and from a certain point (the intersection point of the two graphs), the costs will exceed the revenues, in which case the player in question needs more investment to continue to maintain his revenues (Chegnizadeh and Timuri 2024:20) the importance of this phenomenon is shown in Figure 2). It has been shown**.**

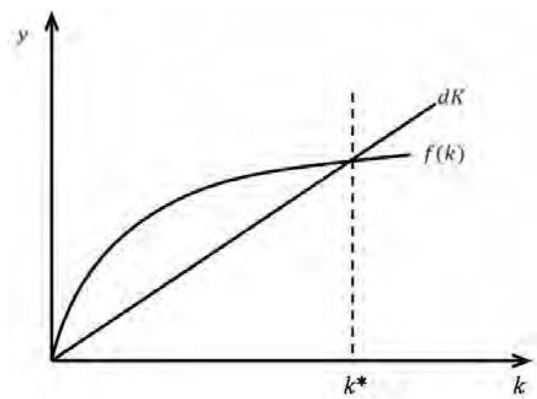

Figure 1. Production function in the Solow model along with the consumption function (Solow, 1956: 70)

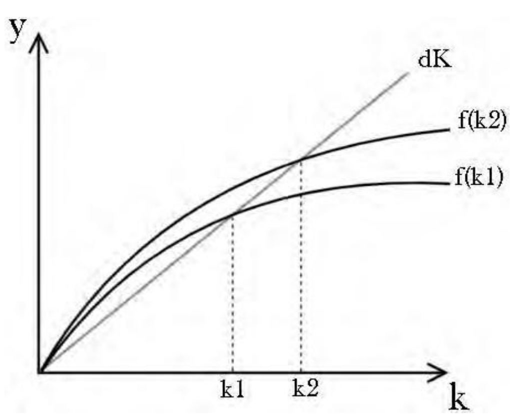

Figure 2. Changes in capital volume in the Solow model (Neely, 2019:245)

The ability to reinvest in a way that can overcome costs and the rate of depreciation is very necessary for a player who wants to play a hegemonic role in the international economy. If this player loses its ability to invest, according to the above functions and diagrams, it can be said that costs will exceed revenues, which in other words will be the time when the hegemony will begin to decline. (Chegnizadeh and Timuri,2024: 21).

The second variable that is of great importance is technology. Solow defines technology as the way of doing a job; in a way that leads to any leap in the rate of production compared to previous methods; Therefore, the increase in speed, quality and efficiency in production can be considered as a technical leap. (Solow, 1957: 312)

However, here an attempt is made to establish a conceptual connection between technology in economics and politics. The discussion of technology in international relations and international economics is of great importance.

The importance of this component in military affairs is not hidden from anyone. Throughout history, any country that has acquired a superior military technology has, to a certain extent, subordinated other players to it as long as it has the upper hand in this technology; a prime example of this claim was the United States' acquisition of the nuclear bomb.

This country, due to its nuclear power, forced the Soviet Union to evacuate Iran's borders after World War II. What is most noteworthy, however, is the role of technology in international political economy.

The British Empire was the first to experience the Industrial Revolution, expanding its fleets across the world's oceans and ensuring that the sun never set on its borders. The United States, through the Second Industrial Revolution, was the one that succeeded in transferring the world's financial and commercial center from London to New York, and through the information technology revolution, it succeeded in maintaining and continuing its hegemony over the international economy (Chegenizadeh and Timuri, 2024:18-19).

In macroeconomics, Solow placed the technological component alongside the labor force variable in the production function equations; however, in the economy International politics has assumed the role of an independent variable for technology, because the hegemon’s control and domination over technology is undeniable.

History bears witness to the claim that whenever a country has achieved economic and military hegemony, it has been ahead of other countries in a particular technology at that time, and if a country has fallen from the position of hegemonic power, it has been due to the emergence of a technological pole or the loss of its scientific and intellectual advantages. For example, Britain, which had been the technological leader for several centuries, secured its dominance of international trade by converting its ships first from sailing ships to steam-powered ships and then to diesel-powered ships.

A hegemon seeks to maintain its economic, security, and military superiority and advantages by preserving its technological achievements as much as possible. This is useful for a hegemon against its competitors, its is important in two ways:

First, if a hegemon's competitors acquire a technology that has created superiority for a country, it will practically neutralize the advantage of the said country and provide the basis for creating a threat through the same technology to the dominant power in the economic and security spheres (such as the Soviet Union, which, by acquiring the nuclear bomb, posed many security threats to the United States, free from other military and security issues). (or with the spread of the Industrial Revolution to Germany, Britain felt a serious threat in its overseas markets); second, disgruntled players increasingly gain access to a superior technology that was exclusively at the disposal of the dominant player, in addition to neutralizing the hegemonic advantage, they can improve it in such a way that the dominant player in those conditions has no possibility of competing in that field for any reason. This situation can pose a greater threat to the hegemon in various fields than before (Cheghanizadeh and Timuri,2024:18)

) In order to use the Solow model to explain hegemonic issues in international political economy, it seems desirable to make some changes. The first change is to ignore the labor force variable (L) in this equation due to the inability of the economic hegemon to have an effective impact on the labor force at the system level. Internationally, it is unique.

$$Y=F(K,A)$$

The second parameter is the level of technology (A), which is considered as a labor-power coefficient in the Solow model; however, in this study, due to the undeniable role of the hegemon's dominance over sensitive technologies and strategy, it will be considered as an independent variable. It should be noted that the capital variable is also included in this equation due to the effective control of the economic hegemon at the level of the international system. will be maintained.

In general, it can be said that although we have ignored the effect of the labor force variable in the production function equation, this component will replace the labor force variable in equation (3) through the hegemon's control over technology. Now, the equation considered for this study will be rewritten as follows:

Equation (3)

Also, considering that in equation 3, production depends on the variable technology, it is possible to increase productivity with the progress in technology. It has increased and overcome challenges such as depreciation and rising costs and even defined new areas for progress. When a leap in technological and capital variables occurs, according to this model, it can be claimed that a hegemon can increase or decrease its output several times.

3. Italian City-States

Before the beginning of the era of European colonization, this continent was involved in various bloody conflicts. The geopolitical situation of this continent was such that after the Holy Roman Empire, it was practically impossible for a large political unit to dominate a large part of this continent.

This continent, due to its high political diversity due to the existence of feudal lords in that era and natural obstacles, including mountain ranges and large rivers, prevented the formation of large political empires and units, and was considered a decisive advantage against external attacks due to the high costs of victory. On the other hand, the life of local players and political pluralism continued on this continent. In addition to this geopolitical location, the effects of which were mentioned, this continent also enjoyed a special geoeconomic position due to the presence of wide and long rivers and a suitable climate.

Boating and shipping were much more economical in terms of cost and volume of cargo movement than land transportation. Although these advantages are not very apparent before the colonial era, the roots of European seafaring progress in the oceans and seas can be traced to these advantages.

In an age when most empires and feudal lords amassed vast wealth through conquest and exploitation, the city-states in modern Italy succeeded in creating a new model of value-added production and began to accumulate capital through trade between the political units of the time.

At that time, the aforementioned city-states, due to their geoeconomic position, succeeded in creating an economic bridge between the Western and Eastern countries along the trade route. Merchants managed to accumulate a large amount of capital by buying goods from the East and selling them to the West and vice versa.

This trend in these city-states, led by Genoa and Venice, gradually transformed these regions into economic poles on Earth and became the driving force of the economy of the fourteenth and early fifteenth centuries. What distinguished these city-states from other economic powers of the time was their institutional innovations and innovations in the financial and economic spheres.

One of the important city-states in this period was Venice. This political unit had a seafaring people who were initially engaged in the slave and medicine trade. This political unit managed to achieve great economic gains by inventing and expanding commercial contracts. Among these types of contracts, the “comanda” is of great importance.

According to this type of contract, one party to the contract would bear the cost of the voyage and the other party would go on a commercial voyage. The proceeds of the voyage were also divided between the parties by calculating the profit and loss according to a special formula (Ajmaglu and Robinson, 2022:173-174). This type of contract and trade had several important consequences. First, it allowed for the emergence of new economic players who lacked initial capital but were highly competitive. In other words, the Venetians, without realizing it, inadvertently created a free market in the field of trade. This success was made possible by the non-monopoly of foreign trade by political authorities.

Second, with the accumulation of capital among ordinary people, it became possible for individuals to change their political status and position. In other words, economic growth led to the formation of families that had previously lacked the ability to play a role at the political level.

Two results of The Venetian institutional innovations gradually opened up the political space to the peasantry and made political pluralism possible. Initially, councils were formed from these individuals, which limited the power of the ruler, and even after a while the ruler was elected from among these councils.

As a result of this type of election of the ruler, the elected individual, through political pressure, felt the council's supervision over his decisions and made his decisions within a framework that was to some extent It may be to the benefit of the majority.

These political reforms, which originated from economic reforms, did not stop there, but were also extended to the judicial system, and through the establishment of courts independent of the political will of the rulers. (Martines, 1968: 72)

This pattern gradually spread among the various Italian city-states. As commercial practices became established, the first modern banking institutions took shape, and a market for lending and even for buying and selling Loans became very popular; so that the original investors could sell their debt securities to others in a secondary market.

The importance of this type of initiative was evident where states took advantage of this opportunity and expanded their power. For example, the city-state of Florence had a debt of 50,000 florins at the beginning of the fourteenth century, which had risen to about 5 million in 1427; that is, about 100 times more than the original amount. This vast sum was only provided through the same loan market and the same wealthy people (Ferguson, 2023:94-96), but these brilliant successes did not last.

These political units became embroiled in exhausting wars and tested each other's strength. The immense wealth of these city-states also led other empires, such as France, to wage wars of conquest to gain wealth. Italy. (Martines, 1968: 73-74)

On the other hand, the traditionalist political elites, who were deeply dissatisfied with the existing conditions and the changing elite class, provided the basis for the elimination of the new competitors. They developed by nationalizing trade, organizing large ships under their control, and collecting heavy taxes and fees from individuals who personally paid to the merchants. They destroyed new talents and brought these city-states to decline (Ajmaoglu and Robinson, 2022:177). Although the Italian city-states fell, their institutional innovations did not and were later adopted by other major economic powers.

These political units failed to create a comprehensive political economy; however, the economic institutions they created laid the foundations for a political economy system that was later adopted by the Netherlands and Britain.

In the most optimistic interpretation of this historical period, it can be said that these city-states created a political economy system in their region that did not last long; but it left behind remarkable achievements to help the future.

4. The Spanish Empire

Before the emergence of the Spanish Empire as a great power, the Portuguese Empire had succeeded in expanding its naval fleet by investing in maritime technology in the fifteenth century.

The empire sent its fleets to discover gold and expand its trade beyond the Mediterranean. The Portuguese's dominance of the seas was further strengthened when they succeeded in discovering the Strait of Hormuz in 1488.

With the discovery of this Strait, a sea route was created to reach the East Indies, which until then had only been possible by land. The creation of this sea route was of double importance because Portugal was the only superior maritime power.

However, another empire alongside Portugal was consolidating its territory, power, and naval infrastructure, and soon challenged Portugal's power at sea, gradually becoming a serious threat to Portuguese interests.

The Spanish Empire, which had been in turmoil for some time, managed to stabilize itself to some extent through a political marriage between two political entities, namely Isabella of Castile and Ferdinand of Aragon, by merging these two political entities into one empire.

In 1492, Spain completed its conquests on land by capturing Granada in the Iberian Peninsula. What created the grounds for war between these two powers was the discovery of the Americas by Christopher Columbus.

After Columbus' discovery of the Americas, the Portuguese king claimed that his fleet had discovered these regions before the Spanish fleet and questioned Spain's claim to these lands. To prevent a possible war with Portugal, Spain appointed Pope Alexander VI as an arbitrator.

He also drew an imaginary line about 320 miles west of Cape Verde (the Cape Verde Islands) and declared that any new land discovered east of this line would belong to Portugal and any land discovered west of this line would belong to Spain. The two powers came to an agreement with a few amendments to this treaty, which became known as the "Terdesias," and the shadow of war was somewhat averted; but the threat of a powerful Spain still remained. It existed in neighboring Portugal.

However, since at that time both empires did not have the financial and military power to cover the costs of the war and there was also the danger of the kings being excommunicated by the Pope, they refrained from war with each other (Allison (1399: 377-379).

It is necessary to point out here that the Habsburg Empire, which at that time was a great power in the European continent, It played an important role in strengthening the Spanish Empire. This empire acquired allies and even territories and resources through political marriages. The importance of this type of temporary alliance is further demonstrated by the extent of the power of this empire, as the Habsburg Empire managed to maintain the position of the Holy Roman Empire among its rulers for several generations. The combination of these two factors made the Habsburgs It had become a power that had been unrivaled on land for decades.

One of these political marriages of great importance was the marriage of Philip, the Habsburg emperor, Maximilian I, to the daughter of Ferdinand and Isabella. The result of this union was the birth in 1500 of a son named Charles IV, who succeeded Maximilian I to the Spanish Empire in 1516 and to the Habsburg Empire in 1519.

Then these two empires and the position of the Holy Roman Empire came together under Charles. It is worth mentioning that it was during Charles' reign that the Spanish Empire showed remarkable growth (Kendi, 2020:69-70). Spain, by virtue of the Treaty of Tartessos, acquired more and more resources for itself by advancing more and more in the regions of the American continent and its power increased day by day. This empire with The destruction of the Inca civilization in Central and South America imposed its own political system on the people of that region to increase their own productivity from the resources there.

Taking advantage of the great flood of gold and silver from the mines of America, which was extracted by the natives of those regions and flowed towards Spain, as well as efficient naval fleets for transportation and naval wars, income from religious affairs and expenses The church, the financial resources resulting from its domination of the former Italian city-states, and the taxes that this empire collected from all over Europe, made Spain an economic hegemon on a scale in the Western Hemisphere. In these circumstances, Spain took steps to colonize various regions to ensure the continuation of its desired order.

Although Spain greatly benefited from the rich minerals and almost free labor of these colonies, won, but on the other hand, it also had to pay for their maintenance and security. Although Spain achieved a kind of economic hegemony through its colonies and high maritime power to develop trade and to a certain extent to ensure the security of its trade routes, it did not become a political and military hegemon for several reasons:

First, there was the military revolution that began to occur in Europe at the end of the sixteenth century. With the increase in the population of Europe and The invention of new weapons changed the organization of European armies.

If in the past the cavalry had been of great importance in wars, with the increasing effectiveness of hot weapons, these forces gradually replaced the cavalry units. Or with the creation of artillery units, the construction of military towers and fortresses had become practically useless. (Parker, 1976)

Second, as Spain's borders and interests expanded in Europe and around the world, the empire's problems, obligations, and costs grew significantly, even beyond its resources. The empire, due to its excessive expansion on land and sea, was unable to neutralize threats at any other time in its history. In Europe, Spain was engaged in a long series of wars with France, which ultimately forced the empire to declare bankruptcy in 1577.

After these wars, a new war began with the Ottoman Empire, which threatened Spanish interests in the Mediterranean and Eastern Europe. Spain in Germany also had to contend with states and princes who wanted independence and to curtail the empire's hold on German lands.

Meanwhile, the Six-Year War of Secession also began in 1618, and the Habsburg Empire became embroiled in these wars, which meant that the power of the eastern branch of this vast empire was weakened. (Tracy, 1991: 80-83; Kamen, 1978: 40-44)

Third, internal dysfunction in the Spanish Empire was a very important factor in the decline of this empire. Although Spain achieved a desirable prosperity in trade relative to other competitors of its time, as Spain's tensions with its neighbors and rivals intensified, military and religious elements (religious elements opposed to Luther's religious reforms) came into play with the aim of strengthening Spain against competitors in the political system of this empire.

As a result of the approach and actions of conservatives in the Spanish Empire, the international trade of this country was disrupted due to political and military restrictions. The adventures of the Spanish kings brought great costs to the treasury; For example, in 1552, in the Battle of Metz against the Protestants, Spain spent 2.5 million ducats, equivalent to the annual revenue it received from America. The Battle of Lepanto, during which Spain entered the war with the Ottomans, cost the Christian armies and fleets an estimated 4 million ducats annually (of course, the Pope and some Italian city-states such as Venice also contributed to these expenses).

In the Spanish-English war of 1588, the Spanish king spent about 10 million ducats, which ultimately led to his defeat (Kendy, 2020:91-92). The cost of these heavy calculations was met by heavy taxes on the people, gold, silver, and resources from the American colonies, and by loans from banks (an initiative of the Italian city-states); but again, there were problems in the midst of this. existed.

The Spanish people were driven into extreme poverty by heavy taxes. By violating property rights, the Spanish government effectively blocked the flow of capital from the banks. Inability to pay its debts, unilateral cancellation of loan repayments to applicants, and default on its own debts, the possibility of obtaining new loans to repay past loans and the confidence of investors The Spanish government withdrew. Although Spain's colonies in America initially outpaced its competitors, they were unable to meet the empire's enormous financial needs.

Even between 1500 and 1640, the Spanish Empire suffered from a severe inflation caused by the over-extraction of silver in America and its transfer to Spain; the cost of food rose from five to seven times Equally, the costs of industrial production at that time tripled (Ferguson, 2023:42-43). The Spanish statesmen, knowing the value of gold and silver in percent, were eager to make up for their budget deficit by sending gold and silver from the mines of America, but the credit value of money (of whatever kind) is determined by the amount of supply and demand. A law to which perhaps no one paid much attention at that time.

With the lack of money and Investment and technological progress did not take place. The people were also unable to contribute to the government due to widespread poverty. The country also experienced a shortage of skilled industrialists, and the granting of certain privileges in various fields, especially agriculture, put the economy of this empire in crisis. (Kamen, 1978: 26) In addition, the role of the Netherlands in the decline of Spain's power is very significant.

The Netherlands As Spain's main financial and economic rival, it also inflicted heavy losses on Spain in the military sphere. Spain's wars with the Netherlands were costly and disastrous in terms of results.

The Dutch problem brought Spain to the brink of collapse. For years, Spain spent nearly a quarter of its budget on controlling the Netherlands. Until, in 1607, internal rebellions and the bankruptcy of the government forced Spain to Spain spent 218 million ducats between 1554 and 1566 to conquer Dutch fortifications and land disputes that were in the Dutch interest (Kendi 2020:96-97). All this while the Netherlands was strengthening its economic power and expanding its financial and industrial infrastructure in various fields, especially in the maritime sector. The Netherlands was also Spain's main rival in In the financial and economic spheres, it eventually overtook Spain and made large investments in technology and international trade to lead international trade and economics in the seventeenth century (Findlay &O'Rourke, 2007: 184- 185).

5. Nation-State, Netherlands

While Spain's investment in its land and sea infrastructure was disrupted by various and prolonged wars, in addition to internal inefficiencies, and new innovations were not possible due to the Spanish Empire's ongoing problems, the Netherlands was keen to expand its merchant fleet and institutional innovations in the financial sector.

After the Peace of Westphalia, the United States of the Netherlands was the first modern political entity to achieve some form of economic hegemony and to break the Spanish Empire's grip on economic control over other countries.

Before the Dutch hegemony in international political economy, the Italian city-states had introduced the banking system to the political economy system. The Spanish Empire also financed its expenses with the help of the same innovation created by the Italians, namely the banks, and succeeded in creating another dimension in the political economy system that could be called a kind of "colonial nationalization."

The establishment of colonies in various regions of the continent and the institution-building among the natives to serve and produce wealth for the colonizing countries was the foundation that the Spanish Empire introduced to future economic hegemons for economic advancement. It is safe to call the Dutch measures in the financial sector to cover current expenses, transport and trade, and expand international trade a financial revolution that is still being used and appreciated today.

This financial revolution can be divided into three areas. The first was the banking sector. In 1609, the Netherlands introduced an international currency to solve the problem of payment between buyers and sellers, which at that time had about 14 types of currency. By establishing the "Amsterdam Exchange Bank" and placing a valuable reserve in this bank, this country succeeded in making its currency popular among the countries of that time in exchange for the bills of exchange issued. The deposits of the Bank of Amsterdam in 1760 amounted to 19 million florins and precious metals to the value of 16 million florins. This volume of deposits convinced merchants and investors who were then operating internationally to use the Dutch currency as their medium of exchange.

However, this volume of money and coins was used in this bank only as a reserve of value, and in the case of granting loans, the ratio between the issued notes and the bank's reserves of coins and coins was considered 100 percent. (Neal, 2000: 121)

In 1657, the Dutch established the "Bank of Stockholm". In addition to granting loans to borrowers, this bank used the reserves in the bank to create credit similar to what happens in banks today; that is, the bank kept a certain amount of deposits with itself and injected the rest into the community as credit, in addition to its own metal and precious metal deposits, in the form of loans. Since there was high confidence in the Dutch financial system at that time, the possibility of a general attack to withdraw capital from the aforementioned bank was very low, and the bank could meet the daily needs of merchants and customers with a fraction of the value reserves in its treasury (Ferguson, 2023:67-69).

The second financial initiative of the Netherlands was the creation of joint-stock companies and, in continuation of that, the creation of a secondary market for shares for These were the companies. Although the creation of the secondary stock market was accidental and not deliberate, it played an important role in providing high-flown capital in the Dutch financial system. As mentioned earlier, the pattern of systematic investment and partnership trading was partly an Italian invention, but what distinguished the Dutch model from the Italian one was the duration of the partnership, which in turn It was necessary to institutionalize this model.

To put it more clearly, in the Italian model, the partners shared the profits and losses with each other after the trip was completed and the partnership ended; but in the Dutch approach, with the institutionalization of the participation of investors, individuals shared in the profits and losses as long as they kept their capital in that business. The result of this type of institutionalization in the participation of individuals Joint stock companies were created, and the Dutch people could also participate in economic activities by purchasing shares in these companies. A prominent example of these companies was the Dutch East India Company, which was managed in this way (Stringham, 2003: 324-326).

Investors participated in the economic activities of these companies by purchasing shares in joint stock companies. However, first of all, the long duration of sea voyages (Some investors may have needed their money) And second, the distress of joint-stock companies meant that the managers of these companies were unable to repay the amount of shares in the hands of investors. As a result, shareholders were forced to sell their shares to each other at a lower price in order to get some of their capital.

Although this pattern was initially completely random, It was, but later it took on a more organized form and a stock market was formed among investors and traders (Ferguson, 2023:159-160).

The third financial innovation of the Netherlands was the widespread use of government bonds. While the two previous financial poles had relied on bank loans, the Dutch government created another way to finance its needs by issuing bonds.

In this way, the Dutch government undertook to pay investors a fixed interest at a certain time in exchange for receiving a certain amount of money, the amount of which was recorded in the issued paper. The importance of this method of financing becomes clear when we examine this approach during the wars of the Dutch Republic with the Spanish Empire.

The Dutch people, due to the development of trade and the institutional and financial innovations created, enjoyed desirable wealth and invested their wealth in their government bonds to meet the financial needs of the Netherlands in the war with Spain to the extent of their ability. This is while the Spanish government could not use this method even if it wanted to, because due to the poverty of some people, they were unable to provide for their basic needs and were unable to help their government in wars (Ferguson, 2023:98).

With all these explanations, although the Netherlands created effective financial institutions in the international political economy, it could not continue its growth. The most important reason was the existence of a powerful competitor like Britain, which took advantage of Dutch innovations and introduced technology as an effective variable in the economy. Something that the Dutch were unaware of and focused their progress more on the dimensions of financial institutions and innovations.

In addition, the Netherlands could not become a colonial empire like Spain and later Britain. The Dutch lacked the capacity to develop their own land and sea power, and as a result, they lost out to Britain in the long run. (O'Rourke, 2007: 240-243) Britain, which had interests in North America, was keen to expand its naval fleet and, consequently, its trade. It turned out.

As Britain sought a greater share of international trade, the Dutch share naturally declined. The English, by expanding their naval fleet from 39 large ships in 1649 to 80 ships in 1651, were responsible for the development of their trade on a global scale and for protecting their sea routes.

The commercial rivalry between the Netherlands and Britain gradually took on a more serious form, until a kind of Trade and economic wars between the two powers occurred. In one instance, the British Parliament banned all imports from European countries to the country by third-party ships and applied this pattern to imports to its colonies around the world by foreign ships. This was while a major part of the Dutch trade was with the same regions that Britain had declared prohibited.

Growth and Development Britain's trade gradually provided the basis for geopolitical tensions with the Netherlands. Unable to remain silent in the face of British naval expansion on its water borders and the threat to its own routes and economic interests, the Netherlands entered the war with Britain in 1667 and succeeded in establishing its dominance over the international political economy system (Allison 2020:390-392). Although the Netherlands was in the midst of the Glorious Revolution It also managed to enter British soil and then united with that

country, but it was Britain that ultimately succeeded in knocking the Netherlands off its path to economic hegemony. The Netherlands was forced to make huge investments in its defense in order to defend itself against its competitors, first Spain and Britain, then France.

Given the smaller size of the territory and due to the erosion of its investment and production capacity, Moreover, the country's financial support during the Glorious Revolution imposed heavy costs on the already efficient and prosperous Dutch economy. With the increasing depreciation of the country's productive and financial infrastructure, the growth of Dutch debt (the country's debt in bonds rose from 50 million guilders in 1632 to 250 million guilders in 1752), and the inability to compete with Britain in technology, the Netherlands ultimately lost its position as a leading country in the field. The economy was brought down to a lower level. (Gilpin, 1981: 167-168)

Despite its small size, the Netherlands managed to challenge the great military powers of its time and, from an internal point of view, did not have the inefficiency and crisis of the great Spanish Empire; but what made Britain ahead of the Netherlands was the first industrial revolution and the introduction of machine power into production and the economy.

Something that the Netherlands could not do It was. However, given the historical evidence, it can be argued that if the Industrial Revolution had not occurred, the Netherlands could have remained an economic hegemon in the international system for a few more years. In other words, although the Netherlands was generally very successful in the economic dimension, its low population, small size, and the competition with the great powers of its time, It took away the opportunity to invest in new infrastructure, including technology, from the Netherlands, and this country was unable to maintain its hegemony.

6. The British Empire

The British Empire can be considered a game in the history of international relations that achieved both political-military and economic hegemony. Its extensive colonies across the globe were unprecedented in their kind. In addition to this territorial expansion (with regard to colonies), this country, by creating the conditions for the Industrial Revolution, fundamentally transformed the nature of political, economic, and military competition in the international system.

By drawing on the experiences of its predecessors in financial innovations in economic fields, along with the creation of a diverse domestic political structure in which private property rights were formally recognized by the Glorious Revolution of 1688, Britain took a step towards progress and transformation in the history of international economics and politics.

In these circumstances, the desire to earn more profit brought investors into competition with each other, and a cycle was formed in which more profit meant more production, and more production required more investment and more money. It was in such circumstances that the productive force beyond human productive force was felt most strongly. Meanwhile, the invention of the steam engine and the use of machine labor instead of human labor sparked the Industrial Revolution in Britain. After a period of mechanization, industry expanded rapidly, and through the large investments that were made in these areas, the Industrial Revolution began in Britain.

Workers migrated from the farms to the cities and became wage laborers (O'Brien, 2022: 4-5); but what was important was the transformation of economic power through the emergence of new technologies in the eighteenth century, which affected all dimensions of social and even individual human life.

As technology advanced, production also increased. Therefore, there was a need for export markets for goods produced by machine labor. In this regard, the British colonies were considered very desirable export targets. In addition, the flood of English goods flooded the colonial markets and paralyzed the production of those countries.

For example, with the export of cheap cloth to India, the country's cloth-weaving industry, which had been the leader at that time, was destroyed (Seal, 1981: 387-389). After the colonial markets were saturated with English goods, the turn came to the markets of other European countries. Their production and markets were also protected from cheap British goods (due to low production costs). Britain, through the profits derived from its trade, It was reinvesting in its industrial infrastructure, and this cycle of investment from the profits generated and further production added to the country's financial and economic power.

The guarantor of Britain's continued economic progress was a parliament that had control over the country's financial and international affairs, so that in the event of an increase in the national debt and government spending, industry and private sector trade, which were the driving force of the British economy, Do not harm.

Historical studies of international finance during the British hegemony show that about 45 percent of British capital (including public and private) was invested in the United States of America, Australia and New Zealand 20 percent, Latin America 16 percent, Asia 13 percent, Africa 1 percent and the remaining 6 percent in Europe. Of the total British stock market capital in the period 1865-1914 AD Only about a third of it is invested in Britain itself.

In 1913, Britain's gross foreign assets were about 150 percent of its gross domestic product, and in the same year, Britain's annual trade surplus reached 9 percent of its gross domestic product. It is also indicated in the economic statistics of the same year that about 25 percent of the world's stock of foreign capital was invested in countries with low per capita income (Ferguson,2023:362)

In order to encourage foreign investment in its colonies, Britain passed two laws, the Colonial Loans Act of 1899 and the Colonial Shares Act of 1900, under which securities issued for investment in the colonies of this country enjoyed the same credit as British government bonds and were guaranteed by the assets of its depository banks. Through these laws, London sought to provide the necessary funds for the construction of railways, and the expansion of mines and ports in its colonies. (Baster, 1933: 602-606)

The logic of this British action can also be explained by the Solow growth model. According to this model, at the beginning of the work, the loss for the investment made is very high and any amount that exceeds the initial investment is profit and a gain. will be less, so more investment is needed to earn more profit.

Considering the above statistics, it can be said that English colonization had a fundamental difference from other types of colonization at that time and that it was the ultimate beneficiary of colonization. Other colonizers, except Britain, were only after raw resources and the sale of their products, and the profits from this trade also belonged to the relevant state.

Therefore, state colonization was aimed at its own short-term profit and did not consider the future of the colony to gain more profit; in other words, this type of colonization, which was the same as Spanish colonization, was purely aimed at the exploitation of resources, the use of cheap labor, and the markets of the colonies. In contrast, the main beneficiary in British colonization was the private sector.

They also invested in colonial countries, hoping to make more profits. By transferring industries to the colonies, British investors took advantage of cheap labor and eliminated the cost of transporting raw materials to Britain for production.

With these advantages, Britain dominated the world economy for decades through financial and investment superiority, efficient economic and financial institutions, advanced technologies used in industrial production, and a powerful navy that protected the interests of the king and the citizens of this country. To ensure a return on investment in the colonies, to maintain control over these areas, and to protect its interests, Britain instituted institutions that best met its needs and goals.

As noted, this approach differed from the institutionalization of previous powers such as Spain. By resettling people to these lands and imposing a military rule like its own internal system based on the multiplication of power in the colonies and focusing on capitalism, Britain, in addition to benefiting greatly from this relationship, also provided the conditions for the development of these colonies. (White, 2018: 21-47) A prominent example of this claim is the United States of America. This country became an economic power a few years later, through the early British institutions and their subsequent development by the inhabitants.

Other British colonies, such as Canada and Australia, were in a similar situation. Of course, this argument cannot be used to justify British colonialism, but rather to illustrate the way in which this country institutionalized and managed the world economy. British colonialism has caused irreparable damage to many countries, especially African countries.

During its hegemony, Britain competed with various rivals. The main rivals included three countries: France, Germany, and the United States of America. These rivals, each of which sought to weaken British power in its own way, challenged this country from different aspects. Britain's rivalry with France, especially during the French Revolution of 1789 and the rise of Napoleon, was largely military and focused on domination of Europe. Britain's rivalry with Germany, in addition to military and territorial aspects, also included economic and technological aspects, leading to two major world wars in 1914 and 1939.

Finally, although after the independence of the United States from Britain, the competition between these two powers over commercial interests in the Americas began, it was ultimately the United States that achieved economic hegemony in the world through the erosion and failure to recover Britain's economic and technological power.

7. United States of America

The United States of America, which was initially a British colony, became embroiled in civil wars in 1861 after gaining independence from Britain in 1783, mainly due to economic differences between the northern and southern states. (Post, 2011: 146)

When Abraham Lincoln came to power in 1850, he was committed to establishing an economic system based on banking and industry. This was despite the fact that, despite the relatively advanced industry in the northern states, the southern states were largely based on large agricultural estates with slavery as laborers, and their products were mainly exported as primary production units. To put it more clearly, the Southern states were heavily dependent on foreign trade for exports of their own products and imports of needed goods.

In contrast, the Northern states, which had relatively higher industrial capacity and had moved away from traditional Southern-style agriculture, sought to impose tariffs on imports in order to protect domestically produced goods. Those who needed cheap labor also demanded the freeing of slaves for use in factories. (Griffin, 2006: 31-35)

Tariffs on imports, while the largest consumers of imports were the southern states, and the freeing of slaves, who constituted the main labor force of the southern states, was opposed, and in response to these measures, The Southern states declared independence. Following this, the Northern states also united with each other and went to war with the Southern states. In the end, with 1.3 million dead and wounded on both sides, the Northern states achieved victory and the wave of industrialization and modernization of the United States economy gained further momentum. (Gunderson, 1974: 916-920; Post, 2011: 149-152)

From 1865, the end of the civil wars, until the outbreak of the war with Spain in 1898, wheat production increased by 256 percent, corn by 222 percent, sugar by 460 percent, coal by 800 percent, steel rail by 523 percent, and the length of the country's railway network by more than 567 percent. In some industries, the rate of growth was so rapid that expressing the statistics in percentage terms seems absurd; For example, crude oil production rose from 3 million barrels in 1865 to 55 million barrels in 1898, and steel production increased from 20,000 tons to 9 million tons in the same period (Kennedy, 1996:410-411). This volume resulted in a high level of economic growth and industrial power, enabling the United States, along with Germany and Britain, to be one of the pioneers of the Second Industrial Revolution. The Second Industrial Revolution, which was as important as the First, It led to the industrial and public use of electricity, the replacement of coal by oil and even the production of some goods; steel was mass-produced and used in industrial, military, and construction machinery; and the automotive industry became a serious part of people's lives (Mogford, & Mohajan, 2019; Hirschman, 2009, 902-907). The United States succeeded in gradually overtaking all its competitors by investing in modern industry and technology of that time due to its rich and resource-rich territory. If Britain and the Netherlands in the past needed huge expenses to rebuild their naval fleets to maintain commercial and military ties with the colonies, the United States, thanks to its vast territory, rich resources, and population, could avoid large expenditures on the military sector. It was exempt and concentrated most of its energy on its manufacturing, industrial, and technological sectors.

Also, the United States, due to its significant domestic consumer market, did not have much dependence on foreign trade, and only 8 percent of its gross domestic product was supplied through foreign trade in 1913; while this figure for Britain reached 26 percent of its gross domestic product in the same year.

On the other hand, The United States' economic rivals, such as Britain and Germany, were engaged in arms and security competitions in Europe; in other words, the flow of investment in European countries was diverted from investment in industrial and technological infrastructure to military issues due to security concerns, while the United States did not have many security concerns in the Americas.

In such conditions, alongside the revolution in transportation and reduction In terms of production costs, the flow of foreign investment to the United States was strengthened. With strong industry and modern technologies, this country had achieved such economic power that it moved from the stage of exporting raw materials and using gold to compensate for its trade deficit with economic partners to exporting industrial goods based on modern technology, including agricultural machinery, iron and steel products, machine tools, equipment Electricity and modern industrial goods arrived. The volume of these exports to other countries had increased so much that between 1860 and 1914 this figure had increased sevenfold; that is, from 334 million dollars to 2.365 billion dollars. The United States also took steps to receive gold in exchange for its trade surplus with economic partners or forced countries to transfer capital to the United States to compensate for trade deficits.

At the end of As mentioned, this country had one-third of the world's gold, and European investment in US industry and services amounted to about $7 billion. What is overlooked in all this is the military power of the United States. In 1914, this country was the third-largest naval power in the world, and the Navy received about 19 percent of the federal budget, which amounted to $139 million. (Kennedy, 2020:414-420). Such a force was essential because it was vital for the United States to protect its economic, political, and security spheres of influence against the naval powers of the time.

7.1 The Second Economic Boom in the United States

With the outbreak of World War I in 1914, war expenses took up a large portion of the budgets of European countries. For example, while by 1913 the spending of the governments of Britain, Germany, and France had amounted to about one percent of GDP, by 1916 it had reached more than one-third of the total GDP. This figure was equivalent to 59 percent and 49.9 percent of the gross domestic product for Germany and France in 1917, respectively.

Accordingly, the aforementioned states took direct control of their domestic economies and directed production activities towards war needs and the provision of war food. It is clear that in these circumstances, war needs were not the only economic demands of these countries; rather, these countries turned to imports from countries with excess supply or production capacity. It was mentioned earlier that although the United States had high industrial and technological power, its supply was mostly dependent on domestic demand, and foreign trade did not contribute much to the country's gross domestic product, and this figure has been quoted as 6 to 8 percent in various sources. But World War I became the driving force behind the United States' economy and industry, and the country became a major exporter of munitions and grain to the warring countries.

The United States was not the only country to benefit economically from World War I; Japan was also another country that, due to its high industrial capacity, put all its efforts into exporting to the warring countries and tripled its exports during this period. Even some Latin American countries such as Chile and Brazil, which had strategic goods such as copper and grain, experienced significant economic growth. In North America, Canadian exports grew by 250 percent and the United States by 150 percent (O'Rourke, 2007: 430-434)

On the other hand, European countries did not have many exports due to domestic needs that were directed towards the war; because industrial plants had turned to the production of war munitions and almost everything that was produced was consumed domestically. Instead, the imports of these countries increased. This was not only a European problem, because, as mentioned, a large share of the financial power of these countries was spent on war expenses.

The only way to eliminate the trade deficit with the United States was for European governments to borrow from the financial markets of New York and Chicago by issuing debt securities or other financial instruments, which in turn led to There was a growing dependence on the United States, which meant strengthening the country's productive and industrial capacity (Kennedy, 2020:217).

Britain, through its direct involvement in the two World Wars and the destruction of its economic infrastructure, lost its ability to manage international financial and economic affairs after World War II.

On the other hand, the emergence of major continental powers such as the United States The United States and the Soviet Union did not leave much room for countries that were heavily dependent on exports and imports for their economies. The post-hegemonic generation, in addition to having modern technologies and the capacity for large-scale investment, had a large domestic market and rich mineral resources for production. A feature that previous economic powers such as Britain and the Netherlands did not have.

In such a Under these circumstances, the United States was ready to assume international commitments and responsibilities for economic, political, and security leadership in the world. The hegemonic effects of the United States on the international political economy system after World War II had two main dimensions:

First, institutionalization in the international political economy arena and second, nationalization based on the American interpretation of liberal democracy. At the end of World War II, in 1944, with Allied victory on most fronts, the leaders of various countries gathered in the United States to plan the future of the world economic system. The outcome of this conference, which later became known as the Bretton Woods Conference, is significant in several ways. First, the US dollar was agreed upon as the world's central currency. It meant that different countries would use the US dollar as the accepted currency in commercial, financial and economic transactions; and would also peg their national currencies to the dollar. According to the agreement of the members of this conference, from that date on, the United States of America was obliged to keep the equivalent of one ounce of gold in its treasury as a reserve of value for every 35 dollars issued, and each country could give the US dollars Convert it to gold. (Bordo, 2020: 197)

Although the Bretton Woods financial system collapsed in 1971 and the dollar floated, the dollar remained the accepted international reserve currency for international economic and military players.

The second achievement of the Bretton Woods conference for the American political economy system was the formation of initial agreements for the formation of several strategic political economy institutions in The field of international relations was. These institutions were the International Monetary Fund (IMF), the World Bank (IBRD), and the International Trade Organization (ITO).

Since its establishment in 1945, the International Monetary Fund (IMF) has been involved in matters such as creating greater economic transparency among countries, collecting information, regulating the rules of conduct in the monetary and financial spheres, economic surveillance and advice, organizing international finance, and so on. As a lender of last resort, it has played a critical role in providing credit to countries in need (Gillipen, 1401:374-376).

The World Bank Group has also been lending to developing countries in areas such as improving transport, investing in infrastructure, science and knowledge, and health since its establishment in

1944. (Stiglitz, 1999: 577) The formation of the International Trade Organization, like the other two financial institutions, was not accompanied by success.

This organization faced the disapproval of the US Congress and was never formalized; however, the United States of America took steps to establish and maintain free trade by creating an agreement called the General Agreement on Tariffs and Trade (GATT) in 1947. This agreement, along with the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), formed the basis for the formation of the World Trade Organization (WTO) in 1995 (Stern, 2002: 414-415) (& Deardorff) to formalize these free trade agreements in the international arena as an organization with administrative and dispute settlement functions.

The United States in the framework The created institutions established a kind of hegemony for itself at the level of the international system, which was a kind of hegemony in the field of political economy in an attempt to gain legitimacy from other players in order to continue and maintain the existing order. Alongside the created institutions, the United States, in order to continue and strengthen its proposed order, took steps to shape the internal political and economic system of some discontented and opposing players (after the Second The influence of the United States on the international political economy system). Two prominent examples of this action, which is referred to in the international relations literature as "nationalization," were Japan and Germany after World War II.

These two countries, which were allied with each other in World War II and, of course, were considered great powers, enjoyed high economic power and weight. Even considering the defeat of these two countries in the war and the size of The great devastation caused by World War II made both countries today part of the great economic powers. By directly intervening in the affairs of these two countries and redefining their governance structures, the United States succeeded in turning these two countries into debtors of the international order it had created. (Dobbins et al., 2003; Dobbins et al., 2007)

Although Germany and Japan are two successful examples of nation-building by the United States, America, but it seems that these two cases are not the only US projects for nation-building. The United States has implemented this model in countries such as Somalia, Haiti, Bosnia, Kosovo, Afghanistan and Iraq, none of which have had as much success as Germany and Japan. It seems that the industrial and economic power of these two countries, which leads to their greater benefit from the political economy system It has played an important role in remaining loyal to the American order, while other countries are mainly underdeveloped countries. After the reduction of the American presence in these countries, the nation-building project has faced failure. A clear example of this claim is Afghanistan, where after the United States left the country, the Taliban regained power and the civil society that the United States had worked so hard to build, He could not resist the Taliban.

8. Conclusions

This study attempted to present a clear picture of how the current international political economy system was shaped, as well as to explain the course of strategic competition between economic hegemons and the systems created by them. In this regard, the Italian city-states of the 14th century were initially examined. The Spanish Empire and its colonies then emerged as the next economic hegemon, a player whose continued hegemony was challenged by the Dutch nation-state. Although the Netherlands introduced important financial institutional innovations in the economic system, some of which are still in use today, it was unable to compete with the First Industrial Revolution in Britain.

Until the Industrial Revolution in Britain, economic hegemons played an active role in the evolution of the political economy system by investing in the core infrastructures of economic and political power, alongside institutional innovations and innovations. With the advent of the First Industrial Revolution, the technological variable entered the equations of the international political economy system more seriously; As each country rose to dominate the international system, it failed without a significant capacity for advanced technologies. Ultimately, Britain, by being caught in the middle of two world wars, lost its ability to sustain its own order, and the United States replaced it.

Throughout the history of international political economy, players such as France under Napoleon, Germany under Wilhelm II, and the Soviet Union during the Cold War have sought to challenge the order established by the dominant hegemons; but it was only the Union of Soviet Socialist Republics that sought to challenge the international political economy system through its own ideology based on collective production and communism.

Although ultimately this goal was not pursued, and the political economy system remained immune to this transformation. Another point that can be deduced from this historical process is that in order to create any change (whether constructive and evolutionary, or negative and destructive) in the international political economic system, hegemony is a necessary condition.

Also, according to the historical process, until an innovation is implemented by an economic hegemon, it will not gain the necessary acceptance among other players; because the adoption of a new trend requires the creation of sufficient infrastructure that can only be achieved by an economic hegemon with high investment power.

The introduction of the dollar as the world's central bank by the United States or the creation of international economic institutions with which players inevitably interact to gain economic superiority and advantage are examples of this claim. One of the most important things, as a result, is the undeniable role of economic and industrial development in supporting the military sphere.

Considering historical trends and events, it can be said that military development is at the heart of economic and industrial development; in other words, a military hegemon without economic power will not be able to exert long-term influence on the international system, and this player's aggressive attempts will fail in the face of others.

Prominent examples of this claim can be found in the rivalries of the Spanish Empire with the Dutch nation-state, Britain with France during Napoleon's time, and the United States and the Soviet Union, all of which were accompanied by the competitive advantage of having a more modern economy than its rival.

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