

Chapter 12

UNITS IN THE MODERN INTERNATIONAL SYSTEM

1. INTRODUCTION

The rise of a new type of dominant unit in Europe around AD 1500 is one of the main foundations on which the differentiation of the modern from the ancient and classical era rests. There is widespread agreement that a unit transformation took place at this time, and there has been growing interest amongst IR theorists, in recent years, in the nature of feudalism and the complex shift from feudalism to the Westphalian system of sovereign states that took place in Europe at the end of the Middle Ages (Ruggie 1983; Fischer 1992; Hall and Kratochwil 1993; Watson 1992: ch. 13; Spruyt 1994b: ch. 3; Ruggie 1998: ch. 5; Teschke 1998). How and why this transformation took place is still far from being fully understood. Traditionally, non-Marxist historians argued that the modern European state emerged from a 'feudal anarchy' into which Europe had degenerated in the wake of the Carolingian Empire's collapse. That empire had extended across the territory that was occupied a millennium later by the original six members of the European Union, and it had returned a degree of order to Europe after the destruction of the western end of the Roman Empire. But with its collapse, warring barons are depicted as precipitating an era of 'feudal anarchy' before a new order was once again restored with the rise of modern states.

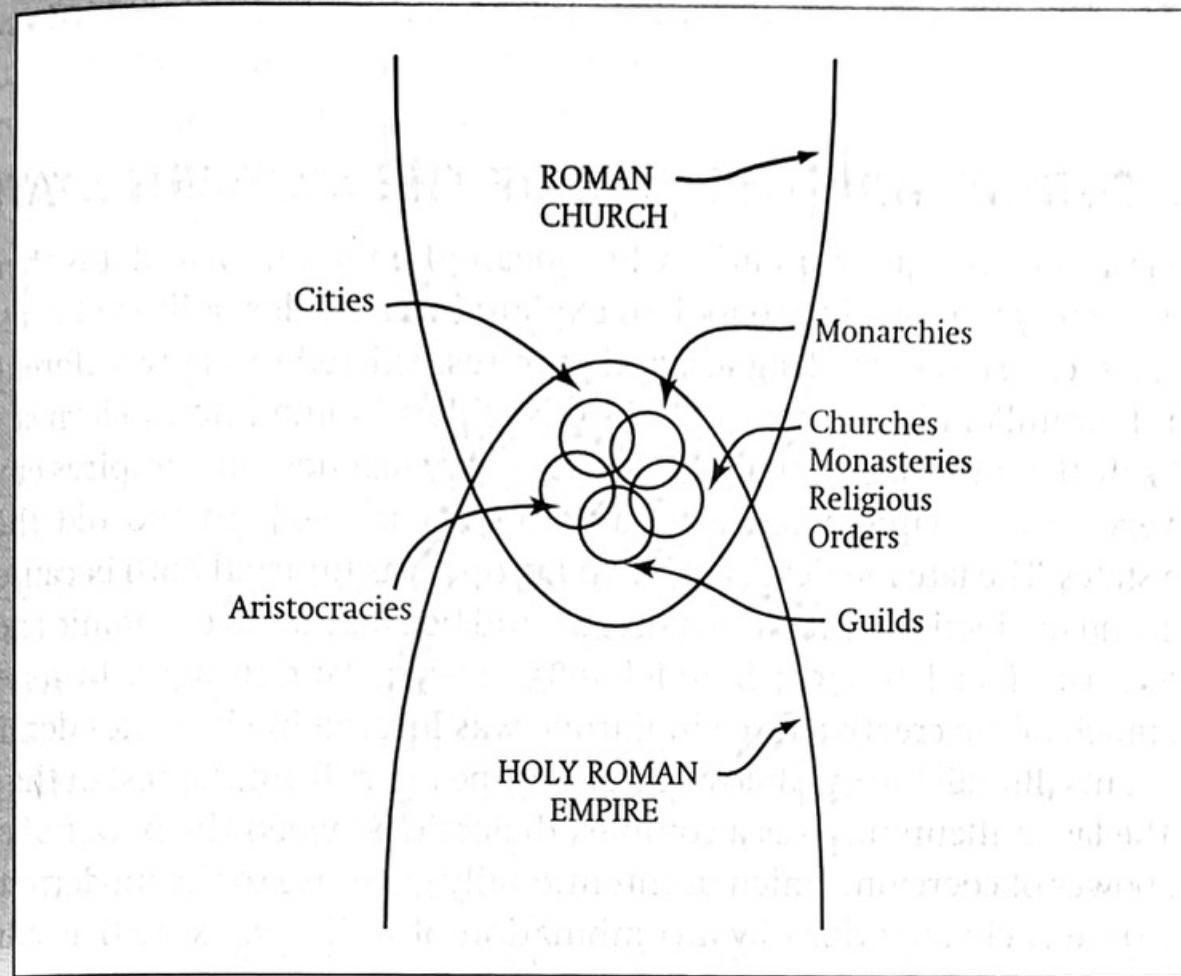
But there is now an important reassessment taking place. It is acknowledged that the demise of the Roman Empire left 'successor states', and Reynolds (1997: 132) goes further to suggest that 'a good deal of Western Europe was governed throughout the Middle Ages by polities that can reasonably be called states'. But these feudal or medieval states were very different from the states that eventually precipitated the global expansion of Europe. They were weak states and often very small, especially those that formed on the periphery of the Carolingian Empire and, later, in Western Europe following the collapse of that empire. Attempts are being made to categorize the changes that occurred in European state structures during the Middle Ages. Teschke (1998: 349) distinguishes three phases: feudal empires (650–950), feudal anarchy (950–1150), and a feudal states-system (1150–1450). Increasing attention is being paid to the fact that, initially, modern states were not the only dominant units to emerge from feudalism. As we noted in Part III, in northern Europe, the city league known as the Hanse became the dominant

unit in this region, while in southern Europe, the Italian city-states flourished (Spruyt 1994a, 1994b). Empires also survived into the modern era, although they increasingly came to resemble modern states (Tilly 1990), and in Central Europe the Holy Roman Empire retained many medieval features of political organization until it was replaced by the new German state in the nineteenth century.

The medieval world looked radically different from the contemporary world of sovereign states that will be discussed in this chapter. It was constituted by a patchwork of overlapping and sometimes competing authorities. The Roman Church and the Holy Roman Empire, for example, both claimed authority over the same constituency of Christian believers. But in practice, neither possessed sovereign authority. During the era of feudal anarchy a highly decentralized mode of political organization developed based on personal ties of obligation. So it was not only the Roman Church and Empire that claimed to exercise authority in Europe; there were also, among a host of political actors, kings, barons, city burghers, trade guilds, and bishops (see Fig. 12.1). In an attempt to distinguish the resulting structure from hierarchy and anarchy, feudalism has sometimes been labelled as heteronomy. IR theorists increasingly acknowledge that their existing concepts simply cannot begin to capture the complexity of medieval political organization. We lack the space to enter into a detailed discussion of this period. And to do so, moreover, would divert us from our main intention in this chapter which is to discuss the units which have come to play a crucial role in the global international system. From our perspective, the medieval period is interesting theoretically as a challenge to IR concepts of political structure, and historically as the precursor to what became the world-spanning Westphalian international system. We do not, however, see it as a world historical era in its own right (more on this in Chapter 18).

Initially, it was mainly in the West, particularly in England, France, and Spain, that the modern state took root. It was some time before it became apparent that the diverse unit types that persisted across Europe would be unable to compete successfully with the modern states that eventually swept to one side every kind of unit that had existed in the ancient and classical international systems as well as in the pre-international systems. Because they are different from any of the units that had dominated previous international and pre-international systems, attention will be focused here on the modern states that began to crystallize out of late medieval Western Europe. It was ultimately the modern state rather than the empire, city-state, or city league that was to represent the wave of the future.

The modern state did, in fact, share many of the features that characterized earlier forms of state, but they were also distinctive in a number of crucial ways. Although the picture in much of Europe remained very mixed until as late as the nineteenth century, the modern states increasingly cultivated precise, hard boundaries rather than fuzzy frontiers, and within those boundaries they claimed



Note: The figure illustrates very schematically the complex and overlapping sovereignties that operated in the feudal era in Europe. The major challenge was between the Roman Church and the Holy Roman Empire. But within this contested arena there were also a host of additional rights and duties formed between individuals and feudal institutions.

Figure 12.1 The feudal system: multiple overlapping sovereignties

absolute sovereignty. The modern state tightened up the inside/outside construction of world politics. Within three or four hundred years of its arrival on the scene as a distinctive player it had obliterated and replaced, colonized, or subordinated nearly all of the other political units on the planet. The few older units of the previously dominant types that retained their independence (Japan, China, Ethiopia, Ottoman Empire, Thailand) were forced to adapt furiously to take on state-like forms (Gong 1984; Tilly 1990). The ancient and classical arrangement where empires, city-states, and barbarian tribes had coexisted as the dominant units for many millennia was rapidly replaced by a system in which only one type of unit, the modern state, was dominant. And this new unit did not stand still.

Even as it was taking over the world, it was itself undergoing a series of profound internal (r)evolutions.

2. EUROPE AND THE RISE OF THE MODERN STATE

The modern state is a quintessentially European phenomenon, and it is therefore to Europe's story that one has to look to explain it. The older political forms most similar to it, city-states, city leagues, and empires, existed in many different locations for four millennia and showed no signs of developing into modern states. It seems likely that just as the original city-states, city leagues, and empires emerged under very specific circumstances (Mann 1986: chs. 2–4), so too did the first modern states. The late medieval period in Europe was unusual both because of its complex and distinctive political structures, and because of its economic and military dynamism (Bartlett 1994; Braudel 1985: 45–57; Bautier 1971). In its earlier phases, much of the creative force in Europe was located in city-states dominated by merchants (Braudel 1985). But what set Europe apart from the rest of the world during the last millennium was a complex dialectic between the power of capital and the power of coercion, which unintentionally gave rise to the modern state. A modern state is characterized by a combination of military, extractive, administrative, redistributive, and productive organizations, 'governing multiple contiguous regions and their cities', and mixing capital and coercion both in its formative process and in its empire-building style. The key synthesis in such states is that the holders of capital provide financial resources for the state, while the holders of coercion allow capital a significant role in government. This combination proved to be more efficient in mobilizing the human potential of populations, making for high effectiveness in both war and economics (Tilly 1990: 2–3, 21, 31, 91–5, 137–51; Spruyt 1994a, and 1994b; Braudel 1985: 277–97), and is the key to why this new unit so quickly achieved global dominance.

At the end of the Middle Ages, however, Europe was still very fragmented politically and the international political system was characterized by a high degree of structural and functional differentiation. The Norsemen, for example, had by AD 1100 established the first Atlantic maritime empire that linked Scandinavia to Iceland, Greenland, and North America. In the twelfth century, Scandinavian merchants were trading across northern Europe, into Russia, Byzantium, and beyond, as well as westwards across the Atlantic (Scammell 1981; Crosby 1986). The maritime supremacy of the Norse, however, was destroyed and surpassed by the cities that belonged to the Hanseatic League. To the south, a small number of Italian city-states dominated the trade in the Mediterranean and acted as intermediaries between Europe and Asia (Scammell 1981). In other parts of Europe, effective power rested with manorial barons whose rule often embraced no more than a handful of villages. But there were also areas, like Flanders and Normandy,

that were effectively governed from the centre by powerful rulers (Reynolds 1997).

It was by no means obvious at this stage that the inchoate but distinctive modern states that were emerging in Britain and France would eventually constitute the dominant unit that would shape the political, economic, and social sectors of the emerging European international system. But over time it became apparent that these modern states possessed a combination of advantages that none of the other types of unit could match. In the first place, the modern states generated a more effective economic environment than either the city-states or the city leagues could produce. As a consequence, they emerged as the dominant economic units in both the European and eventually the global international economic systems. At the same time, the modern states were able to draw on this economic success to become the most powerful political actors in the system because they were to prove more effective than the agrarian empires at fighting wars. Under the pressures of socialization and competition, the agrarian empires at one extreme, and the city leagues at the other, began to emulate the modern states, with the result that the systemic characteristics of structural and functional differentiation were reduced and eventually eliminated. Over the long haul, the European and then the global international systems came to be constituted by 'like units' that were all modern states.

The complex array of competing political units and the low level of systemic political links across medieval Europe has often obscured the fact that by the end of the Middle Ages Europe formed a coherent international economic system (Jones 1988: 168). At that juncture, cities were still the dominant economic units in the system. At the heart of the European international economic system lay a band of cities, forming an urban corridor stretching from north-west Italy to southern England, cutting across an essentially agrarian Europe. At the northern end of this corridor, merchants engaged in a high-volume bulk trade, in goods with low profit margins such as timber, grain, and herring. The towns were small in size and wealth and Spruyt (1994b) postulates that as a consequence they needed to pool their resources by forming the Hanseatic League to provide protection and promote a favourable economic climate for themselves. By contrast, at the southern end of the corridor, the Italian city-states, while also engaging in bulk trade, became extremely wealthy by trading in luxury goods on which there was a very high profit margin. Throughout the later Middle Ages, Venice and Genoa vied for control over this trade, and by the fifteenth century, the Levant was the exclusive preserve of the Venetians (Scammell 1981: 86). The Italian city-states were much larger and wealthier than their northern counterparts and they did not experience the need to combine forces by establishing a league.

When the European economy started to expand, towards the end of the eleventh century, the towns and cities that already formed the urban corridor began to flourish. New towns were established and the corridor widened. In the ancient and classical worlds, capital tended to be drawn into cities from the surrounding

regions, so that they could become wealthier even in the absence of economic growth. Expanding wealth was often only the product of a concentration of capital. But in the medieval period, as the European economy grew, cities in the urban corridor became wealthier *not* at the expense of neighbouring cities. Across the system, wealth accumulated but without any concentration of capital. This environment encouraged the cities to maintain their independence, or at most to form loose associations such as the Hanseatic League. It was not conducive to the promotion of political hierarchy or the establishment of clear-cut territorial boundaries. But just beyond this corridor of cities, there lay a number of medieval kingdoms, in particular, Britain, France, Spain, and later Prussia, that were beginning to develop into modern states. These states contained towns that just fell within the penumbra of the accumulating capital that was being generated within the urban corridor. The volume of trade and the profit margins were lower in these towns than in the towns at the centre of the urban corridor. Spruyt (1994b: 64) suggests that the merchants in these towns responded positively to the moves being made to consolidate the state as a hierarchic and clearly demarcated unit, recognizing that these developments would help to improve their economic position. An unintended consequence of this development was that these modern states eventually became more effective economic units than either the city leagues or the city-states.

The emerging hierarchy and the consolidation of the borders that demarcated these new modern states proved beneficial to merchants in a number of different ways. First, the national units were able to lower the transaction costs experienced by merchants, by standardizing measures and centralizing the minting of coins. Taxes were also standardized, which meant that merchants confronted a much more stable and predictable environment than that experienced by merchants in city-states and city leagues. Second, in modern states, free riding became difficult or impossible. The defence of the realm, for example, was provided as a public good and it was not possible for merchants or cities to renege on contributions to military campaigns and rely on the efforts of others as happened in the Hanseatic League and the Italian city-states. In the same way, it was much easier for the modern state to engage in agreements that bound all their subjects than it was for the Hanseatic League to bind its members. Spruyt (1994b: 177) concludes that because city-states were more like modern states than the city leagues, they managed to survive for much longer by turning themselves into mini-modern states. But because they lacked a clear internal hierarchy and precise boundaries, they remained much less effective economic units.

National states proved to be not only to be the most effective economic units in the European international economic system, but also more effective warfighting machines. Tilly (1990) argues that modern states emerged as the dominant unit in the global arena primarily because they proved to be more successful than any of their competitors when it came to waging war. A first intimation of this develop-

ment came in 1494 when the French overran the Italian city-states. But the modern states were not only able to defeat city-states, they also outperformed the agrarian empires. So the success of the modern states is not attributed by Tilly to sheer size but to the fact that they were so much more effective than the other units at resource mobilization. Tilly distinguishes in the first instance between capital and coercive intensive resource mobilization. In empires, rulers rely on the coercive power of the state to requisition or extract from its population the resources needed to fight a war. By contrast, city-states illustrate a capital-intensive mode of resource mobilization, where the imposition of taxes on commerce relatively painlessly provided the revenue needed to finance war. What Tilly sees as distinctive about the modern state was its ability to combine capital and coercive modes of resource mobilization. Kingdoms operating within the penumbra of the urban corridor were able to enhance the economic position of the towns and cities that had formed within their territorial boundaries and then extract revenue from trade as well as land. States that followed this trajectory produced the first modern states and the story of England is a good example.

The making of England

At the end of the first millennium AD, England was a country with a number of significant towns tied into the international trading network. Although these cities were still on the periphery of this network, they were an important source of wealth, and the Danes, who lacked any significant urbanization, found it well worth their while to force the British into their tribute-taking empire. This relationship was overthrown by the Norman invasion of Britain in 1066. The Normans began to colonize Britain, distributing land in fiefs to their soldiers who then became agents to the crown. A century later, Henry II laid claim to much of Britain and a large section of France. His ambition was under constant challenge from rivals within the family and from local barons whose support was required to wage the wars required to consolidate these claims. To secure the support of the barons, the Norman rulers had to make concessions to them. A great council was established which curbed the power of the king, especially because its approval was required for any new taxation.

With the passage of time, English kings found that there was a second powerful group which needed to be accommodated. Wool, produced on the land of the barons, was initially exported, but this wool was increasingly processed in England. As a result, a new merchant class began to grow up in England. Their co-operation and capital was also required if kings were to consolidate their power at home and abroad. The merchants, like the landlords, were given a voice in a lower chamber, consolidating the role of Parliament in the process of government. In contrast to agrarian empires, where landowners had the most influential voice, and to city-states where merchants held sway, in the emerging

modern states, there was an uneasy alliance between these two groups. It was the growing commercialization, proletarianization, and economic expansion which provided the foundations on which the modern state was built. Not only did it enable kings to prosecute wars abroad, but it also enabled them to eliminate the feudal armies of the landlords. The modern state emerged as the result of a complex process of brokerage between rulers and power groupings within the state.

The modern state thus emerged on the periphery of a dynamic area of economic growth. Competing power groups—landlords and merchants—both benefited from their interaction with this area of wealth. These two groups proved willing to finance the growth and war-making capacity of the state in return for an increasing say in the activities of the state. After 1500, when new technology (cannons, much larger warships) made wars increasingly expensive to fight, this development gave emerging modern states like England an increasing advantage over other forms of state because they could finance these wars more effectively. This advantage increased with time. As the modern state became more commercialized and urbanized, it also became more monetized as individuals increasingly came to work for wages. With this development, it became possible to introduce income tax and the state came to rely on surveillance rather than coercion to maintain its revenues. The modern state became increasingly responsible for managing the economy, and, by the end of the Middle Ages, was already moving towards being the central economic actor in the international system. This position facilitated the task of turning the modern state into the foremost fighting machine.

Tilly's account sees the modern state emerging as a specific form of compromise where coercion and capital come into a kind of balance. First in Europe, and later in the wider world, this synthesis proved more effective than either city-state forms, where capital remained dominant, or empires, where coercion ruled. The rich city-states could not match the scale and military strength of the modern states, and the empires, while having no problems with scale, could not match their wealth and technological innovation. At an early stage the Hanseatic League gave way to the emergent states of northern Europe, and the previously autonomous city-state system in Italy increasingly fell under the sway of France and Spain. The Netherlands survived only by taking on state-like qualities during its long war of independence against Spain. And the city-states of Germany survived only because they constituted a convenient buffer in the balance of power game played amongst Austria, France, Prussia, and England.

3. THE EVOLUTION OF THE MODERN STATE

Although largely keeping their exterior form (hard boundaries, strong sovereignty), the leading modern states evolved rapidly inside, growing in power as they did so, and quickly rising to become the dominant type of unit in the global international system that was being made by Europeans. The internal development of this new unit involved a progressive shift of political centrality from leaders to people. Starting out from absolutism, with sovereignty located in the monarch, the leading states shifted to a national form, locating sovereignty in the people, and making them citizens rather than subjects. Nationalism evolved to mass democracy, albeit not before flirting with various forms of totalitarian mass society (communism, fascism).

We have already noted that none of the dominant units in the ancient and classical world led the evolution into modern states. Instead, the new unit arose in a relative backwater of classical times, where the collapse of the Western Roman Empire gave rise to the unique configuration known as medievalist. But as we argued in Part III, the classical empires were not politically stagnant. They constantly attempted to achieve higher levels of internal integration, and although their general form remained the same, they did learn how to improve the range and stability of imperial government. Rome, remember, eventually extended citizenship to most of its subject peoples. But this integration was mostly associated with mechanisms of territorial control and was about guaranteeing the cohesion of the ruling elite.

National states, by contrast, have become much more concerned about linking rulers to people, and state to society and territory. Compare, for example, the absolute monarchies of Europe and Asia, or the despotic empires of ancient and classical times, with contemporary democratic national states. In their domestic politics the early absolutist states in some ways resembled classical empires. In absolute monarchies, the state was little more than the personal property of the ruler. It provided a measure of order and security for those within it, though it may also have been a major source of insecurity for them. The people were subjects rather than citizens. There was little in the way of socio-political integration except that provided by the hierarchies of the feudal social order and the coercive and extractive powers of the ruler. People and territory were added to or subtracted from any given state quite casually. Boundaries changed according to the fortunes of war, the balance of power, and the manipulations of dynastic marriage and succession. Both absolutist states and classical empires learned the trick of creating an administrative bureaucracy to manage the (e)state, collect taxes, maintain standing armed forces, and suchlike. As it developed, this bureaucracy both extended the powers of government and created a state establishment considerably broader than the ruling family. Among other things, it provided a buffer against weak rulers, the appearance of which often led to the break-up of both

ancient empires and medieval kingdoms. In absolutist states, security concerns focused very much on the interests of the ruling family. The main difference was in the harder boundaries and more exclusive claim to sovereignty of the absolutist state compared with the classical empires.

But this comparison was quite short lived. From the eighteenth century onwards, the increasing pressure of capitalism and industrialism extended the compact between capital and coercion that lay at the heart of the modern state. As a result, the development of the national state took place within the shell of territorial sovereignty provided by the absolutist one. This process occurred first in the leading north-west European states, and spread from there to a few others in the Americas and Asia. A substantial majority of contemporary states have not completed it, and some have barely begun. At least three major developments took place which differentiated modern states both from their absolutist predecessors and even more so from classical empires. First was the rise of an independent commercial class. This was a trick almost never mastered by ancient and classical empires beyond a fairly basic level, as with the main Phoenician coastal cities, such as Byblos, Tyre, and Arwad, that were given a special role within the Assyrian Empire, leaving them free to establish and implement their own economic strategies (Larsen 1979). In the same way, during the early medieval period, the coastal trading cities in East Africa, such as Mogadishu and Kilwa, which provided a focal point for trade embracing the Middle East, India, and China, were also established as ports of trade unfettered from the control of local rulers (Chaudhuri 1991). But more frequently, the demands of the commercial class were stoutly resisted (the anti-mercantile moves in fifteenth-century China). Creating legal, political, and social space for commercial actors not only increased the resource base of the state, but also created a more complex class structure, and a more pluralist distribution of power and interest within the state, separate from the traditional dynastic ruling establishment (Tilly 1990).

Second was the invention of nationalism as an ideology of the state. By nationalism we mean the political ideology that locates the right of self-government in a people who share a common culture. Nationalism can come in *ethno* form, where the cultural group is seen as pre-existing, organic, *Gemeinschaft* in nature (Russian, German, Japanese, for example), or 'civic' where shared identity is more a matter of contractual, *Gesellschaft* type agreement amongst those who participate in a given political system (most obviously in New World countries such as the USA, Australia, Brazil, but also in some ways France). In practice this distinction between ethno and civic nationalism is often hard to sustain. Ostensibly ethno states have often played a big role in creating a sense of common language and culture amongst their peoples, and ostensibly civic ones often try to create common language and culture, so moving towards ethno form. Despite its powerful myths of ancient roots, nationalism as a political force is a development of the late eighteenth and nineteenth centuries in Europe. Its timing is closely associated

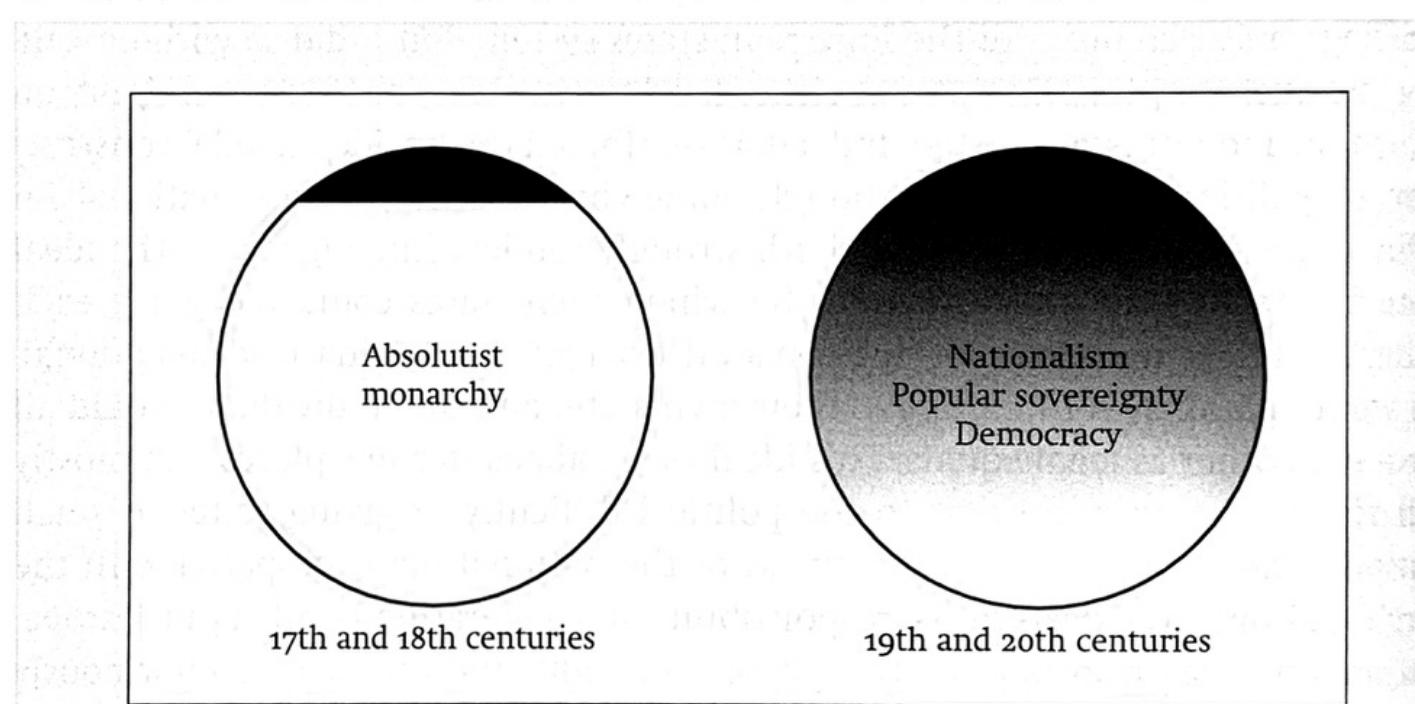
with the rise of industrialization, and it can be seen as a successful answer to the growing threat identified by Marx that the class conflicts generated by industrialism would overthrow the state (Gellner 1983). In effect, nationalism provided a strong overarching bond of identity to set against and ameliorate class divisions.

Nationalism helped to transform the people from subjects into citizens. The spread of political inclusion meant that the relationship between state and people was increasingly mediated by law, and that sovereignty became diffused throughout society rather than concentrated in the ruling elite. It welded government and society together into a mutually supportive framework, and it strengthened the bond between a state and a particular expanse of territory. As Mayall (1990) argues, the rise of nationalism changed not only what states were internally, but also many aspects of how they related to each other. Nationalism overrode more extensive, cosmopolitan forms of shared identity such as religion (Piscatori 1986). It generated a whole set of conflict issues within and between states to do with minorities. It threatened multicultural states with dismemberment, whether by secession or irredentist demands, and it drove some modern states to seek to bring into their rule all the components of 'their' nation. It created a new set of problems for stateless minorities, most notably Jews, who had previously been persecuted on grounds of religion. In many ways nationalism called into question the existing territorial order of the European states-system. But it did so without calling into question the principles of either hard territoriality or hard sovereignty on which the modern state rested. Indeed, it reinforced the 'inside/outside' construction of politics. In principle, though somewhat less in practice, nationalism offered the possibility of creating both strongly self-legitimizing states (the ideal nation-state fusion), and principles by which such states could recognize each other's political and territorial legitimacy (Herz 1968: 82, 89). In the ideal nationalist world, nations would all have their own state, and like individuals would all treat each other as legal equals. This ideal was realized in a few places, but mostly fell victim to power politics, to the political difficulty of giving states to small nations, and to the extreme messiness of the national map compared with the territorial one. Yet despite its responsibility for generating conflicts in Europe, nationalism was also part of the process of industrialization that enormously strengthened the European states against the still formidable imperial remnants of the ancient and classical world.

The third development was the introduction of democracy in the leading modern states. This institutionalized the transfer of sovereignty from ruler to people implicit in nationalism, and made the state actually as well as notionally representative of its whole citizenry. But democracy was not the only possible evolution from nationalism. One way or another, mass society was on the cards, not only in the sense of mass participation in politics, but also in the senses of mass literacy, mass education, mass identity, and the possibility of mass mobilization. Mass society was implicit in both nationalism and industrialism, and fascist and

communist forms of mass society both emerged strongly during the twentieth century as possible alternatives to mass democracy. Much of the history of the twentieth century, and especially its three world wars (First, Second, and Cold), can be read as the struggle amongst these alternatives to capture the future of industrial society. In the event, the liberal reading of nationalism proved to be the most effective in generating both wealth and power. Like nationalism, democracy also not only changed the state internally, but also impacted on the nature of relations between states. Most obvious has been the spread of the 'democratic peace', in which good empirical grounds exist for thinking that democratic states very rarely if ever go to war with each other (Doyle 1983a, 1983b; Chan 1993; Russett 1993). But equally important to non-democratic states has been the agenda of human rights now embedded in the strongest states in the system, and projected by them throughout it. At least initially, democratization seemed to take place within the hard territorial and sovereign legacy of the absolutist state. Whether this remains so is a question we will take up in Part V.

The modern state is a concept whose content has thus undergone a remarkable expansion (see Fig. 12.2). The most advanced states have steadily fused govern-



Note: The figure illustrates very schematically how the process of governing within modern states has been transformed over the past four centuries. Initially, a small elite was responsible for the government of the state. But over the past two centuries, with the growth of nationalism and democracy in the modern state, most of society is now involved, to some degree, in governing the state.

Figure 12.2 The evolution of government in the modern state

ment and society, in the process becoming much deeper, more complex, and more firmly established constructs than either their predecessors or contemporary 'weak' states.

Weak and strong states

Weak states are those with low levels of socio-political cohesion. Because they have failed to integrate society and government, they typically have authoritarian governments and violent domestic politics. Strong states have high levels of socio-political cohesion, are usually democratic, and tend to have peaceful domestic politics. The weak-strong state spectrum contrasts with (and often does not correlate with) the more traditional spectrum of weak and strong powers. Iceland, for example, is a strong state but a weak power. Nigeria is a weak state, but a substantial regional power. (See Buzan 1991: 96–107.)

They have expanded not only to incorporate, but also to represent, an ever widening circle of interests and participants. Their functions and capabilities have expanded along with their constituency until the state has become involved in all sectors of activity, and responsive to all sectors of society. Nationalism and democracy have transformed the way in which states relate to each other, creating new grounds for both co-operation and conflict.

In domestic perspective, the advanced modern state appears to have grown much more solid and deeply rooted. Compared with its ancestors, it is an altogether more developed entity, much better integrated with society, much more complex and internally coherent, much more powerful (in terms of its ability to penetrate society and extract resources from it, and to project its influence and activity outside its boundaries), and much more firmly legitimized. Along with this development, and stemming from it, is a much more comprehensive security agenda. States have now to worry not just about their military strength and the security of their ruling families, but also about the competitiveness of their economies, the reproduction of their cultures, the welfare, health, and education of their citizens, the stability of their ecology, and their command of knowledge and technology. On this basis, it is difficult to explain why there is so much questioning of the viability and relevance of the state as the defining unit of the international system. If the leading states have become so much more powerful and inclusive, why should they not still be at the centre of world politics? More on this below.

4. THE SPREAD OF THE MODERN STATE AND THE DEMISE OF OLDER UNIT TYPES

In AD 1500, it was still not clear what kind of actor would constitute the dominant unit in the global international system. Hunter-gatherer bands and sedentary tribes had for long been unequivocally marginalized in Eurasia during the ancient and classical era. But they remained the only significant actors in lands that other types of unit shunned (the far north) and where the Eurasians had not yet been able to reach (Australasia, Oceania, and much of the Americas). The nomadic tribes that had cut such a swath through ancient and classical history were still around, but on the brink of extinction as a major player in international relations. On the one hand, the steppe nomads were increasingly adopting a sedentary way of life (Kwanten 1979), while on the other, the advent of firearms from the fourteenth century AD onward spelled the permanent doom of the long-standing nomadic military superiority based on light cavalry. Equipped with guns, peasant infantry could stand off nomadic raiders, and so push the area of state control into the steppe. The Russian expansion across Siberia beginning in the sixteenth century and the assertion of durable Chinese control over the eastern reaches of Central Asia during the Manchu expansion of the eighteenth century, marked the final extinction of classical nomadic control in the steppe. Only in a few areas (Afghanistan, Kurdistan) did barbarian culture remain strong enough to resist total absorption by other units, though even in these places it was no longer strong enough to count more than locally in the balance of power. The collapse of nomadic power is almost as important in defining the end of the ancient and classical era as is the rise of the modern state in Europe.

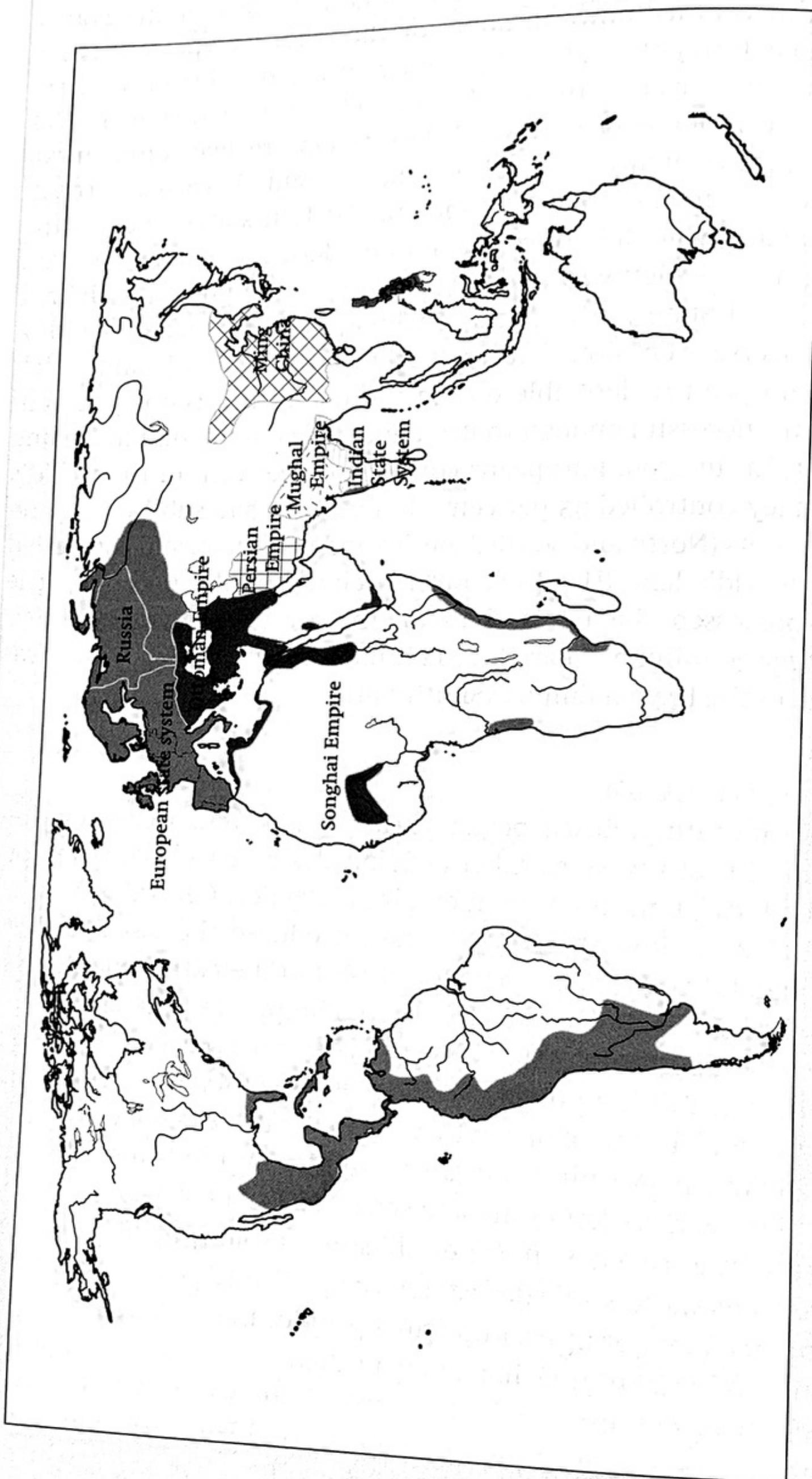
In the core areas of civilization, empires, city-states, city-state leagues, and (in Europe) emerging modern states coexisted and competed with each other. It took a couple of centuries before it became clear that neither tribal federations, city-states, nor empires would be able to compete effectively with the modern state. Tribal federations were mostly absorbed into expanding empires (Chinese, Russian, Ottoman, British, French, and United States). Individual city-states were mostly absorbed into contiguous modern states or empires. Federations of city-states, such as the Netherlands, as well as empires, such as the Austro-Hungarian, Ottoman, and Russian, began to adopt some of the structural features, most notably hard boundaries, that would allow them to exist in a world dominated by modern states.

As the leading modern states gained speed in the processes of internal development described in the previous section, power in the international system shifted decisively although possibly only temporarily away (Jones et al. 1993) from the long-established areas of civilization in China, India, the Middle East, Meso-America, and the Andean highlands, and came to rest firmly in Europe. The handful of leading modern states in Western Europe began to build vast overseas

empires (see Maps 12.1–12.4): first Spain and Portugal in the sixteenth century, then the Netherlands in the seventeenth century, and then Britain and France from the seventeenth century onward. Some of the classical-type land-based empires also expanded during the sixteenth, seventeenth, and eighteenth centuries, most notably the Chinese and Ottoman. So also did the Russian, which was a hybrid between the forms of modern state and classical empire. Even quite minor European powers such as Denmark were able to take substantial overseas territories. European latecomers to the process of making modern states, such as the Germans and the Italians, who did not cohere into modern states until well into the nineteenth century, were left with the dregs of overseas empire. They did not do as well as the United States, a European offshoot, which carved out both a continental and an overseas empire. Neither did they do as well as Japan, which was the only non-European society able during the nineteenth century to construct a modern state successful enough to itself enter the empire-building game in Asia in its own right. In 1500, Europeans controlled 7 per cent of the world's land area. By 1800 they controlled 35 per cent. By 1914 they had substantially repopulated three continents (North and South America and Australia), and controlled 84 per cent of the world's land (Headrick 1988: 3, cited in Tilly 1990: 183). The British, however, possessed the lion's share of this overseas territory—their empire extended over 30 million square km (12 million square miles), which was three times the size of the French Empire (Smith 1981).

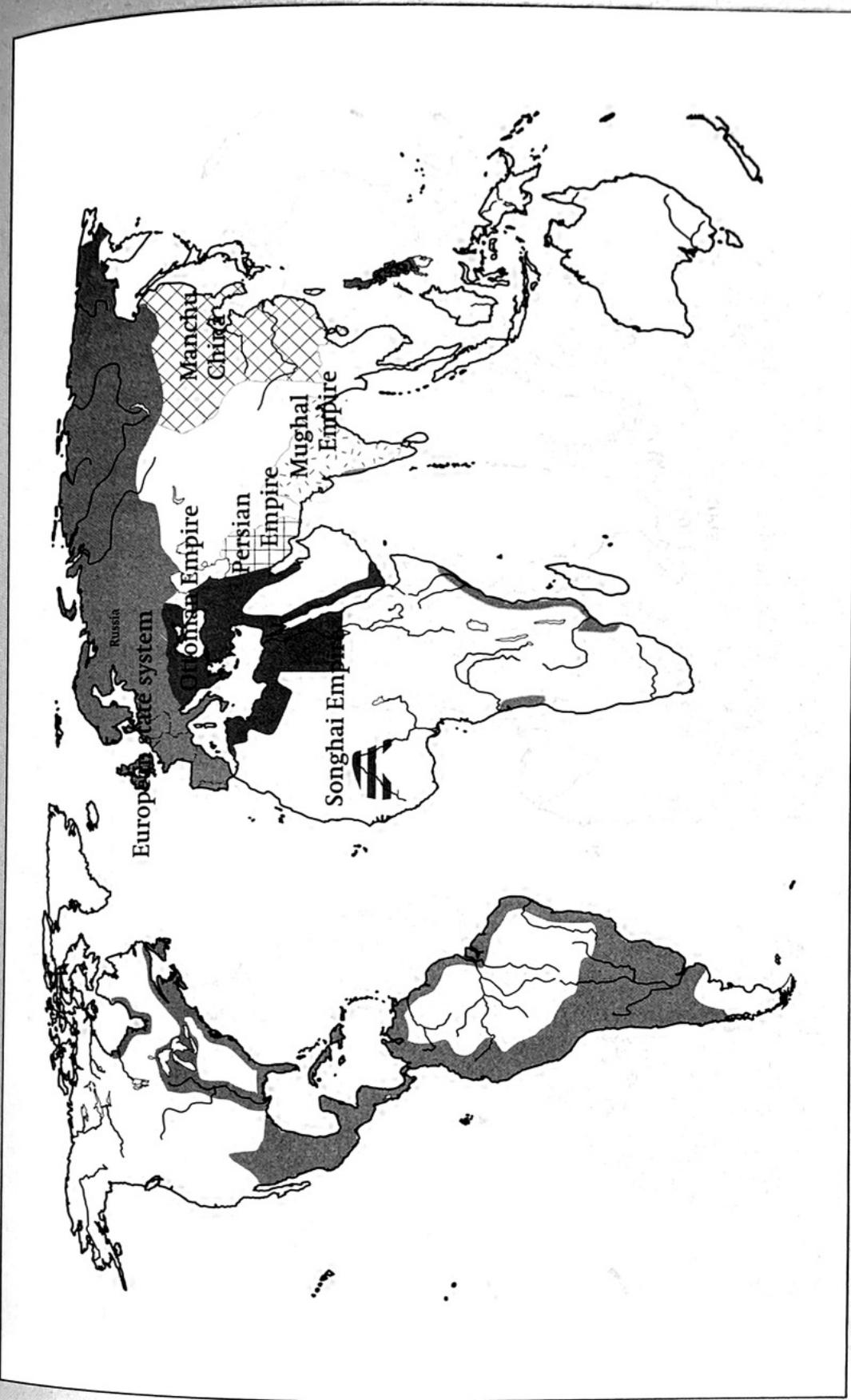
Four centuries of European expansion

During the sixteenth century, Russia began its eastward march, occupying the Urals and penetrating into western Siberia. Spain destroyed the empires of the Aztecs and the Incas, built up its own empire in Mexico, Central America, the Caribbean, and Peru (Rosenberg 1994), and introduced the diseases that within a century had killed off more than 90 per cent of the native population in the Americas. By 1564 Spain had also taken the Philippines. Portugal established forts and trading posts along the western and eastern coasts of Africa, at the mouth of the Persian Gulf, in India and Indonesia, and set about establishing naval and commercial control of the Indian Ocean. It created a chain that linked to trading contacts in China and Japan, and began the transfer of the Asian trade with Europe from land routes to sea ones. Portugal also began the slave trade to South America where it was establishing a colony in Brazil. In this century, the Europeans successfully devastated the pre-Iron Age civilizations of the Americas, and had a major impact on tribal peoples in the Americas, Siberia, and increasingly Africa. But they had not yet called into question the power of the leading classical empires. Right on Europe's doorstep, the Ottoman Empire was taking Egypt, much of the Middle East, and Hungary, and laying siege to Vienna. It was in alliance with France against the Hapsburgs, while at

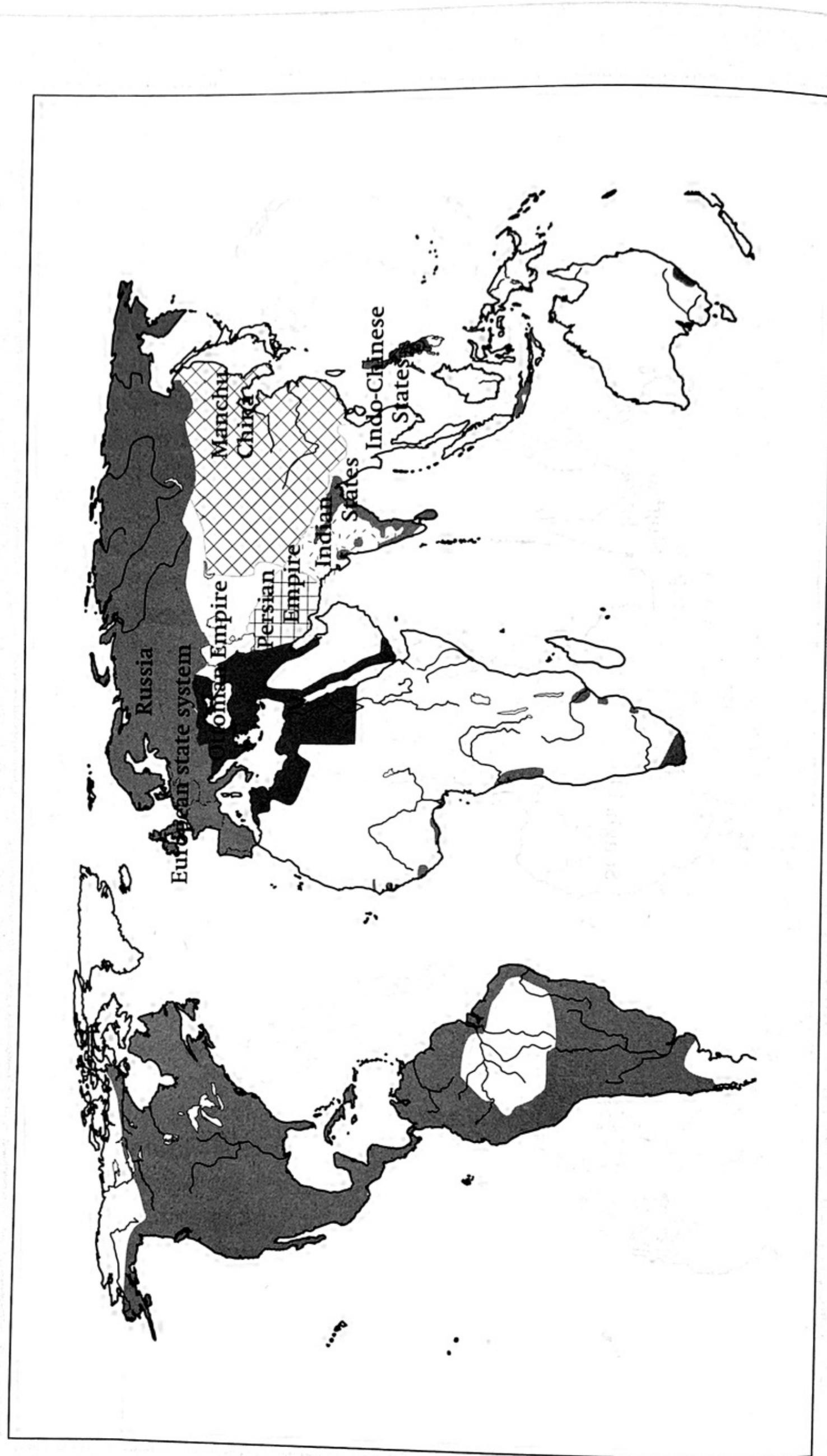


Note: Maps 12.1-12.4 illustrate the major political changes that took place across the globe over a period of four centuries.

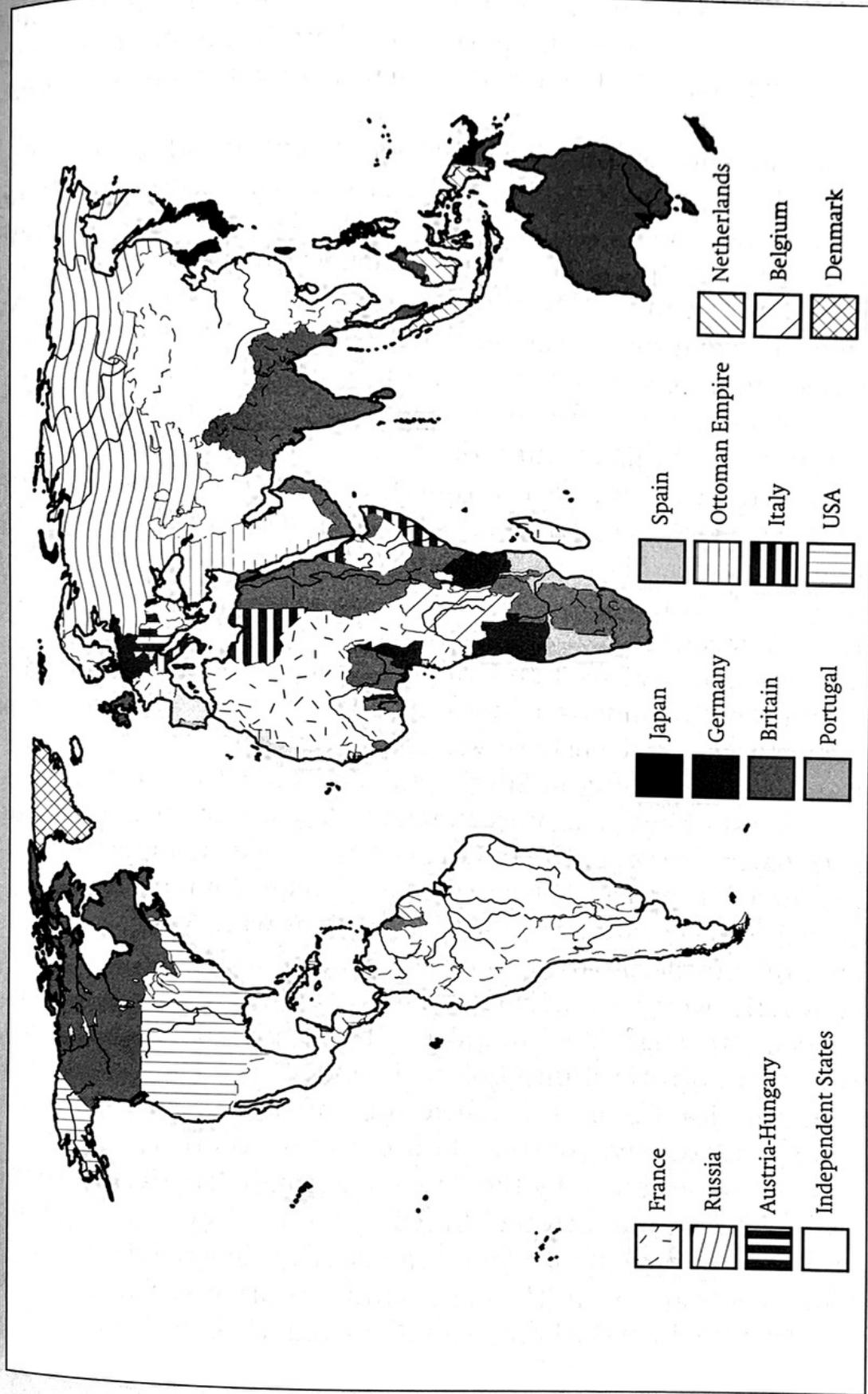
Map 12.1 Imperial expansion in the sixteenth century



Map 12.2 Imperial expansion in the seventeenth century



Map 12.3 Imperial expansion in the eighteenth century



Map 12.4 Imperial powers in 1914

the same time fighting a long series of wars with Persia. In India the Mughal Empire was expanding its power, while the Ming Empire in China was beating off tribal attacks from the north and attempted Japanese invasions of Korea. With their superior sea power, the Europeans were beginning to dominate Asian trade, but they were little more than players in what was still an Asian game.

During the seventeenth century, Russia occupied central and eastern Siberia, reaching the Pacific coast in 1637. Europeans discovered Australia but did not settle it. France, Britain, and the Netherlands began a competitive penetration and settlement of North America, and also challenged the existing Spanish and Portuguese hold on Central and South America, and on the trade with Asia. Britain and France began their rival penetrations into India. The Dutch established themselves on the coasts in West and South Africa, took Formosa in 1619, and began to challenge the Portuguese in Indonesia, and for the trade with China and Japan. During this century, the main weight of European colonial expansion and settlement was in the Americas. European penetration into Africa and Asia was mostly about trade, involving the establishment of fortified coastal trading stations rather than attempts to seize or control large territories. The European advance was beginning to challenge the classical empires of Asia, but had by no means overthrown them. The success of the trade routes by sea replaced the traditional overland routes through Central Asia and the Middle East, and thereby undermined the prosperity of the Ottoman Empire (and Venice) which had previously served as the conduits for this trade. The Mughal Empire was still strong in South Asia, and the Ottoman Empire was able to mount its last offensive against Vienna (1683). China ousted the Dutch from Taiwan (1662) and took control of Korea (1627), while Japan instituted and successfully enforced its policy of closure against foreign contact.

During the eighteenth century the main expansions were Russia's extension of its hold over the northern part of Central Asia, across the Bering strait into Alaska, and down the west coast of North America; and Spain's extension of its control northwards through Mexico and up the Pacific coast, and in South America, from Peru northward into Colombia and Venezuela. In both South Asia and North America, Britain succeeded in eliminating French power, and consolidating its own exclusive control. At the end of the century, however, this British success was undermined by the (French assisted) American revolution (1776–83). This revolution founded the United States as a new sovereign member of international society, and began its career as an independent centre of power and 'European' expansion. The eighteenth century was also the peak of the slave trade, during which the Europeans extracted some 10 million Africans to work the estates and mines of the Americas (Barraclough 1978: 166) and the Arabs took over 4 million more to work in the Middle East (Segal 1993: 54). By the end of this century the power of the European states and their empires was

beginning to register seriously against some of the Asian empires, and competition amongst the Europeans was more significant than that between the Europeans and the local powers. India was largely under British sway, and the Ottoman Empire was being pushed into retreat by the advances of Russia and Austria. China, however, remained vigorous, reasserting its control in Central Asia, conquering Tibet (1751), invading Burma (1765), and establishing suzerainty over Nepal (1792). China followed Japan's policy of closure by restricting European trade access to the single port of Canton (1757).

During the nineteenth century, the balance tipped decisively in favour of the modern state, with only vestiges of the classical empires managing to hang on. In Europe itself Germany and Italy finally took on modern state forms, though in Eastern Europe the Austro-Hungarian and Russian Empires still managed to retain older forms, albeit influenced by the modern state. European expansion abroad was combined with mass migrations of Europeans. The United States occupied the western two-thirds of its present territory, pushed Mexico southwards, purchased Alaska from Russia, and extended colonial control across the Pacific to the Philippines, and into Central America and the Caribbean. Russia occupied Central Asia and the Vladivostok region. In South America, a set of new states established their independence from Spain and Portugal in the early part of the century. During this century the Europeans penetrated and then colonized nearly all of Africa, eroded and penetrated the Ottoman Empire and Persia, extended colonial control over most of South-East Asia, and, along with the United States, forced China (1842) and Japan (1853–6) to abandon their policies of closure, and open themselves to Western trade, culture, and political influence.

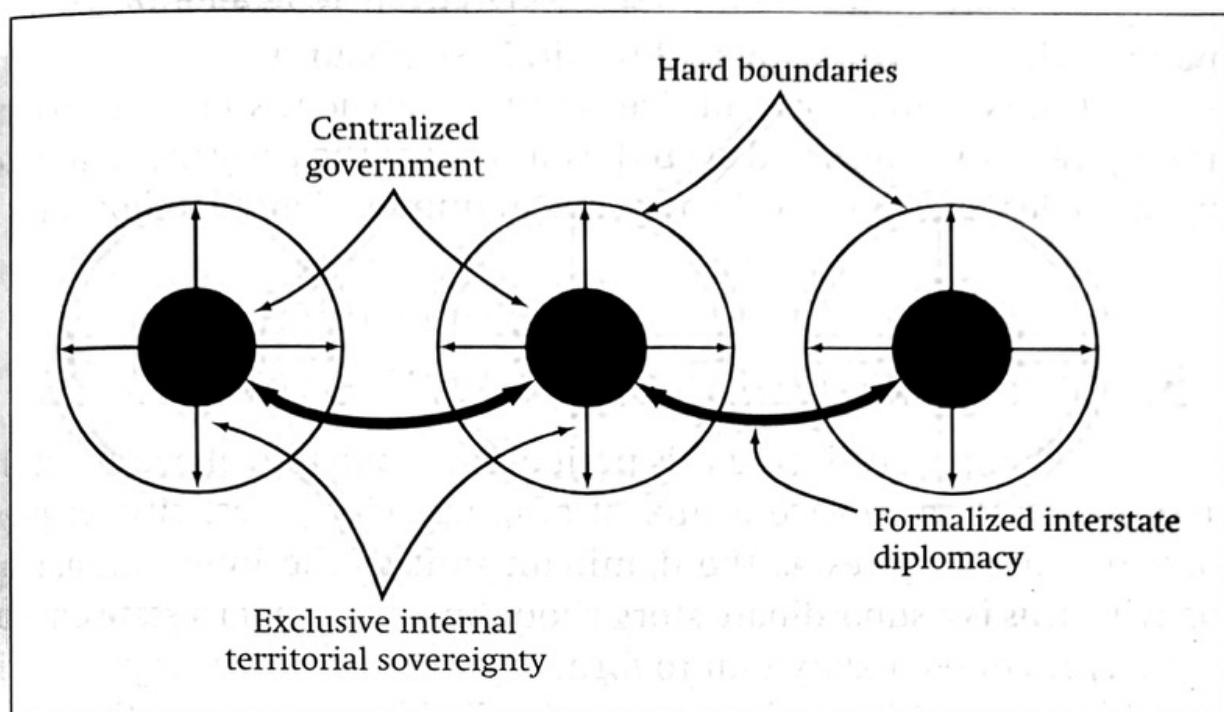
By the beginning of the twentieth century, the modern state was unquestionably the dominant unit in the international system, and yet the system was not itself fully composed of modern states. The European powers, joined by their offshoot in the USA, and their successful mimic in Japan, had nearly all acquired empires. In one sense, the international system was thus a mixture of modern states and colonies, plus the scattered remnants of older forms: a few classical empires and tribal societies. But this picture is too simple. The Russian and Austro-Hungarian Empires were still similar in form to classical empires even though they had acquired the harder boundaries of the modern state. Some European overseas empires, most notably the British, made a pretty firm distinction between the core modern state and the colonies, dominions, and protectorates that made up the empire. But others, most notably the French, treated at least some of their colonies as integral parts of the metropolitan polity, and even the British crossed this line in Ireland (Smith 1981). As a consequence, right up to the middle of the twentieth century the modern state was still not the dominant unit

in the global international system. Empires with modern states at their core were the dominant unit. These empires shared some qualities with their classical predecessors in that they often contained layered sovereignty (ranging from outright colonies to dominions and protectorates). But many of them were far-flung overseas empires, which broke the classical mould (even the famous maritime empires of classical times, such as those of Athens and Carthage tended to concentrate around their core city-state). And the hard territoriality of the modern state was also reflected in the Europeans' practice of precise territorial demarcations of their colonies. The ideology of many of the classical empires was also universal in form and they aspired to control their known world, whereas the European empires acknowledged that they were members of an international system largely constituted by modern state empires.

Although the modern state had, by the nineteenth century, clearly created a revolution by becoming the new dominant unit of the international system, a global system of modern states did not emerge clearly until the process of decolonization was complete (see Fig. 12.3). The European empires can thus be seen as the nursery, or mechanism, by which the political form of the modern state was transposed onto the rest of the world.

The timing and the method of this transposition varied from place to place, but its outcome was always the same. Whatever had been there before, what remained was a set of modern states, some well made and some badly, but all copies of the new political form that had arisen in Europe. Unlike ancient and classical empires, which tended to disintegrate into pre-existing units, modern state empires from the French and British to the Russian have tended to disintegrate into the administrative units created by the empire.

The first round of this process took place in the Americas, where European immigrants had largely displaced, subordinated, and to a considerable extent exterminated the native population. In the late eighteenth and early nineteenth centuries, these European populations revolted against the colonialism of Britain and Spain, setting up the United States and the Latin American countries as independent states. A few countries escaped direct colonization by Europeans, but these had to adapt to European political norms and forms in order to retain their independence. For Japan, Thailand, Turkey, Ethiopia, Persia, and China it was the threat of colonization that acted as the transforming spur, a story excellently told by Gong (1984). Another round of the empire-to-modern state process occurred in Europe before and after the First World War, when the Austro-Hungarian and Ottoman Empires dissolved, and the Russian Empire retreated eastward. A band of new modern states stretching from Finland to Turkey came into being. The Middle Eastern parts of the Ottoman Empire came under British and French rule, in the process getting divided up into the entities that were later to become today's states. A few states in the Middle East—Egypt (1922), Iraq (1932)—and some of the settler colonies—Australia (1901), South Africa (1910), Canada (1931), New Zealand



Note: The Treaties of Westphalia signed in 1648 are often taken to symbolize a new kind of international system made up of units that recognized the legitimacy of each other's boundaries and internal sovereignty.

Figure 12.3 The basic form of the Westphalian international system of states

(1941)—also achieved independence. But the main event began after the Second World War. Between 1947, when Britain withdrew from South Asia, and the 1960s, most of the European, American, and Japanese colonies in Asia and Africa either took or were given independence, becoming part of the ever widening community of modern states. The last big round in this process took place in 1992, when the Soviet Union imploded, releasing fifteen new modern states into the system.

With that event, and barring a few small and scattered colonial remnants (most resisting decolonization), the modern state had become virtually universal as the political form within which human life was organized. In 1914 there were 44 states, in 1930, 64, in 1945, despite the huge turbulence of the war, still 64, in 1960, 107, in 1978, 148, and by the start of the new millennium, more than 190. As noted in section 3 of this chapter, many of these states were not well made, and only a few of them were close to the leading edge in terms of shifting sovereignty from the rulers to the people. Some, most notably China, Indonesia, Pakistan, and

Russia, had internal politics still reminiscent of empires even though formally constructed as modern states. No unit referred to itself as an empire, and even the few remaining city-states (Singapore, Kuwait, Luxembourg) took on the trappings of modern states. Within a space of five centuries, ancient and classical empires, nomadic empires, city-states, and even the empires of the early modern states had all disappeared, leaving a political landscape of unprecedented uniformity.

5. THE DEVELOPMENT OF NON-STATE UNITS

The main story about units during this period is the one told above about the rise of the modern state to replace a mix of empires, city-states, city leagues, and nomadic tribes and empires as the dominant unit of the international system. Accompanying this is a subordinate story about how the modern state encouraged and allowed types of secondary unit to form and operate under its jurisdiction. In good part, this story can be read as a more detailed look at part of the process by which sovereignty shifted from rulers to people as the modern state developed out of the absolutist one. As more civic and legal space opened up within and between states, the governments of the leading modern states found it to their advantage to create, or make room for, other types of organization to operate with a degree of independence defined by the state, and to undertake tasks that the state either could not do, or did not want to do. This is essentially the story of corporations, understood as autonomous, self-reproducing, collective entities licensed by the state (or sometimes by the Church) to create a synthesis of private interest and the fulfilment of various social purposes (Davis 1971). The history of corporations as a distinctive form of organization can be traced back into medieval times, having roots in ecclesiastical bodies such as monasteries and religious orders, and secular ones such as chartered towns, guilds, and universities. There are also links with the very large family-based medieval merchant-banking companies, such as the Peruzzi Company of Florence that was established in the thirteenth century (Hunt 1994).

For the purpose of understanding the modern international system, two types are prominent. First, and also earliest, are the chartered companies that laid the foundations for the modern firm, and its offshoot the transnational corporation, with their primarily economic functions. Second, and focused almost wholly in the twentieth century, are international non-governmental organizations (INGOs). These are neither economic nor (for the most part) governmental, but a wide spectrum of political and social organizations whose interests range from sports to human rights. Neither of these types defines a new class of dominant unit, for they both remain subordinate to the state.

It may be asked whether intergovernmental organizations (IGOs) should be counted amongst these secondary units. Some authors unquestioningly treat IGOs

as actors (Russett and Starr 1996: 64 ff.). We think not. While their appearance late in the nineteenth century is an important landmark in the way in which the international system develops during this period, most IGOs do not have sufficient autonomous actor quality to count as units. Units have to be seen as independently acting subsystems within a larger system. IGOs are standing bodies set up by groups of states to serve particular collective interests. An IGO like the UN can only be characterized as an independent actor in the weakest sense. It is barely more than the sum of its parts, and exists much more to serve its members than to become an independent actor. It is important primarily as an institutionalized forum and network which facilitates communication between states. The UN Secretary General has a little bit of autonomy to speak on behalf of the world, but not much. The question about the actor quality of such IGOs comes into clearer perspective if they are seen as a kind of permanent conference. Conferences do not generally have actor quality. Some IGOs such as the IMF and the WTO may be moving towards more robust forms of actor quality, but even they are still essentially slaves to their state members. Amongst the IGOs, only the EU has clearly crossed the divide and begun to acquire status (albeit still ambiguous) as a unit with actor quality in its own right in the international system. For these reasons it is more appropriate to treat IGOs as part of the social technology of interaction capacity, and so we will take up their story in Chapter 13.

FIRMS

The roots of the modern firm can be found in the processes and practices of ancient and classical times, such as groups of merchants funding sea voyages, or forming trade diasporas, or organizing bills of exchange. The commercial revolution of the fourteenth century in Europe saw the spread of more sophisticated economic partnerships, with better bookkeeping, formalized shares, and the beginnings of durable institutional forms. Family firms created trading and banking networks, branch offices, and suchlike. Italian banking houses, such as the Medici, Bardi, Acciauoli and Peruzzi, had branch offices in London, Paris, and Bruges, and were part of a network of perhaps 150 Italian banks operating multi-nationally (Dunning 1993: 97–8).

From the sixteenth century onwards, the newly ascendant modern state increasingly imposed itself not only on the highly distributed autonomies of medieval Europe (religious orders, guilds, cities, feudal lords, and suchlike), but also on an expanding domain of overseas territories and peoples. Initially, the new Leviathan lacked the capacity to undertake the expansion of trade, and the colonization of remote territories, that it desired as a means of increasing the national wealth and welfare. It was this lack of state capacity that, from the sixteenth to the eighteenth centuries, gave rise to the chartered companies which became one of the main instruments of European overseas expansion. These companies were an

amalgam of economic and military-political rights. Their purposes ranged from opening up new trade to developing new production and colonization, and to carry out these missions they were often given the right to exercise military and political power within their designated zones of operation. But as state capacity in Europe grew, the new Leviathan steadily seized back the military and political powers that it had delegated to the chartered companies, thereby laying the foundation for the emergence of the more strictly economic modern firm (Davis 1971: ii, chs. 3–8; Thomson 1994: 59–67).

The Spanish and Portuguese were the first European states to venture out into the wider world, and they did so initially in the mercantilist, statist form of classical empires. The Iberians did not initially favour private firms. Their ‘Casas’—the Spanish Casa de Contratación (1510); the Portuguese Casa da Mina and da Guínea, and Casa das Indias (c.1500)—were more in the form of state bureaucracies. They did not have independent shareholders, and their capital and their ships were provided by the state. As state institutions, they were interested in territorial acquisition, most notably in the Americas, where the ability of local peoples to oppose such expansionism was much weaker than it was in Asia. The Spanish and Portuguese thus set about appointing viceroys, and carving out territorial empires, much earlier than the northern European states. Unlike the Iberians the later-starting French used the form of chartered companies—such as Compagnie des Indes Orientales (1664), liquidated 1769 as bankrupt—but like them very much at the instigation of the state, and substantially under its control (Coornaert 1967: 229).

The northern Europeans, most notably the Dutch and English, relied on the *chartered company* (Curtin 1984: 152–7; Davis 1971: ii, chs. 3–6), which was a more or less private group recognized by government charter as being entitled to pursue specified activities that were thereby closed to other citizens of that state. Precursors of the chartered company can be found in a Genoese company formed in 1373 to capture Cyprus in order to establish a commercial monopoly over the Egyptian trade. More examples can be found during the sixteenth century as the European expansion got under way—the Company of Merchant Adventurers (1553), 200 London merchants with a monopoly to explore for north-eastern and north-western passages to Asia, which later (1555) becomes the Muscovy Company for trade with Russia; the Baltic Company (1579); and the Levant Company (1581). But the heyday of the chartered companies was in the seventeenth century, when earlier forms of regulated company based on shares in particular ventures were superseded by more sophisticated joint stock companies. Dozens of these were formed, not only in England and the Netherlands, but also in France, Prussia, Sweden, and Denmark. Among these were: the Dutch East India Company (1602), the British East India Company (1602), the Portuguese East India Company (1623), and Compagnia Geral do Comercio do Brasil (1649), and the Hudson’s Bay Company (1670). Lloyd’s of London was also founded at this time (1688), initially as a

coffee shop where shipping insurance was bought and sold. Some of these companies were formidable quasi-state entities. The Dutch East India Company, for example, had an initial capital of 64 tonnes of gold, and commanded 100 ships, most of them armed (Braudel 1985: 220–35).

The chartered company did not take a single form, but came as a varied set of institutions. Chartered companies reflected a mixture of the transition from feudalism to capitalism, the mercantilist state interest in extracting wealth from abroad (more than controlling territory), and the inability of the still-forming modern states to handle overseas expansion in their own right. As Coornaert (1967: 225–6) notes: 'The overseas expansion of Europe ran on parallel lines to the development of modern states... for all the countries of Europe, overseas expansion accompanied a movement for strengthening and reorganizing their internal administration and government.' From the beginning, the English and Dutch used semi-public organizations which left more of the initiative to private citizens. The chartered companies originated in the feudal practice of sovereigns granting fiefs to vassals in exchange for acceptance of obligations to the suzerain. The charters basically assigned monopoly trading rights to a group of merchants over a specified territory, or else rights to colonize a specific territory, for a fixed period. They often included quasi-state rights such as the power to make treaties with local rulers, collect taxes, mint currency, and create armed forces to defend themselves against both locals and European rivals. 'In the colonies both political organization, in so far as it existed, and above all economic development were in the hands of the chartered companies' (Coornaert 1967: 236). This practice of delegating core state functions to private actors operating outside the state was not out of line with other practices of the time, such as the use of mercenaries, or the licensing of 'privateers' to attack shipping in return for a share of the booty. The modern state's monopoly of legitimate violence within its territory was achieved much earlier than its monopoly of the legitimate exercise of violence by its citizens outside its territory (Howard 1976: chs. 2–3; Thomson 1994: 22–6).

During the seventeenth and eighteenth centuries, the chartered companies themselves evolved into substantial organizations. They started as congeries of commercial partnerships with a shared interest in excluding interlopers and securing the safety of their ships and fixed assets in parts of the world where no efficient or friendly state was to be found. Groups of merchants pooled their resources to finance voyages and hopefully divide the profits if the voyage was successful: a type of temporary partnership arrangement common in the ancient and classical world. These short-term partnerships gave way to the more novel, permanent, and sophisticated form of a joint stock company, where the company itself owned capital, and 'a permanent capital ultimately became the unifying basis for corporate action' (Coornaert 1967: 253). Once the capital became fixed in the company, rather than being held by the owners, the idea of tradable shares took root enabling companies to find new capital either by issuing new shares or

raising loans. Such companies developed elected directorates ('boards' or 'courts') to enforce their rules, deal with disputes amongst their members, and negotiate with outsiders. They also developed procedures for annual accounting.

The Iberian/French and Anglo/Dutch models eventually evolved towards a single norm. The Iberian Casas steadily surrendered activity to economically more efficient private companies. The chartered companies of northern Europe were eventually unable to keep up with the demands of colonial expansion, territorial rule, and provision of security. They were increasingly hard put to defend their monopoly against free riders who benefited both from the falling costs of shipping and from the evasion of any contribution to the provision of security. There was also rising ideological unease about the dangers of moral impropriety, and corruption raised by individuals engaged in both political administration and commerce. Between 1788 and 1806 private trading rights were withdrawn from the civil and military officials of the East India Company. As a consequence of these pressures, the chartered companies were steadily brought back under government control by the increasingly capable and coherent modern state, which itself took over the provision of security abroad. 'When expansion gave place to conquest ... the old chartered companies gave way to the empires of the future' (Coornaert 1967: 239). Most famously, the British East India Company, which had substantially taken over India, was subordinated to the crown by legislation in 1773 and 1784, and then abolished in 1858 after the Indian Mutiny.

Given the scale of their activities, it is not unreasonable to see the chartered companies in some senses as the ancestors of today's transnational corporations (TNCs). But the line of succession is not direct. Very few of the chartered companies (the Hudson's Bay Company being a rare exception) survived the take-back of powers by the state. The more exclusively economic limited companies that arose during the nineteenth century were nearly all new enterprises, institutionally distinct from their forebears, though owing something to the institutional developments pioneered by the chartered companies. Stavrianos (1990: 95–111) argues that what made Europe distinct from China in the race for world domination was not just the rise of states, but also the rise of limited companies. Some of the key ideas underpinning the development of this new type of actor were:

- *partnership*: in which several people own the firm jointly and are personally fully responsible for it (unlimited liability);
- *corporation*: in which the firm has a separate legal identity from its owners, becoming what Davis (1971: ii. 215) calls 'an immortal person' for the purpose of exercising legal rights and ownership of property;
- *limited liability*: in which the owners have only limited responsibility for the company's debts;
- *public listing*: in which the company's shares are available on the stock exchange

(as opposed to a private company, in which the shares are not available for public subscription).

The publicly listed limited company, in corporate form—in other words the modern firm—begins to appear in numbers after 1830, and expands rapidly from 1850 onward. In Britain, a key turning point was the Companies Act of 1862, which marked a general shift to limited liability, both reducing the cost of forming a company, and removing the necessity to get an Act of Parliament in order to form one. The rise of the modern firm is closely associated with the industrial revolution, the new firms providing both the vast amounts of capital, and the organizational form, necessary to develop both industrial production and the huge new infrastructure projects of railways and telecommunications. Its development thus occurred largely within the leading industrial states, and especially the more liberal ones such as Britain and the United States (Davis 1905: ii. 252–60). Although ostensibly private, many of these firms retained a variety of links to the state, not least through subsidies such as the British government gave to shipping companies for the carriage of mail. Right from the beginning of the modern firm, the state has treated this new entity as an element of its own power, and so taken an interest in its welfare. The modern firm increasingly became a player both within the far-flung empires of the modern states, and more significantly as a true trans-national corporation, crossing the boundaries between sovereign states. The essential quality of a TNC is that its activities (extraction of resources, manufacturing, provision of services) can take place in more than one country, and that there is an organizational hierarchy crossing national borders. The forerunners of the modern TNC were visible in the early nineteenth century, with cross-border financing of economic enterprise. The modern TNC emerged from 1870 onwards as foreign direct investment (FDI) sought to reduce transport costs, find more efficient places for production, and get around the tariffs and import controls imposed by many newly industrializing states. The United Fruit Company dates from 1889, around which time Cadbury was investing in cocoa plantations in the Gold Coast and Trinidad. Many banks started to go transnational during the later nineteenth century. All of this took place in the context of the high water of Western imperialism, posing the technical problem of whether activities in colonies count as ‘across national borders’. But, *de facto*, much FDI did go from one independent state to another, as in British investment in the USA, and the problem of colonial investment of course disappeared with decolonization. The post-1945 period saw an extraordinary growth in the number of multinational corporations from a handful to 37,000 by the early 1990s (Hirst and Thompson 1996: 53; UNCTAD 1993: 20–1). At first these were mostly American, but the Europeans and Japanese created their own TNCs during the 1970s and 1980s, and some of the NICs joined in during the 1980s and 1990s (Gilpin 1987: ch. 6).

INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS (INGOS)

The story of INGOs is mostly one of developments within the civil societies of the leading states eventually breaking out into the expanding civic and legal space that democratic states opened up between themselves during the late twentieth century. In recent years they have been increasingly associated with the idea of 'pluralising global governance' (Gordenker and Weiss 1996) and have variously been identified as 'international pressure groups' (Willetts 1982) and 'new social movements'. The INGO label has been institutionalized by the diplomatic community, in general, and IGOs, in particular (Willetts 1996: 2). A very tight link has now been established between INGOs and IGOs and in determining whether an INGO can be formally associated with an IGO, four essential criteria have emerged—the INGO must be non-profit-making, non-violent, eschew political action designed to damage the governments of the IGO's member states, and support the goals of the IGO (Willetts 1996: 3–5). Although the origins of INGOs can be traced back to the committees, societies, and associations that began to develop from the eighteenth century onwards in Europe and the United States, it was the growth of the middle classes and improvements in international communications in the nineteenth century that provided the crucial fillip to the formation of the first INGOs (Seary 1996).

As leading states created more open civil societies within themselves during the nineteenth and twentieth centuries, they generated large numbers of non-governmental organizations concerned with everything from religion, politics, class, and the professions, through sport, hobbies, and entertainment, to animal welfare, peace, and the environment. Some of these organizations linked up with similar ones in other countries, and others expanded their membership and organization abroad. In doing so they added huge numbers and variety to the category of non-economic corporations previously occupied largely by religious and essentially cosmopolitan institutions dating from the classical era, most notably the Roman Catholic Church. The growth of nationalism, therefore, was also accompanied by a growth in internationalism. By the UN's count (*Yearbook of International Organizations* 1994–5: 1739), INGOs increased from 176 in 1909 to 973 in 1956 and 4,928 by 1994 (though a looser definition gives a number of 26,157 for 1994). The idea of INGOs as a global extension of civil society sounds all very nice. But it is important to recognize that civil society has its dark side in organized crime (mafias, Hell's Angels), some kinds of sexual perversion (paedophile networks), terrorism (Aum Shinrykyo), extreme cults (fascists, racists), and suchlike. These phenomena also get extended into the international system via illicit INGOs that are usually, although not invariably, denied association with IGOs, and more recently via the internet. Some political INGOs, such as the South West African Peoples Organization and the Palestine Liberation Organization, manage to cross the divide from illicit to legal, both of

these having eventually been given observer status in the UN's General Assembly.

Unlike with IGOs, and more in line with firms, there is not usually much question about the actor quality of INGOs, although the degree of centralization varies considerably from one INGO to another. Some are highly centralized. Amnesty International, for example, consists of an international tier that co-ordinates the activities of the 53 sections that operate on the national tier. Other INGOs are much more decentralized, with the International Planned Parenthood Federation, for example, simply consisting of 109 family planning associations. In principle, and mostly in practice, they represent private interests, and operate with a substantial degree of autonomy. The very first INGO was the World Alliance of YMCAs which was established in the middle of the nineteenth century (Seary 1996: 15). Ever since then, there have been organizations that have aimed to tie together groups of people with shared interests across national boundaries, whether they be academics (the International Studies Association, the International Peace Research Association), game players (chess, tennis), or simply fans of Star Trek or Elvis Presley. But many of these organizations are ephemeral and are certainly not associated with the United Nations.

INGOs endeavour to become associated with IGOs because they wish to act as pressure groups and play a part in world politics. At the Rio Environmental Conference held in 1992, there were representatives from 178 countries and 650 INGOs. And the INGOs were not simply there as observers. The knowledge-based INGOs, such as the International Union for the Conservation of Nature and Natural Resources (IUCN) and the International Council of Scientific Unions (ICSU), helped to shape some of the agenda items and, equally important, had an input into some of the conventions that were established at the conference (Morphet 1996; Buzan et al. 1998: ch. 4). In the same way, Amnesty International, soon after it was established in 1961, was given consultative status at the United Nations which enables it to attend relevant UN meetings, to submit documents, and to make statements. Amnesty devotes a considerable amount of its time, expertise, and resources to performing these tasks in order to promote observance of the Universal Declaration of Human Rights. It also endeavours to put pressure on a wide range of regional IGOs, from the Council of Europe to the League of Arab States (Cook 1996).

In a number of instances, the link between IGOs and INGOs is institutionalized and the hybrid organization consists of both governments and INGOs. The International Red Cross, for example, has government and non-government representatives. The organization is governed by a conference that meets every four years, with each state and each national society having a representative and an equal vote. There is, however, a functional division of labour, with governments funding the International Committee of the Red Cross which protects prisoners of war and acts as an intermediary in conflicts, and national societies funding the Red Cross

International Federation which assists refugees and provides disaster relief. The International Labour Organization is another important hybrid organization, because although its members are states, the representatives of the states come from the government, trade unions, and employer associations and they are free to cast their votes as they like.

INGOs are certainly not a contender, as is sometimes argued of TNCs, to take over the role of dominant unit in the international system. But they do now play an increasingly important role in world politics. Both TNCs and governments have backed down, on occasions, when confronted by concerted pressure from INGOs. But as many INGOs discovered to their chagrin in the aftermath of the Rio Environmental Conference, governments do not always deliver what they have promised in internationally agreed conventions. Nevertheless, the actor status of INGOs is not in doubt. And the growing transnational links being established by the myriad of INGOs that have formed during the twentieth century not only affect world politics, but also represent a development that becomes significant when we think about world society in Chapter 15.

6. CONCLUSIONS

The rise of the modern state as the dominant unit of the global international system shaped the character of international relations in a number of ways. Most obviously, it imposed its own strict standards of territoriality and sovereignty on the whole system. The world became much more territorially demarcated, and the right to govern was located much more exclusively within these territorial packages. The strong claim to sovereignty meant that this international system was prone to war, and firmly committed to balance of power and anti-hegemonic principles. But it also provided fertile ground for the development of international society, particularly diplomacy and international law. The linkage between anarchy and frequent war is not unique: the Greek city-state system was famously war-prone, and it is no accident that the main anarchic period in Chinese history (403-221 BC) is known as 'the warring states period'. During its absolutist phase, the war motives of the modern state had much in common with those prevailing during the ancient and classical era: territorial and imperial aggrandizement, booty, royal claims to inheritance rights, and the sport of kings. Nationalism added new reasons (*Lebensraum*, irredentism, social Darwinism) as did mass politics (human rights, open markets, the various ideological crusades of liberals, fascists, and communists).

There is now a question as to whether the spread of democracy amongst the leading states is not causing a sharp move away from war. This question ties into the development of international society, which amongst the leading states has generated a wide range of norms, rules, and institutions for the conduct of inter-

state and transnational relations, and which increasingly makes room for non-state organizations to acquire a degree of autonomy as international actors. There is nothing new about dominant actors projecting their own characteristics into the international system. As argued in Part III, it seems quite possible that the legitimacy of the imperial idea helps to explain why neorealist predictions are so frequently not met in ancient and classical international systems. But it would be a very significant departure indeed if democratic states were able to do so sufficiently to eliminate, or even seriously degrade, war as the primary process defining international systems, shaping their units, and determining their structure.

EDUCATIONAL JOURNAL. - See also

erhöflop over ni kundia seippelech. Ni hörung ni heitlum und sdi lo effe. Ni
ni hörung erwähnt. Daraus folgt, so hört man es oft, dass Augen zum
Schnäppchen werden. Insbesondere sind Menschen mit so genannten Sinspielen nicht selten
durch eine visuelle Verarbeitung geprägt, die ihnen einen schnellen Eindruck
verleiht. Allerdings kann diese Verarbeitung auch zu einem Verlust von Klarheit führen.
Denn wenn wir nur auf die ersten Informationen im Bild fokussieren, können wir leicht
die anderen Informationen übersehen. Dies ist dann oft schädlich, weil es dazu führt,
dass wir wichtige Informationen übersehen. Das ist jedoch kein Vorteil, sondern ein Nachteil.
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