11

THE EROSION OF THE NATION-STATE

Before I traveled to another country, I used to carefully convert my dollars into German deutschmarks, Italian lira, and all the other currency I would need abroad. Today, I never do such a thing. For one thing, the deutschmark and lira no longer exist; they have been replaced by the European euro. For another thing, all I need is the piece of plastic in my pocket—my credit card.

The disappearance of foreign currency is an eerie symbol of the fading of the idea of the nation-state in the global era. It can be argued that the idea of the nation-state is a fairly new invention in world history, so it is no surprise that its novelty is wearing off; in the twenty-first century it is showing signs of stress, perhaps even becoming obsolete. The globalization of everything—economic production and distribution, financial markets, communications, ethnic communities, religious networks, and ideologies—challenge the notion that the nation is the primary community of reference, and that the nation-states are the only building blocks for world order.

The world has not always consisted of independent nations. For most of world history, political order was under the control of relatively small kingdoms and large empires that swept over vast reaches of topography, usually with only minimal interference with whatever local political arrangements governed the affairs of towns and villages in their precincts. The boundaries between these regions of political control were often fuzzy. The further one got from a center of power, the weaker was the authority's control, and at the frontiers between the authority of one state and that of another, often a sort of lawless anarchy reigned.

This situation began to change in Europe in the seventeenth century. The region had been ravaged by wars of religion for decades when a peace treaty in 1648 in the Westphalian city of Münster settled the matter with the proclamation in Latin, *cuius regio, eius religio* ("whose region, their religion"), meaning that the matter of religious affiliation should be linked with the preferences of the ruler. This Westphalian Treaty is often regarded as the beginning of the idea of the nation-state, since for the first time it connected the idea of state power with the culture and identity of a national community. Eventually, this led to the idea of a nationhood with borders rather than frontiers, in which all inhabitants were connected to the network of state authority.

The idea of a nation-state was developed more fully during the European Enlightenment. The eighteenth century French philosopher Jean-Jacques Rousseau thought that there was a natural "social contract" between the people of a nation and those who governed them. The implication was that if rulers abused the trust implied in that contract, they could be deposed. The British philosopher John Locke went further in describing the instruments of democratic authority by which the people could be justly represented in a government that truly represented the citizens of a nation. The idea of democracy and representative government, then, became a tacit requirement for status as a nation-state. Needless to say, there was little room for old-fashioned tyrants in this conception of political order, and monarchs, if they remained, were to adopt a more ceremonial role in the affairs of the state.

The concept took hold in Europe and the areas that it influenced around the world. The American Revolution of 1776, which freed the colonies from British rule and established the United States of America, embraced Enlightenment values; the new country strived to create a democratic state along the lines of representative government. So too did France, after the French Revolution a decade later, when it replaced a monarchy with civil order firmly based on Enlightenment democratic principles.

In the twentieth century, the three great wars of the century were concerned, in part, with the the future of the nation-state. World War I was a contest between the allies of France, Russia, and the United Kingdom, against old imperial powers. The victory of the Allies led to the breakup of the Austro-Hungarian Empire in Eastern Europe and the Ottoman Empire in the Middle East. New nation-states were created in their wake. In World War II, nation-states in Europe and the Pacific faced two imperial foes, Hitler's imperial Nazi regime and the Japanese Emperor's territorial expansion in the Pacific. The war was the deadliest in human history, with over fifty million casualties, and the eventual defeat of the Axis powers of Germany, Italy, and Japan. After the war, many of the formerly occupied lands became independent, and they invariably created their own nation-states. All these new nations were given voice through a new organization—the United Nations—that allowed every nation in the world to have representation in a parliamentary body that would make it possible for grievances to be aired and agencies to be promoted that would be conducive to world peace. The underlying premise of the United Nations was something that most political observers at the time regarded as fact: the world had

become constituted of independent nation-states, and virtually every inch of the planet (except for Antarctica) was part of one nation-state or another.

The final confrontation of the twentieth century, the Cold War, provided a new challenge to the concept of the nation-state: the notion of transnational socialism as an organizing principle for political order. Formerly independent states in Eastern Europe and Central Asia were gathered under the umbrella of the Union of Soviet Socialist Republics—the USSR—which became a sort of superstate. Though theoretically the individual nations within the sphere of the USSR's influence retained their autonomy, many of the citizens of those nations regarded themselves as being under the control of Russian imperialism. After the fall of the Berlin wall in 1989 and the end of the Cold War in 1991, the USSR was disbanded, and fifteen separate nations reemerged, some of them fiercely independent of their former Russian overlords.

Hence, in the final decade of the twentieth century, it may have appeared that the last challenges to the idea of the nation-state had been overcome. Yet this was precisely the moment in history when a new phenomenon emerged as a threat to that concept: the era of globalization. Moreover, problems had begun to emerge because of the hasty creation of many nations in the twentieth century. In some cases. the retreating colonial powers had drawn lines in the sand to distinguish one nation from another—dividing Iraq, for example, from Syria—and these lines did not always follow traditional ethnic and other social configurations. Even the very idea of the nation-state was open to question. In the excitement of independence in the mid twentieth century, many of these issues were pushed under the rug, but decades later, in an era when the colonial powers themselves seemed weaker, the nature of the postcolonial nation-states was increasingly being questioned.

By the 1990s, globalization was on the rise. National economic markets were undercut by the immense power of the global economy. The flow of diasporic ethnic communities around the world often created new demands for an ethnic homeland to be carved out of existing states. Sikhs in India and Kurds in Turkey and Iraq were clamoring for nations of their own. Interethnic battles racked Rwanda, the former Yugoslavia, and elsewhere. The nation-state was under siege.

In Europe, where the nation-state was invented, a new form of regional identity was created to compete economically with the United States and the rising economic powers of Asia. The European Union (EU) established its own parliament in Brussels, created its own currency—the euro—and brought down the rigid borders and passport and visa regulations that had made commerce and travel difficult in the past. European students can easily enroll in universities in countries throughout the region, and laborers from the EU member nations can easily move from country to country in search of work. Though the individual nation-states of Europe have not been abolished, the European Union provides a new model of regional identity and governance.

In the era of globalization, is the nation-state dead? Since it has been around only for a couple of hundred years, largely in the West, there is no reason to think that the nation-state will be a permanent form of cultural and political organization. Yet it still

exists, and most laws and rules are set by national governments, and it is governmental military and police that have the power to enforce them. So it is uncertain whether the nation-state is all that obsolete. And it's even less certain what forms of socioeconomic and political organization are replacing it.

The readings in this section give differing perspectives on the role of the nation-state in the era of globalization. The first reading is by a Japanese business management consultant who advises the leaders of transnational corporations. In the excerpt from his book, *The End of the Nation-State,* Kenichi Ohmae claims that it is a "cartographic illusion" that the world is constituted of individual interacting nation-states. In fact, he claims, the real economic power is in transnational organizations that sometimes operate within the framework of the nation-state and sometimes not. And their view of the world has no clear definable borders.

The next reading is by Susan Strange, a British economist who helped to develop the field of international political economy and taught for years at the London School of Economics. In this essay, written toward the end of her illustrious career, she examines the flaws in the system of nation-states that has come to be described as the Westphalian system, named after the Treaty of Westphalia in 1648, which first promoted the idea of a nation-state. According to her, the Westphalian system always had an economic component; it was created and thrived in part because it helped to nurture the global economy. In the current global era, however, the nation-state economic system has shown itself incapable of protecting the world against financial market collapse, preserving the environment, and developing equity between rich and poor.

The next selection also presumes that the nation-state is in trouble in an era of globalization. It asks whether there are any options to replacing it. The author, Zgymunt Bauman, is a Polish sociologist who left his native country in the Communist anti-Semitic campaigns in 1971 and settled in England, where he has taught at the University of Leeds and written on a variety of topics, including postmodern consumer society. In his book, *Globalization: The Human Consequences,* Bauman states that in the "new world disorder," no one seems to be in control.

It remains unclear, however, what if anything is poised to replace the nation-state. It could be Ohmae's vision of a network of powerful transnational corporations, Sassen's notion of interacting global cities, or Hardt and Negri's idea of empire. Or it could be anarchy.

The last reading in this section describes another development, the emergence of a transnational class of capitalist leaders of corporate organizations. The author, William I. Robinson, is a sociologist who for many years worked with the Sandinista government in Nicaragua and now teaches at the University of California–Santa Barbara. He argues that this new transnational corporate class is challenged in two directions: by its competitor, the wealthy corporate class based on national rather than transnational economies, and by an emerging global social movement of workers and consumers who regard themselves as exploited by the global transnational class. Robinson regards this

movement as one of the great hopes for the future. It is uncertain, however, how such an emerging movement could seize control from the globally powerful or what kind of national or transnational social order this movement would install in its place.

THE CARTOGRAPHIC ILLUSION

Kenichi Ohmae

A funny—and, to many observers, a very troubling—thing has happened on the way to former U.S. President Bush's so-called "new world order": the old world has fallen apart. Most visibly, with the ending of the Cold War, the long-familiar pattern of alliances and oppositions among industrialized nations has fractured beyond repair. Less visibly, but arguably far more important, the modern nation state itself—that artifact of the 18th and 19th centuries—has begun to crumble.

For many observers, this erosion of the long-familiar building blocks of the political world has been a source of discomfort at least and, far more likely, of genuine distress. They used to be confident that they could tell with certainty where the boundary lines ran. These are our people; those are not. These are our interests; those are not. These are our industries; those are not. It did not matter that little economic activity remained truly domestic in any sense that an Adam Smith or a David Ricardo would understand. Nor did it matter that the people served or the interests protected represented a small and diminishing fraction of the complex social universe within each set of established political borders.

The point, after all, was that everyone knew—or could talk and act as if he or she knew—where the boundary lines ran. Everyone's dealings could rest, with comfortable assurance, on the certain knowledge, as Robert Reich has put it, of who was "us" and who was "them." The inconvenient fact that most of the guns pointed in anger during the past two decades were pointed by national governments at some segment of the people those governments would define as "us"—well, that really did not matter, either. Boundaries are boundaries.

Politics, runs the time-worn adage, is the art of the possible. Translated, that means it is also the art of ignoring or overlooking discordant facts: guns pointed the wrong way, democratic institutions clogged to the point of paralysis by minority interests defended in the name of the majority—and, perhaps most important, domestic economies in an increasingly borderless world of economic activity. So what if average GNP per capita in China is $317 but, in Shenzhen, whose economy is closely linked with that of Hong Kong, it is $5,695? Boundaries are boundaries, and political dividing lines mean far more than demonstrable communities of economic interest.

No, they don't. Public debate may still be hostage to the outdated vocabulary of political borders, but the daily realities facing most people in the developed and developing worlds—both as citizens and as consumers—speak a vastly different idiom. Theirs is

the language of an increasingly borderless economy, a true global marketplace. But the references we have—the maps and guides—to this new terrain are still largely drawn in political terms. Moreover, as the primary features on this landscape—the traditional nation states—begin to come apart at the seams, the overwhelming temptation is to redraw obsolete, U.N.-style maps to reflect the shifting borders of those states. The temptation is understandable, but the result is pure illusion. No more than the work of early cartographers do these new efforts show the boundaries and linkages that matter in the world now emerging. They are the product of illusion, and they are faithful to their roots.

This, too, is understandable. Much of the current awareness of the decay of the modern nation state has been driven by the wrenching experiences of the former Soviet Union and Czechoslovakia, which have formally ceased to exist as single national entities. Perhaps even more frightening, of course, is the noxious brew of ancient hatred, more recent antagonism, and unbridled ambition in what used to be Yugoslavia. These are extremes, to be sure, but they are deeply representative of the kind of erosion that has at last begun to capture an important share of public attention.

In a newly unified Germany, for example, unprecedented amounts of power have been ceded to the individual *Länder*. In Canada, before the recent elections in Quebec and even before the failure of the Meech Lake accords, the French-speaking province had been moving to cut its constitutional ties with the other, English-speaking provinces. In Spain, an explicit program of devolution is transferring much of the apparatus of independent statehood to the country's 17 "autonomous communities," especially those like Catalonia with a deeply entrenched historical identity of their own. In Italy, long-preoccupied with the problems of the Mezzagiorno in the south, recent elections have shown the Lombard League in the north to be a real and growing factor on the political scene. Even in *dirigiste* France, the prefects of Mitterrand's government can no longer unilaterally veto local decisions in the country's 22 provinces.

Developments as striking as these clearly merit the attention they have received in the media and in the regular comments of opinion makers and public officials. Nearly a half century of Cold War cannot end without dramatic—and eminently noteworthy—changes on both sides. Relaxation of the long-entrenched bipolar discipline imposed by the United States and the former USSR cannot help but allow even older fault lines to spread. Equally striking, however, is the way in which such attention has been framed and articulated. To the extent these developments have been treated as evidence of a systemic challenge to traditional nation states (and not just as a challenge to this or that current policy or set of leaders), they have been interpreted for the most part in political terms. Whatever their root, the centrifugal forces now at work have been seen to be meaningful, first and foremost, as statements about the inadequacies of established modes and processes of political order—that is, as evidence of troubling realignments within previously established borders.

Thus, as today's public debate would have it, the fission represented by local autonomy and by ethnic or racial or even tribal irredentism, no less than the proposed fusion represented by

Maastricht, shows clearly that the postwar writ of central governments no longer holds with anything like the power it enjoyed even a generation ago. And as that debate would also have it, this failure of the political center is a legitimate cause for concern. When no one seems to know where we are—or should be—going, initiative stagnates, special interests reduce each other to paralysis, and the consensus necessary for effective policy moves still further out of reach. In tones of despair, the more literary pundits like to cite Yeats: "Things fall apart; The center cannot hold." But the truer message comes from Matthew Arnold: we are "wandering between two worlds,/One dead, the other unable to be born."

These lamentations at least have the virtue of taking the erosion of nation states seriously. But they view it almost entirely as the result of long-repressed political aspirations bursting into the open once the various imposed restraints of the Cold War era have been relaxed. No matter how deeply rooted, however, these aspirations are not the only—or arguably, even the primary—forces now at work. Something else is going on. The battle and the battlefield have shifted.

A QUESTION OF CULTURE?

In a recent, highly influential article, "The Clash of Civilizations?" Samuel Huntington offers an interpretation of what that "something else" is. According to Huntington, the fault lines in our new, post-Cold War world do not flow from politics or ideology, but from culture. From now on, when large masses of people join in common purpose, the primary link between them will increasingly be their shared heritage of language, history, tradition, and religion—that is, civilization. And when they stonily face each other across a divide, the unbridgeable gap between them will be the lack of just such a shared civilization. Groupings based on culture will become—in fact, have already become—the most powerful actors in world affairs.

For all the truth of these observations, Huntington's argument ignores the fact that, even within the same civilization, people have often fought against each other. From the outside, the differences between Catholics and Protestants in Northern Ireland do not seem like a good reason for intense hatred. But for political leaders and mass agitators, they are good enough. Again, from outside, it is awfully difficult to tell the Hutu from the Tutsi in Rwanda. But they have mutually created, during the past decade, one of the bloodiest clashes in the world. People usually fight when their political and/or military leaders inflate minute differences so as to stir up latent hatred—not when "civilizations" clash. If leaders are enlightened, they can make their people believe in the power of working together. This is the case today with the multiple races and cultures linked peacefully by Lee Kwan Yew in Singapore and Dr. Mahathir in Malaysia (and was true in the Yugoslavia of Josip Broz Tito and the India of Mahatma Gandhi and Jawaharlal Nehru after World War II). It is not civilizations that promote clashes. They occur when old-fashioned leaders look for old-fashioned ways to solve problems by rousing their people to armed confrontation.

Such skirmishes confuse the ground of geopolitical interpretation. But they confuse the ground of economic interpretation as well. The glue holding together older constellations of nation-based political interests has visibly begun to wear thin. In economics as in politics, the older patterns of nation-to-nation linkage have begun to lose their dominance. What is emerging in their place, however, is not a set of new channels based on culture instead of nations. Nor is it a simple realignment of previous flows of nation-based trade or investment.

In my view, what is really at stake is not really which party or policy agenda dominates the apparatus of a nation state's central government. Nor is it the number of new, independent units into which that old center, which has held through the upheavals of industrialization and the agonies of two world wars, is likely to decompose. Nor is it the cultural fault lines along which it is likely to fragment.

Instead, what we are witnessing is the cumulative effect of fundamental changes in the currents of economic activity around the globe. So powerful have these currents become that they have carved out entirely new channels for themselves—channels that owe nothing to the lines of demarcation on traditional political maps. Put simply, in terms of real flows of economic activity, nation states have *already* lost their role as meaningful units of participation in the global economy of today's borderless world.

THE WESTFAILURE SYSTEM

Susan Strange

From a globalist, humanitarian and true political economy perspective, the system known as Westphalian has been an abject failure. Those of us engaged in international studies ought therefore to bend our future thinking and efforts to the consideration of ways in which it can be changed or superseded. That is the gist of my argument.

The system can be briefly defined as that in which prime political authority is conceded to those institutions, called states, claiming the monopoly of legitimate use of violence within their respective territorial borders. It is a system purporting to rest on mutual restraint (non-intervention); but it is also a system based on mutual recognition of each other's "sovereignty" if that should be challenged from whatever quarter.

But while we constantly refer to the "international political system" or to the "security structure" this Westphalian system cannot realistically be isolated from—indeed is inseparable from—the market economy which the states of Europe, from the mid-17th century onwards, both nurtured and promoted. To the extent that the powers of these states over society and over economy grew through the 18th, 19th and 20th centuries, they did so both in response to the political system in which states competed with other states (for territory at first but later for industrial and financial power) and in response to the growing demands made on political authority as a result of the capitalist system of production and its social consequences. The label "capitalist" applied to the

market-driven economy is justified because the accumulation of capital, as the Marxists put it, or the creation and trading in credit as I would describe it, was the necessary condition for continued investment of resources in the new technologies of agriculture, manufacture and services. As I put it in *States and Markets,* the security structure and the production, financial and knowledge structures constantly interact with each other and cannot therefore be analysed in isolation. The point is "kids-stuff" to social and economic historians but is frequently overlooked by writers on international relations.

When I say that the system has failed, I do not mean to say that it is collapsing, only that it has failed to satisfy the long term conditions of sustainability. Like the empires of old—Persian, Roman, Spanish, British or Tsarist Russian—the signs of decline and ultimate disintegration appear some while before the edifice itself collapses. These signs are to be seen already in the three areas in which the system's sustainability is in jeopardy. One area is ecological: the Westfailure system is unable by its nature to correct and reverse the processes of environmental damage that threaten the survival of not only our own but other species of animals and plants. Another is financial: the Westfailure system is unable—again, because of its very nature—to govern and control the institutions and markets that create and trade the credit instruments essential to the "real economy." The last area is social: the Westfailure system is unable to hold a sustainable balance between the constantly growing power of what the neo-Gramscians call the transnational capitalist class (TCC) and that of the "have-nots," the social underclasses, the discontents that the French call *les exclus*—immigrants, unemployed, refugees, peasants, and all those who already feel that globalisation does nothing for them and are inclined to look to warlords, Mafias or extreme-right fascist politicians for protection. The point here is that until quite recently the state through its control over the national economy, and with the fiscal resources it derived from it, was able to act as an agent of economic and social redistribution, operating welfare systems that gave shelter to the old, the sick, the jobless and the disabled. This made up for the decline in its role—in Europe particularly—as defender of the realm against foreign invasion. Now, however, its ability to act as such a shield and protector of the underprivileged is being rapidly eroded—and for reasons to which I shall return in a while.

In short, the system is failing Nature—the planet Earth—which is being increasingly pillaged, perverted and polluted by economic enterprises which the state-system is unable to control or restrain. It is failing Capitalism in that the national and international institutions that are supposed to manage financial markets are progressively unable—as recent developments in east Asia demonstrate—to keep up with the accelerating pace of technological change in the private sectors, with potentially dire consequences for the whole world market economy. And it is failing world society by allowing a dangerously wide gap to develop between the rich and powerful and the weak and powerless.

The fact that the system survives despite its failures only shows the difficulty of finding and building an alternative. No one is keen to go back to the old colonialist empires. And though Islam and Christian fundamentalism make good sticks with which to beat the

western capitalist model, the myriad divisions within both make any kind of theocratic-religious alternative highly improbable. So the old advice, "Keep hold of nurse, for fear of worse" is still widely followed even while faith in her skill and competence is more than a little doubted. . . .

WHAT IS TO BE DONE?

The two commonest reactions to the three failures of the system I have briefly described are either to deny the failures and to defend the dual capitalism-state system in panglossian fashion as the best of all possible post-Cold War worlds, or else fatalistically to conclude that, despite its shortcomings there is nothing that can be done to change things. Only quite recently has it been possible to detect the first tentative indications of a third response. It is to be heard more from sociologists than from international relations writers, perhaps because sociologists tend to think in terms of social classes and social movements rather than in terms of nation-states. As a recent collection of essays around the theme, "The Direction of Contemporary Capitalism" shows, there is little consensus among them either about current trends or about possible outcomes. A good deal of this thinking has been inspired by the rediscovery of Antonio Gramsci and his concepts of hegemony, the historic bloc and social myths that permit effective political action. A common assumption is that the present system is sustained by the power of a transnational capitalist class (TCC).

I have no doubt that such a class exists and does exert its power over the market economy and the rules—such as they are—that govern it. Nearly a decade ago, I referred to it as the dominant "business civilization." I think Gill was mistaken in seeing evidence of its power in the Tripartite Commission, which was more a club of well-meaning has-beens than an effective political actor, a mirror rather than a driver. But he was right in spotlighting the emergence of a transnational interest group with powerful levers over national governments including that of the United States and members of the European Union. Recent research in telecommunications, trade negotiations concerning intellectual property rights and a number of other spheres where international organisations have been penetrated and influenced by big-business lobbies all point to the existence of such a TCC. Yet to call it a class suggests far more solidarity and uniformity than in fact exists. The more I look into the politics of international business, the more I am struck by the growing divide between big business—the so-called multinationals—and the people running and employed by small and medium business enterprises. These enjoy few of the perks and privileges of the big corporations yet have to conform to the rules and agencies created by them. For them, globalization is something to be resisted, if only because it so blatantly tramples on the democratic principles of accountability and transparency.

The environmental issue area is a good example of the fissures in the TCC. On the one side are the big oil companies, the giant chemical combines, the vested interests of

the car manufacturers and associated businesses. On the other are firms in the vanguard of waste disposal and clean-up technologies and interestingly—the transnational insurance business. . . . Fear of the vast claims that might be made against their clients on environmental grounds is putting insurers increasingly in opposition to the polluters. Their opposition, of course, is predicated on legal systems that are sensitive to public opinion. The power of the latter meanwhile is also evident in the growing sensitivity of some elements in business to shareholders and consumers.

Thus, the notion tentatively posited by some of the neo-Gramscians that while there is some sort of TCC there is also an emerging global civil society is not lightly to be dismissed. To quote Leslie Sklair:

> No social movement appears even remotely likely to overthrow the three fundamental institutional supports of global capitalism . . . namely, the TNCs [transnational corporations], the transnational capitalist class and the culture-ideology of consumerism. Nevertheless in each of these spheres there are resistances expressed by social movements.

Similarly, Rodolfo Stavenhagen, writing on "People's movements, the antisystemic challenge" in the collection of essays edited by Bob Cox, finds the growth points of a nascent transnational opposition, or counterforce to Sklair's three institutional supports sustaining the Westfailure system. Not only, he says, are such social movements non-governmental, they are popular in the widest sense of that word; they are alternative to established political systems, and therefore often at odds with national governments and political parties and they seek "to attain objectives that would entail alternative forms of economic development, political control and social organisation."

In his introduction to this collection of essays, Cox does not predict the imminent demise of the "fading Westphalian system." The future world, he observes, "will be determined by the relative strength of the bottom-up and top-down pressures." The contest may be a long one and no one should underestimate the power of big business and big government interests behind these top-down pressures. Yet at the same time there is no denying that as Cox says, "people have become alienated from existing regimes, states and political processes." Witness the recent amazing, unforeseen turn-out—a quarter of a million in Paris and the same in London—in anti-government marches by country dwellers of every class and occupation. Everywhere, in fact, politicians are discredited and despised as never before. The state is indeed in retreat from its core competences in security, finance and control over the economy; and this retreat is not inconsistent with its proliferating regulation of many trivial aspects of daily life. The new multilateralism Cox predicates "will not be born from constitutional amendments to existing multilateral institutions but rather from a reconstitution of civil societies and political authorities on a global scale building a system of global governance from the bottom up."

For international studies, and for those of us engaged in them, the implications are far-reaching. We have to escape and resist the state-centrism inherent in the analysis

of conventional international relations. The study of globalisation has to embrace the study of the behaviour of firms no less than of other forms of political authority. International political economy has to be recombined with comparative political economy at the sub-state as well as the state level. It is not our job, in short, to defend or excuse the Westphalian system. We should be concerned as much with its significant failures as with its alleged successes.

AFTER THE NATION-STATE—WHAT?

Zygmunt Bauman

"In an earlier generation, social policy was based on the belief that nations, and within nations cities, could control their fortunes; now, a divide is opening between polity and economy"—observes Richard Sennett.

With the overall speed of movement gathering momentum—with time/space as such, as David Harvey points out, "compressing"—some objects move faster than others. "The economy"—capital, which means money and other resources needed to get things done, to make more money and more things yet—moves fast; enough to keep permanently a step ahead of any (territorial, as ever) polity which may try to contain and redirect its travels, in this case, at least, the reduction of travel time to zero leads to a new quality: to a total annihilation of spatial constraints, or rather to the total "overcoming of gravity." Whatever moves with the speed approaching the velocity of the electronic signal is practically free from constraints related to the territory inside which it originated, towards which it is aimed or through which it passes on the way.

A recent commentary by Martin Woollacott grasps well the consequences of that emancipation:

> The Swedish-Swiss conglomerate Asea Brown Boveri announced it would be cutting its West European work force by 57,000, while creating other jobs in Asia. Electrolux followed with the announcement that it will cut its global work force by 11 per cent, with most of the cuts in Europe and North America. Pilkington Glass also announced significant cuts. In just ten days, three European firms had cut jobs on a scale large enough to be compared with the numbers mentioned in the new French and British governments' proposals on job creation. . . .

Germany, notoriously, has lost 1 million jobs in five years, and its companies are busy building plants in Eastern Europe, Asia, and Latin America. If West European industry is massively relocating outside Western Europe, then all these arguments about the best government approach to unemployment would have to be seen as of limited relevance.

Balancing the books of what once seemed to be the indispensable setting for all economic thinking—the *Nationalökonomie*—is becoming more and more an actuarial

fiction. As Vincent Cable points out in his recent *Demos* pamphlet—"it is no longer obvious what it means to describe the Midland Bank or ICL as British (or for that matter companies like British Petroleum, British Airways, British Gas or British Telecom). . . . In a world where capital has no fixed abode and financial flows are largely beyond the control of national governments, many of the levers of economic policy no longer work." And Alberto Melucci suggests that the rapidly growing influence of supranational—"planetary"—organizations "has had the effect of both accelerating the exclusion of weak areas and of creating new channels for the allocation of resources, removed, at least in part, from the control of the various national states."

In the words of G.H. von Wright, the "nation-state, it seems, is eroding or perhaps 'withering away.' The eroding forces are *transnational*." Since nation-states remain the sole frame for book-balancing and the sole sources of effective political initiative, the "transnationality" of eroding forces puts them outside the realm of deliberate, purposeful and potentially rational action. As everything that elides such action, such forces, their shapes and actions are blurred in the mist of mystery; they are objects of guesses rather than reliable analysis. As von Wright puts it,

> The moulding forces of transnational character are largely anonymous and therefore difficult to identify. They do not form a unified system or order. They are an agglomeration of systems manipulated by largely 'invisible' actors . . . [there is no] unity or purposeful co-ordination of the forces in question . . . '[M]arket' is not a bargaining interaction of competing forces so much as the pull and push of manipulated demands, artificially created needs, and desire for quick profit.

All this surrounds the ongoing process of the "withering away" of nation-states with an aura of a natural catastrophe. Its causes are not fully understood; it cannot be exactly predicted even if the causes are known; and it certainly cannot be prevented from happening even if predicted. The feeling of unease, an expectable response to a situation without obvious levers of control, has been pointedly and incisively captured in the title of Kenneth Jowitt's book—*The New World Disorder*. Throughout the modern era we have grown used to the idea that order is tantamount to "being in control." It is this assumption—whether well-founded or merely illusionary—of "being in control" which we miss most.

The present-day "new world disorder" cannot be explained away merely by the circumstance which constitutes the most immediate and obvious reason to feel at a loss and aghast: namely, by "the morning-after" confusion following the abrupt end of the Great Schism and the sudden collapse of the power-block political routine—even if it was indeed that collapse which triggered the "new disorder" alert. The image of global disorder reflects, rather, the new awareness (facilitated, but not necessarily caused, by the abrupt demise of block politics) of the essentially elemental and contingent nature of the things which previously seemed to be tightly controlled or at least "technically controllable."

Before the collapse of the Communist block, the contingent, erratic and wayward nature of the global state of affairs was not so much non-existent, as it was barred from sight by the all-energy-and-thought-consuming day-to-day reproduction of the balance between the world powers. By dividing the world, power politics conjured up the image of totality. Our shared world was made whole by assigning to each nook and cranny of the globe its significance in the "global order of things"—to wit, in the two power-camps' conflict and the meticulously guarded, though forever precarious, equilibrium. The world was a totality in as far as there was nothing in it which could escape such significance, and so nothing could be indifferent from the point of view of the balance between the two powers which appropriated a considerable part of the world and cast the rest in the shadow of that appropriation. Everything in the world had a meaning, and that meaning emanated from a split, yet single centre—from the two enormous power blocks locked up, riveted and glued to each other in an all-out combat. With the Great Schism out of the way, the world does not look a totality anymore; it looks rather like a field of scattered and disparate forces, congealing in places difficult to predict and gathering momentum which no one really knows how to arrest.

To put it in a nutshell: *no one seems now to be in control*. Worse still—it is not clear what "being in control" could, under the circumstances, be like. As before, all ordering initiatives and actions are local and issue-oriented; but there is no longer a locality arrogant enough to pronounce for mankind as a whole, or to be listened to and obeyed by mankind when making the pronouncements. Neither is there a single issue which could grasp and telescope the totality of global affairs while commanding global consent.

THE TRANSNATIONAL STATE

William I. Robinson

"Within the next hundred years . . . nationhood as we know it will be obsolete; all states will recognize a single, global authority. A phrase briefly fashionable in the mid-20th century—'citizen of the world'—will have assumed real meaning by the end of the 21st century." Thus declared President Bill Clinton's Deputy Secretary of State, Strobe Talbott, in 1992. He continued, "All countries are basically social arrangements, accommodations to changing circumstances. No matter how permanent and even sacred they may seem at any one time, in fact they are all artificial and temporary." In fact, it became fashionable for writers on globalization in the late twentieth century to produce quotes from top-level global capitalists on their views regarding the "end of the nation-state" and the stateless corporation. Remarks to this effect, such as the following one by Karl A. Gerstacker, CEO of Dow Chemical, abounded: "I have long dreamed of buying an island owned by no nation and of establishing the World Headquarters of the Dow Company on the truly neutral ground of such an island, beholden to no nation or society." In an equally oft-cited remark, Gilbert Williamson, president of the NCR Corporation, affirmed, "We

at NCR think of ourselves as a globally competitive company that happens to be headquartered in the United States." Now, if . . . the hegemonic fractions of capital on a world scale have become transnationalized, increasingly detached from particular territories and from the old political and social projects of nation-states, does this not imply that they are stateless? But are TNCs [transnational corporations] really *state*less, or are they *nation*-less? Are *state* and *nation* the same thing? I attempt to answer these questions . . . , but first I want to approach the matter from a different angle, posing another set of questions with regard to the TCC [transnational capitalist class] and its agency. . . .

The TCC is dominant economically in the sense that it controls the "commanding heights" of the global economy. But is it also dominant politically? The economically dominant class in a society is not necessarily the political ruling class: that it is (or is not) must be demonstrated. A closely related question is, to what extent does it act collectively as a class in the exercise of power? In what sense and to what degree can the TCC be shown to be a global ruling class? There is a long debate in the literature of the social sciences, a debate that it is not possible to take up here, on "collective actors" and on whether classes can be collective actors. My view is that classes *are* collective actors. . . . The TCC, in part by virtue of its position as an "organized minority" and the resources and networks at its disposal for coordination, works through identifiable institutions and is fairly coherent as a collective actor. . . .

I shift the focus of inquiry from the economic dominance of transnational capital to possible forms of its political rule. I further develop my earlier proposition that a TCC has emerged as a class fraction of the world bourgeoisie and that this TCC is in the process of achieving its rule or becoming a global ruling class. I introduce the concept of a transnational state (TNS) and link this concept to that of the TCC. I argue that the rise of a TNS apparatus is an integral dimension of global capitalism. The emergence and consolidation of the global economy and the rise of a politically active TCC cannot be understood apart from the TNS. The TCC has articulated economic interests with political aims in pursuing the globalist project of an integrated global economy and society, what I referred to . . . as the transnational elite agenda, aimed at creating the conditions most propitious for global capitalism to function. And it has advanced that agenda through the institutions of a TNS apparatus.

I have emphasized . . . the importance of looking at both structure and agency, or the objective and subjective sides of social life. I believe it is absolutely necessary to examine these two dimensions in their interrelation if we are to understand the social world. By the *objective,* recall, I mean forces that are beyond the level of individual wills and consciousness. Our very existence requires that everyone participate in the economy independent of their will or their understanding of economic institutions. These economic forces, which shape our lives whether or not we are aware of them, constitute an objective dimension of our existence. By the *subjective* I mean our consciousness of the reality in which we are immersed and our actions in the world based on our conscious understanding and "free" will. Earlier I observed that class formation is both an objective and

a subjective process, involving structural and agency levels of analysis. . . . I emphasized the objective dimensions of global capitalism and the TCC, focusing on the objective determinants of the process in the productive structure, and found that the transnationalization of the production process was key. . . . I want to focus some attention on the more subjective dimensions involved in capitalist globalization and the formation of a TCC. Examining the rise of a TNS apparatus allows us to uncover collective agency in the process of capitalist globalization, to identify crucial political and institutional dimensions of the process.

An analysis of the power of the capitalist ruling class must take into account the state and the political process. But we can proceed to analyze, first, the economic-material determination of the TCC as embodied in transnational capital . . . and second, the exercise of its class power as expressed in TNS apparatuses, to which I now turn. The social power of groups is grounded in control over wealth (the means of production and the social product) but is always exercised through institutions. Political sociologists and political scientists have long noted that a dominant class exercises its rule through political institutions, whose higher personnel must represent the class, as far as possible unifying its actions and reinforcing its control over the process of social reproduction. With regard to globalization and the TCC, this means ensuring the reproduction of global capitalist relations of production as well as the creation and reproduction of political and cultural institutions favorable to its rule, *central among which is the state*. We have seen already that one central institution is the TNC, the key institution for organizing the process of global capital accumulation. In the global capitalist system the giant TNCs that control the global economy make the key decisions affecting the lives of most, if not all, of the people on the planet. But corporations do not act alone in organizing capitalist production. Notwithstanding the prevailing market ideology, the conditions of production are not brought forth in accordance with the laws of the market. There must be some agency whose task is to produce these conditions or to regulate capital's access to them. This institution is the capitalist state. Under globalization, I suggest, the capitalist state has increasingly acquired the form of a TNS.

Here in a nutshell is my argument: The leading strata among the emergent TCC became politicized from the 1970s into the 1990s. The notion of a managerial elite at the apex of the global ruling class that controls key levers of global policymaking captures the idea of a politically active wing of the global ruling class. As part of its political protagonism, this wing set about to create or transform a set of emerging transnational institutions. These institutions constitute an incipient TNS [transnational state] apparatus. This TNS apparatus is an emerging network that comprises transformed and externally integrated national states, *together with* the supranational economic and political forums, and has not yet acquired any centralized institutional form. The economic forums include the IMF [International Monetary Fund], the WB [World Bank], the WTO [World Trade Organization], the regional banks, and so on. The political forums include the Group of Seven (G-7) countries and the larger Group of 22 countries, among others,

as well as the U.N. system, the OECD [Organization for Economic Cooperation and Development], the EU [European Union], the Conference on Security and Cooperation in Europe (CSCE), and so on. The TCC has directly instrumentalized this TNS apparatus, exercising a form of TNS power through the multilayered configuration of the TNS. It is through these global institutions that the TCC has been attempting to forge a new global capitalist historic bloc. . . .

My thesis on the TNS involves three interrelated propositions:

1. Economic globalization has its counterpart in transnational class formation and in the emergence of a TNS, which has been brought into existence to function as the collective authority for a global ruling class.
2. The nation-state is neither retaining its primacy nor disappearing but is being transformed and absorbed into the larger structure of a TNS.
3. The emergent TNS institutionalizes the new class relation between global capital and global labor. . . .

I refer to the tendency to accord continued centrality to the nation-state in existing theoretical approaches in the social sciences as *nation-state centrism*. Nations are seen as discrete units within a larger system—the world system or the international system—that is characterized by external exchanges among these units. Despite their divergent theoretical principles, these nation-state paradigms share as the domain of their inquiry the nation-state and the interstate system. But nation-states are no longer appropriate units of analysis, in part because they are no longer "containers" (if indeed they ever were) of the diverse economic, political, social, and cultural processes that are the objects of study in the social sciences. Adopting a transnational, or global, perspective means moving beyond a focus on the social world that emphasizes country-level analysis or an international system made up of discrete nation-states as interacting units of comparative analysis. We need to make a break with nation-state-centered analysis if we are to understand the twenty-first-century world.

With the onset of globalization social scientists have recognized the increasing obsolescence of the nation-state as a practical unit of the global political economy and acknowledged the need for new perspectives. The new, transnational phase of capitalism is characterized by a period of major restructuring of the system, including restructuring the institutional forms of capitalism. The breakup of national economic, political, and social structures is reciprocal to the gradual breakup, starting in the 1970s, of a preglobalization world order based on nation-states. Nonetheless, given ingrained nation-state centrism, much scholarship has analyzed economic globalization from the political framework of the nation-state system and the agency therein of national classes and groups. Transnational institutions and political globalization are seen in most accounts as extensions or modifications of the nation-state system. These are national/international approaches that focus on the preexisting system of nation-states, seen as

experiencing internationalization rather than globalization. Indeed, two of the most prominent theoreticians on globalization, Roland Robertson and Anthony Giddens, insist that a defining feature of the process is the "universalization" of the nation-state. *Trans*national or globalization approaches focus on how the system of nation-states and national economies, and so on, are being transcended by transnational forces and institutions grounded in the global rather than the interstate system.

To get beyond nation-state-centrist ways of thinking about globalization, we need to keep in mind that a study of globalization is fundamentally *historical analysis*. Events or social conditions can be conceived in terms of previous social processes and conditions that gave rise to them. The nation-state is not transhistorical. Good social analysis requires that we study not only the laws of motion of a given set of structures but also the *transformation* of those structures.

FURTHER READING

Anderson, Benedict. 1992. *Imagined Communities: Reflections on the Origin and Spread of Nationalism*. London: Verso.

Bauman, Zygmunt. 1998. *Globalization: The Human Consequences*. Oxford, UK: Blackwell.

Calhoun, Craig. 1998. *Nationalism*. Minneapolis: University of Minnesota Press.

Fukuyama, Francis. 2012. *The Origins of Political Order: From Prehuman Times to the French Revolution*. New York: Farrar, Strauss, Giroux.

Gellner, Ernest, and John Breully. 2009. *Nations and Nationalism*. 2nd ed. Ithaca, NY: Cornell University Press.

Hobsbawm, Eric. 2012. *Nations and Nationalism Since 1780: Programme, Myth, Reality*. Cambridge, UK: Cambridge University Press.

Holton, Robert J. 1998. *Globalization and the Nation-State*. New York: St. Martin's Press.

Jowitt, Kenneth. 1993. *The New World Disorder: The Leninist Extinction*. Berkeley: University of California Press.

Ohmae, Kenichi. 1996. *The End of the Nation-State: The Rise of Regional Economies*. New York: HarperCollins.

Paul, T.V., G. John Ikenberry, and John A. Hall (Eds.). 2003. *The Nation-State in Question*. Princeton, NJ: Princeton University Press.

Robinson, William. 2004. *A Theory of Global Capitalism: Production, Class, and State in a Transnational World*. Baltimore: John Hopkins University Press.

Smith, Anthony D. 2010. *Nationalism*. London: Polity Press.

Strange, Susan. 1999. The Westfailure System. In *Review of International Studies*, vol. 25, 3, pp. 345–354.

Strange, Susan. 1996. *The Retreat of the State: The Diffusion of Power in the World Economy*. Cambridge, UK: Cambridge University Press.

Weiss, Linda. 1998. *The Myth of the Powerless State*. London: Polity Press.