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THE FUTURE OF THE NATION-STATE IN AN ERA OF GLOBALIZATION

This article speculates on the future of the nation-state system in the era of globalization. It uses the business management technique of scenario planning. Four alternative scenarios are outlined: Steady State, World State, Earth Inc and Wild State.



FOUR WORLDVIEWS ON GLOBALIZATION

What will be the next stage of the nation-state system? As with all work in scenario planning, the purpose is to encourage thinking "outside the square" rather than to advocate a particular point of view. The task is not to pick a winning forecast - the future will determine that. Instead, the task is to create a set of worldviews which in broad terms cover all the eventualities that could emerge. It is in the nature of worldviews that a piece of information could be used in more two or more worldviews - that information is being viewed from more than one perspective and so it can be used in more than one worldview.

The four worldviews are drawn from the intersection of two axes. In determining the driving forces of change, I have opted for "strength or weakness of the nation-state" axis and "strength or weakness of international social cohesion" axis (that is, level of international co-operation). This gives four quadrants which then become four worldviews:

1. Strong nation-state/ weak international social cohesion (national governments remain in control of their destiny and are unwilling to work together on common problems): "Steady State". This is based on seeing the current global order (with all its problems) as the best that can be devised.
2. Strong nation-state/ strong international social cohesion (national governments, while they remain in control of their destiny, are willing to work together on common problems and this evolves gradually into some form of global governance): "World State". This is based on there being no purely national solutions to transnational problems, and so governments have to work together through some form of global governance to solve common problems.
3. Weak nation-state/ strong international social cohesion (national governments lose control over their countries and transnational corporations fill the vacuum): "Earth Inc". With the decline of the nation-state, the only organizations capable of driving the pace of change are

transnational corporations, which then knit the world together into one market as they fill the governmental vacuum.

4. Weak nation-state/ weak international social cohesion (national governments lose control over their countries and there is no organization to fill the vacuum and so there is increasing chaos): "Wild State". This is the "nightmare" scenario, in which nation-states fall apart, there is an increase in "failed states", mass movements of peoples and increased environmental and health problems.

1. "STEADY STATE"

This scenario argues that despite all the talk of global change etc, the basic nation-state structure will remain. It may have its problems but it is the best of the options.

✓ National Sovereignty

National sovereignty is here to stay. Governments are not willing to surrender national sovereignty. There has been little progress in establishing non-partisan standards of behaviour between governments. All forms of international co-operation are viewed in the context how a government can maximize its own gain.

This may be regrettable but that is a fact of political life. All politics is local - and foreigners don't vote in national elections. For example, all western countries are now troubled by the risk of the mass movement of peoples into their own territories. Some are more troubled than others but there is a common factor of concern. As long as some countries are extremely wealthy and others are extremely poor, national boundaries will have to remain in place to restrict the movement of peoples. Given the nature of the international economic system, it is unlikely that this gap between rich and poor will disappear for many decades to come (if ever) - and so national border protection will remain very important.

This concern with national sovereignty is not simply a Western one. Developing countries also have a strong determination to maintain national sovereignty. They fought hard for their independence from their colonial masters. Now they are troubled by threats of tribalism, fragmentation, and the erosion of national unity by cultural diversity and foreign influences. These countries are not going to surrender their national sovereignty for fear of swamped by a fresh form of imperialism. There may have problems - but at least they are their own problems.

✓ Reluctance to Change

There is a reluctance to change to some form of global governance. This can be seen at all levels of societies in which people may express their opinions freely. First, there is no public groundswell in favour of global governance. Most people do not see themselves as "world citizens". When they are drawn together in massive international events, they still retain their sense of national loyalty. This does not necessarily mean that they are violent towards other people; simply that they have a sense of their own national pride and a feeling of being distinct from others. Meanwhile, very few mainstream non-governmental organizations have global governance as a key campaign issue. They recognize that such a project is too big and so they prefer to stick to their own core business (environment, nuclear disarmament, status of women in developing countries etc).

Talk of "global governance" or "world government" only scares most folk. They have enough difficulty trying to influence politicians at the national level - they fear that they would stand very little chance of influencing politicians at the international level. Besides, people are voting more often but enjoying it less. Voter turnout in most Western countries is now at a low level. Even the Eastern European countries, which have had only a decade or so of free elections, are already experiencing low voter turnout. There is a widespread cynicism of politicians. Whoever you vote for, a politician always wins.

2. "WORLD STATE"

This scenario argues that this is the first time in history that people have been confronted with the need to organize and manage the world as a totality. Beginning at the time of World War I, world history could be described as a single, protracted experiment in global governance. Underlying all the conflicts and upheavals, there has been a basic question: how is humanity to govern itself? The problems are a long way from being solved but there is no choice but to continue the quest. The world is now too interdependent - with one part affecting others - to try to operate on a piece-by-piece basis. A nuclear disaster (such as Chernobyl in April 1986), for example, has implications not just for other countries at the time but for years to come.

Therefore, there is a need for some form of world government. The tendency among NGO advocates is now to talk more about "governance" because it is less threatening to the general public than "world government". Also, it may well be that its eventual form will have to be different from existing notions of national "government" and so the term "world government" is misleading because of the connotations of "government" at the national level.

✓ Different Routes to World Unity

Just how the world evolves to a different form of governance is not yet clear. There are three ways of trying to get countries united:

Federalist approach: the deliberate decision by national governments to transfer certain powers (such as maintaining armed forces) to a world government while retaining other powers (such as establishing laws concerning ownership of property) for themselves.

Functionalist approach: the creation of more global agencies (such as the World Health Organisation) to handle a particular function (such as health) because experts can co-operate in a less politically-charged environment, and eventually the globe will be covered by a network of such agencies.

Populist Approach: the creation of a grass-roots people's movement to establish a democratic world government directly responsible to the people of the world, and in the meantime to generate ideas for world government and a groundswell in favour of it.

There is a chicken and egg dilemma. We cannot discuss world government because we have no world community to support it. Indeed, the discussion of world government may even retard the development of world community (because of the evil overtones of "world government" and "Big Brother") and hence retard the movement towards world government. On the other hand, that cautious approach may over-emphasize the state of perfection which the world community must achieve before world government can be considered. The way to promote world community is to have world government. But since private citizens cannot establish a world government, the next best thing to promote world community is to talk about global governance. World discussion of world government may have some chance of uniting it. The consideration of what is necessary to unite the world and the discussion of a common problem of overwhelming importance, could lead to a growing sense of community among all peoples.

An important reason for talking about world government is to clarify what it would be. Should a world government aim at limited measures designed to maintain what is called security, or is security itself dependent on the pursuit of broader purposes? Should a world state be federal or unitary, or should it, perhaps, contain the best features of each? What should be the relation of the world government to the citizens of extant states? What taxing powers should the world state have, and what order of military forces, if any? This list of questions can be prolonged indefinitely, and there are countless possible answers to each of them. Consequently many global governance activists prefer to campaign on all three of the above approaches simultaneously. For example, they deal with the need for governments to work together at the political (federal) level and on common problems (functional approach) and the importance of people being involved in the campaign for world government.

✓ The Long View

It is necessary to view the quest for global governance as a very long term project, in which some progress has been made. What may seem impossible at one point may be possible later on. Therefore progress is possible - it may just take time. Human affairs are not static. It is possible to improve human behaviour, for example, duelling is now rare, when once in Europe and the US it was a normal way among men to settle disputes. Similarly, war is not necessarily the norm in human affairs; some societies have no tradition of it. Warfare is a learned behaviour; people have to be trained for it. As the UNESCO Seville Statement has argued, it is not inherited from our animal ancestors; it is not genetically programmed into human nature; life is not necessarily the struggle of the most violent (but rather the more co-operative); humans do not have a "violent brain", and war is not caused by "instinct" or any single motivation.

There has been some progress in reducing the use of war as an instrument of national policy. Warfare between countries is now very rare. France and Germany, for example, have now gone for over half a century without a war and it seems highly unlikely that these two traditional enemies will ever go to war with each other again. This does not mean that they have become permanent friends - only that they have developed less violent ways of settling disputes (such as through the European Union and the International Court of Justice).

Finally, there is the lesson of history from the protracted unification of Italy 1815-70 and two key statements from the Prime Minister. In 1861, Mr D'Azeglio remarked "Italy is now made, now we must make Italians" . Thus, we first create institutions and they then change public attitudes. He also warned "To make an Italy out of Italians, one must not be in a hurry" . The same could be said about Earthlings.

3. "EARTH INC"

This scenario argues that the nation-state will continue in its erosion and that transnational corporations will have an even greater say in how the world is run because they will fill the global governance vacuum. National governments will not necessarily disappear (any more than the rise of national governments necessarily caused all forms of local government to disappear). But national governments will need to get used to the way that the nation-state system is over and that corporations are the major player in world affairs.

✓ Money is the Measure of All Things

Money is now the measure of all things. This new era can be taken as beginning in 1776, with the publication of Adam Smith's The Wealth of Nations, which saw the rise of modern capitalism. The market - rather than government involvement or religious dictates - has increasingly set the pace for economic activities. Smith placed emphasis on individuals being left free to pursue their own interests. Self-interest guides people, as though by the influence of an "invisible hand", to the exercise of the intelligence that maximizes productive effort and thus the public good. Private vice becomes a public virtue. Therefore, a free market - not government - is the best allocator of resources, and the best promoter of the public good. Government should be as small as possible, with limited responsibilities. Thus, the individual should be left to maximize their own income and determine how that is to be spent. This is now the world's most popular economic philosophy.

Meanwhile, with money as the measure of all things, national identity ceases to be such a major issue - except where it can be commodified, as in corporations manufacturing support for local or national sporting teams. People are principally consumers or aspiring consumers. Politics and patriotism are not as pleasurable as the latest fashion in clothes, music or technology. They are consumers rather than citizens. That is their choice. They have a freedom to choose.

✓ The Erosion of National Government Power

Western governments have been reducing for some years their role in the economic life of their countries - and the vacuum has been filled by transnational corporations. The 20th century saw the rise and fall of government. The century began with limited government involvement in the economy. The Great Depression of the 1930s and then World War II resulted in far greater government intervention in the economy as part of the "Keynesian revolution".

The process of withdrawing from the Keynesian revolution began in the late 1970s. Robert Skidelsky's three volume biography of John Maynard Keynes records the rise of Keynesian economics and then notes at the end of the third volume the beginning of the retreat from Keynesian thinking. In 1976, the British Labor Prime Minister, James Callaghan, announced the end of the era: "The option of spending our way out of recession no longer exists". The process was greatly accelerated by the Conservative leader Margaret Thatcher, who was first elected in 1979. It has been continued by all her successors. As if to emphasize the irrelevance of party labels, the policies were principally introduced by conservative governments in the US (Reagan) and UK (Thatcher), and by Labor governments in Australia and New Zealand.

Transnational corporations have eroded the notion of a national economy; there is now only a global one. Kenichi Ohmae, a Japanese business consultant, has coined a new term: the Inter-Linked Economy (ILE) of the Triad (US, Europe and Japan), joined by the Asian "tigers" (such

as Taiwan, Hong Kong and Singapore) . The emergence of the ILE has created much confusion, particularly for those who are used to dealing with economic policies based on conventional economic statistics that compare one country against another. Their theories do not work anymore. For example, if a government tightens the money supply by increasing interest rates, loans may come in from abroad and make the country's monetary policy nearly meaningless because cheaper funds flow in from elsewhere in the ILE. For all practical purposes, the ILE has made obsolete the traditional instruments of central bankers - interest rate and money supply.

These trends help explain the low voter turnout in Western elections: voters think that the elections are increasingly irrelevant. A political party may come to office - but not necessarily to power. That power is held elsewhere.

✓ **Corporations Rule the World**

There is much agreement between writers of different viewpoints about the growing power of transnational corporations. The disagreement is whether this trend should be welcomed. On the one hand, the above sub-heading comes from David Korten's best-selling book When Corporations Rule the World . He sees corporations as a sinister force, eroding local cultures, encouraging materialism, and looking after only those people with money. Another long-term critic of corporate power is Richard Barnet of the Washington DC Institute of Policy Studies , who is worried about the power of corporations to influence government decision-making for their own benefit rather than the interests of the citizens.

On the other hand, some writers have claimed the process is overall a good one. A rising tide lifts all boats. Kenichi Ohmae sees the world as borderless with national boundaries simply "cartographic illusions", and with many opportunities for people who wish to take them up . Meanwhile, journalist Thomas Friedman of The New York Times, has written about a world of the efficient manufacture of the Lexus automobile which represents all the burgeoning global markets, financial institutions and computer technologies with which people pursue higher living standards, while the "olive tree" represents a person's traditional roots identities and home . Friedman looks to an era in which the world can be made safe for corporations and consumers and the flourishing of democracy. He is confident that the "olive tree" interests can be preserved in an era of rapid modernization.

The modern capitalist economy creates more opportunities for more people than any other economic system. This system feeds upon itself so that more wealth creates more wealth. Supply creates its own demand, as consumers get introduced to goods and services they previously could not conceive of but now cannot live without . This wealth then trickles down to other areas, where economic growth can then begin. Unlike our ancestors, we expect things to change and we expect to have a better standard of living (the "revolution of rising expectations"). This mindset is now taking hold in countries outside the Western world and so we can expect the

21st Century to be the century with the world's greatest economic growth for the greatest number of people. They will achieve this via transnational corporations rather than relying on the dictates of government departments.

Not only is globalization good for people, it also reduces the risk of international conflict. Why fight against people who could be your customers? International conflicts are now very rare among countries with free trade. More colourfully, countries that have McDonald's fast food outlets do not fight each other: "the golden arches theory of conflict prevention" . There is nothing special about fast food as such. But its sale within a country indicates that the government of that country is a believer in free trade and the citizens are too busy enjoying their life to maintain old feuds. Thus, Earth Inc both rests on increasing global social cohesion and it contributes to it. It creates a virtuous spiral.

4. "WILD STATE"

The previous scenarios are all too optimistic. They have focussed too much on order, rather than disorder. There are many sources of disorder in the world. This scenario is based on both the continued erosion of the nation-state and the decline of international social cohesion, so that each nation-state will have to do the best that it can with what it has because it will not be able to rely on anyone else for much assistance.

✓ Money Comes First

Transnational corporations are not a force for good. They are motivated only by money. They are out to make money for their owners/ stock holders. They are not out to improve the world. They are not really accountable to any one (not even their own stockholders, many of which are pension funds which are only concerned about the rate of return and not how it is acquired). Corporations have no allegiances and no loyalties. Thus, they can move production and service centres from one country to another looking for the best rate of return. They can also set one government off against another in a bidding war to attract the corporation to be based in that country. Thus, they get special "export zones", exemptions from labour and environmental regulations and favourable tax treatment. Meanwhile, China is undergoing the largest industrial revolution in world history. Its lowly-paid workers are producing cheap goods that are flooding foreign markets, under-cutting the cost of goods made in those developed countries.

Because the corporations are mobile, they have created a race to the bottom. Manufacturers search the world - the single borderless economy - for greater returns on investment by moving their assembly lines to low-wage countries. The globalization of industrial

production is resulting in excess supplies of goods and labour, which in turn exert downward pressures on prices and wages.

Corporations also move in search of low-tax regimes and so governments lack the funds for the supply of services. It is not just a "tax-payers' revolt" by individuals but there is also a resistance by corporations to pay taxes. All this extra money in the hands of individuals and corporations has helped finance a vast consumer expansion over the past three decades or so, but it means that there are shortages in essential services and infrastructure.

✓ **"The Coming Anarchy"**

This phrase is from an article by Robert Kaplan in 1994, who had visited some failing nation-states such as Sierra Leone. Kaplan talks about a "withering away of central government, the rise of tribal and regional domains, the unchecked spread of disease, and the growing pervasiveness of war" . The nation-state system is not necessarily coping well with problems. Those of us who live in developed Western countries should not assume that what we see here, is what is to be seen in the rest of the world. A world made in the image on McDonald's and Coke, is not necessarily a world made safe for democracy and the protection of human rights. We should not assume that the consumption of Western goods leads inevitably to the rise of democracy.

While much favourable publicity is given to the Newly Industrialized Countries (NICs), especially in East Asia, most developing countries have not met the targets laid down in the UN Development Decades, which began over four decades ago. Indeed, in some African countries people were economically better off under their European colonial rulers. All of these developments will deter transnational corporations from risking their investments and their foreign-recruited staff in these countries. Thus, some of the current poor countries will lapse into greater poverty and obscurity.

Additionally there is the rise of "failed states". Somalia has gone for about two decades without a government; Afghanistan acquired a government only through international intervention in late 2001 (and it is not clear how long that will last). Instead, the pattern is more one of warlords and bandits controlling fiefdoms. The world is slipping back into a pre-Westphalian era. The nation-state system is less than 500 years old. There is no law of the universe to say that it should always exist. The 21st Century way well see its slide into chaos

✓ Increased Reluctant to Intervene

Reduced international cohesion means that other countries are reluctant to intervene in the affairs of other countries. This may be seen in three ways: the UN's failure to mount operations, the lack of political will among governments to get involved, and the lack of public support in developed countries for such operations.

The UN was designed to fight Hitler: a major threat to international peace and security who was opposed by many other countries. It is not designed to rush from one domestic trouble spot to another. It cannot cope with all the conflicts now underway - let alone those that are likely to occur in the future. For example, General Sir Michael Rose, one of the most experienced officers in the British Army in low-intensity warfare, has written an account of the chaos within the UN operation in Bosnia in the mid-1990s . Even the UN force's title was misleading: "UNPROFOR: UN Protection Force". It created public expectations well beyond the practical capabilities of any peacekeeping mission. This is just symptomatic of the UN's inability to keep up with the changing nature of the warfare state (not that any government is doing very well, either). The UN operations in the Balkans, which continue, have not increased the appetite of Western governments to get involved in peacekeeping operations. If anything, they have reduced that appetite because so little seems to be achieved of a long range nature. As British writer William Shawcross has argued in his review of the operations throughout the 1990s, there is no clear formula for determining when the UN will intervene in a crisis or how .

There is the basic issue that if a country collapses and the UN sends in peacekeeping and humanitarian personnel, there is a question of whether the UN can rebuild a system of governance. That system would be based on the nation-state which (particularly in Africa) has at most only shallow roots. Thus, even if the UN created a perfect military and civilian operation (and it has never done so yet), it could not impose a stable nation-state system on a country that had few traditions of a previous one. It will be interesting to see how the government in Afghanistan created in December 2001 proceeds. The omens are not good. Perhaps Africa will be the world's first "failed continent" . The international community's failure in Rwanda is symptomatic of its overall neglect of Africa in the face of the continent's apparently insurmountable problems.

Finally, there is the role of public opinion in developed countries. Perhaps the notion of the "global village" (as coined by Marshall McLuhan over three decades ago) was flawed. He was correct that the current communications revolution, which was then getting underway, would enable people to learn more about the rest of the world so that it would feel that we were all living in one large village. But the blizzard of information - particularly bad news - is so overwhelming that people do not want to help their "neighbours". Assuming that the world heads into more problems (such as global economic downturn) Western populations will argue that "charity belongs at home". They will not want their money spent overseas when there are so many issues at home (such as unemployment, crime and family breakdown) to deal with. They will

not be sympathetic to their governments taking in more asylum seekers as people flee their own countries in search of a better life.

✓ CONCLUSION

To conclude, the globe's future will be, in terms of the future of the nation-state, along one of those four worldviews. The challenge is to stimulate more debate on the “big picture” of global governance.

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NOTES

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11. See: Paul Zane Pilzer *Unlimited Wealth*, New York: Crown, 1994.
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13. Robert Kaplan "The Coming Anarchy", *The Atlantic Monthly*, February 1994, p 46.



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15. William Shawcross Deliver Us From Evil: Peacekeepers, Warlords and a World of Endless Conflict, New York: Simon & Schuster, 2000.
16. See: Keith Suter "The Lost Continent: Has Africa Run Out of Hope?", The Age (Melbourne), January 27 2001, p 11.