Globalisation and Statehood

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I. States and Statehood in World Politics

States have been the fundamental building blocks of modern world politics. They have formed a dualistic structure reminiscent of the role of the Roman god Janus. Statues of Janus were placed at the gates to the city. The god had two faces, one looking inwards to guard the social, economic and political life of the city, to give it unity and a sense of the common good and public interest. The second face looked outwards, to protect the city from external threats and predators, to pursue the city’s interests in a hostile world and to interact with other cities. In today’s collective choice literature, the first face or function of the state is said to be an ‘arena of collective action’ amongst its inhabitants and citizens. The second face or function was to permit the state to make—or break—‘credible commitments’ to other states, what Kenneth Waltz, in his magisterial Theory of International Politics, called ‘like units’ (Waltz 1979). The capacity of a set of political institutions to play such ‘two-level games’ (Putnam 1988) effectively—i.e., to do both things successfully at the same time—is what is called ‘statehood’ (Brenner 2004).

‘Statehood’ therefore, is defined as the capacity to fulfill these two different and sometimes conflicting functions simultaneously. It is the central problématique or analytical puzzle of the modern world system itself. States frequently cannot do either of these tasks very well, much less do them both successfully at the same time. States have always been consolidating, fragmenting, experiencing both domestic conflict and upheaval and international weakness and subordination throughout what historians label the ‘modern’ period—i.e. from (broadly speaking) the 17th century to the mid-20th century—as well as the ‘contemporary’ period—i.e. from the late 20th century until today.

This has been especially the case both in older post-feudal and quasi-states that have been absorbed into larger units, as in 18th-20th century Europe, and today in ‘new’ and ‘postcolonial’ states. More powerful older nation states like Britain, France, Germany and more recently the United States have normally been seen to have a comparative institutional advantage in terms of embodying ‘statehood’. This advantage is said to be rooted in the association of several factors:

• their long term historical development;
• their relative wealth and power in an industrialising world;
• their governments’ increasing bureaucratisation and state intervention and regulation to promote economic growth, prosperity and welfare, or what French social philosopher Michel Foucault has called ‘biopolitics’ (Foucault 2008; Gallarotti 2000); and
• their inhabitants’ sense of common sociological or ideological identity or belonging, whether instilled and indoctrinated from above or spontaneously emerging from below.

In contrast, states that have not had strong centralising institutions, political processes, economic development and/or cultural identity—‘weak’ states generally, especially what are today called ‘failed’ or ‘collapsed’ states—are seen as failing to fulfill the fundamental requirements of statehood (Badie and Birnbaum 1983; Migdal 1988).

Thus the way most academic analysts as well as policymakers and mass publics conceive of ‘modern’ world politics has centred on the roles of states as the core political-organisational units. These have often been called ‘nation states’, on the assumption that some sort of social and economic, *grass roots* ‘nation’ had either preexisted—or been constructed from above or below and justified through nationalism—to underpin and empower state institutions and political processes. Yet that very form of organisation has been problematic from the start, and is becoming even more problematic in an age of globalisation, from the mid-to-late 20th century to today.

In the 21st century, the capacity of traditional nation states to act in effective ‘state-like’ fashion is increasingly being challenged by a range of factors, including:
• the transnational and global nature of the most pressing problems being faced by policymakers and publics, from globalised financial markets to endemic economic crises to the challenges of the environment;
• the transnationalisation of technology, from the internet to transport to flexible production techniques;
• changing political attitudes towards the human and economic costs of traditional interstate wars, from the rapid exhaustion of domestic public support to the rise of ethnic and religious conflict, including terrorism;
• growing awareness of the complexity of political and social identities, from ever-increasing migration and multiculturalism to the capacity of groups to maintain and intensify cross-border social and political linkages (for example, through the internet and the growing ease of international travel);
• transnational economic stresses, from factory closings and job losses seen to stem from the globalisation of multinational firms and production chains to trade and financial flows;
• lifestyle issues from consumerism and the media ‘global village’ (McLuhan 1964) to today’s ‘green’ consciousness; and
• a fundamental shift from mindless patriotism and nationalism to an awareness of the need for transnational and global responses to a whole range of other issues that were traditionally seen to be the job of nation states to tackle.
Indeed, the problem of statehood itself is at the centre of political debate, as various kinds of ‘multi-level governance’ crystallise and proliferate in a globalising world (Cerny 2008a):

- more formal international regimes, institutions and quasi-supranational bodies from the United Nations to the International Monetary Fund, the World Bank, the World Trade Organisation, the Bank for International Settlements and the like;
- regional institutions like the European Union;
- urban and other subnational or cross-national regions sometimes reaching across borders (Brenner 2004);
- globalised ‘issue areas’ like the question of whether an ‘international financial architecture’ is developing, especially in the context of the current global financial crisis, including the recent transformation of the Financial Stability Forum into the Financial Stability Board (Financial Times, 3 April 2009);
- the convergence of public policies across borders through imitation, policy learning and ‘policy transfer’ (Evans 2005);
- the crystallisation and intertwining of ‘transgovernmental networks’ among national regulators, legislators and legal specialists whose cross-border links increasingly take priority in terms of policy development over domestic hierarchies (Slaughter 2004);
- the development of ‘global civil society’, especially with regard to NGOs (non-governmental organisations); and/or
- the growing role of ‘summits’ and other ad hoc or semi-formal intergovernmental negotiating fora like the G7/8 and especially the G20, so much in the news at the time of writing (Beeson and Bell 2009).

Thus there is a crisis of statehood in today’s world. Some see the solution in resurrecting the nation state—whether through religious identity (Israel, Iran), ‘nation-building’ or ‘state-building’ (Fukuyama 2004), the reinvention of various forms of ‘state capitalism’ and the ‘return of the state’ (Plender 2008), or the renewal of American hegemony through ‘soft power’ or economic leadership (Nye 2008; Gallarotti 2009; Cerny 2006). Others look to a range of more specific organisational alternatives:

- strengthening existing international institutions such as the United Nations (United Nations Commission of Experts on Reforms of the International Monetary and Financial System 2009);
- working through regional organisations like the European Union (de Larosière 2009);
- encouraging the development of a new multilateralism of ‘civilian states’ (Sheehan 2008) or a more pluralistic ‘society of states’ (Hurrell 2007);
- the creation of new forms of transnational ‘regulatory capitalism’ (Braithwaite 2008);
- the spread of such intermediate levels of urban, subnational and cross-border regional governance (Brenner 2004);
- ‘global civil society’ (Edwards 2004);
- the spread of democratisation and cosmopolitanism (Held 1995; Archibugi 2008); and/or
• the ‘bottom up’ development of new forms of social globalism based on translocal initiatives or ‘glocalisation’, i.e. crosscutting local initiatives (Sassen 2007).

There are also more pessimistic interpretations that argue that we are entering a world of greater volatility, competing institutions, overlapping jurisdictions and greater instability reflecting a general ‘disarticulation of political power’ and statehood in a more open ended, destabilising way sometimes referred to as ‘neomedievalism’ (Cerny 2000a).

Therefore the future of statehood itself—not merely of states or nation states—is increasingly uncertain and contested at a number of levels in a world characterised by increasing transnational and global problems, crosscutting political alliances and the emergence of more complex forms of awareness and expectations that new kinds of political action and policymaking are necessary. This chapter will examine the background to this development—the growth and decline of the states system and of states themselves—and reinterpret the problématique of statehood the light of the central challenges facing World Politics (not ‘International Relations’) in the 21st century. I will argue that future structural and organisational developments will depend on the kinds of political coalitions that can be built to confront and deal with those challenges, especially those involving cross-border networks. The result is likely to be a more complex form of world politics that is not only multi-level but also multi-nodal (Cerny 2009a). States are enmeshed in increasingly dense webs of power and politicking, as well as economic and social connections, that—in the continued absence of a world government or a world state—diffuse ‘statehood’ unevenly through differently structured points of access and decisionmaking. This process sometimes leads to conflict and stalemate, but also sometimes to new, innovative forms of governance and a kind of multi-dimensional statehood within an ongoing process of construction and evolution.

II. The Distorted Development of the Nation State and the States System

The state has been the predominant organisational unit for political, social and economic life in the modern world. Paradoxically, the development of the modern state has historically gone hand in hand with the long term globalisation of world politics and the international economy. Globalisation itself in its earlier manifestations was primarily organised and structured by and through the division of the world into states. The effective division of Europe into the first post-feudal states in the 16th and 17th centuries stemmed from a territorial stalemate among competing monarchs. Since that time, ambitious national elites have sought not only to consolidate their rule domestically but also to keep up with other states, especially their neighbors, both politically and economically, through imperialism, trade and other forms of outward expansion and linkages. The development of the leading states has been inextricably intertwined with their imperial expansion and global reach.

From the first European colonial empires in the 15th century to the spread of globalisation in the late 20th century, the development and institutionalisation of states as such and the states system has been inextricably intertwined a range of profound transformative changes at various levels:

• the spread of international trade and finance;
the promotion of industrialisation, economic growth and technological change;
underdevelopment and development;
the construction of social identity;
the establishment of international institutions; and
political modernisation, including democratisation.

Until the late 20th century, therefore, the very organisation of world politics itself and the
global political economy was rooted in the emergence, consolidation, and interaction of
nation states. Those states still remain. Despite the flaws in the system, which will be
dealt with in more detail below, it must be stressed that states also have deeply
entrenched sources of institutional and organisational strength. The legacy of the states
system is embedded in both perception and practice. Nevertheless, contemporary forms
of globalisation are challenging the predominant role of the state and transforming it in
numerous ways.

In long term historical perspective, of course, the nation state is only one of a wide range
of alternative political-organisational forms, including village societies, tribal societies,
city states, multilayered feudal and warlord dominated societies, federations and
confederations of various kinds, and empires. These other forms have characterised most
historical epochs. Nevertheless, the nation state form is inextricably linked with the
concept of modernity and thus with an evolutionary conception of political change
leading to ‘higher’ forms of organisational, institutional and socio-economic
development. However, with the emergence of new forms of complex interdependence in
the late 20th and early 21st centuries—including global markets, networks of firms,
transnational pressure groups (NGOs or non-governmental organisations), international
regimes, the rise of world cities and urban regions, and the like—states have found
themselves increasingly enmeshed in crosscutting or ‘transnational’ political, social and
economic structures and processes. Rather than constituting the natural ‘container’ for
social life, as much modern social and political theory and ideology has suggested, the
nation state today is highly contingent and in flux (Brenner, Jessop, Jones and MacLeod
2003).

Social and political bonds, once rooted in fixed concepts of social status and kinship
hierarchies, were increasingly seen from the 17th century onward to derive from a ‘social
contract’, and such contracts were embodied in and constituted through the state (Barker
1962). In turn, political actors representing both old and new socio-economic forces
sought to construct new institutional forms to replace the failed feudal system. This
process has been called ‘institutional selection’ (Spruyt 1994). Foucault sees it as
representing a particular ‘governmentality’ or ‘governmental rationality’ rooted in what
in France is called raison d’État or what others have called a ‘shared mental model’
(Roy, Denzau and Willett 2007) that takes the state for granted as the normal way to
organise social life, effectively the only option (Foucault 2007 and 2008; Burchell,
Gordon and Miller 1991). Powerful new European state elites—monarchs, bureaucrats,
and lower-level administrators and politicians, increasingly allied to the new wealthy
classes called bourgeoisie (city-dwellers)—increasingly defeated attempts to set up
alternative organisational forms such as city states and city leagues.
These increasingly centralised states had, or appeared to have, a ‘differentiated’ organisational structure—that is to say, each had its own set of relatively autonomous officeholders outside other socio-economic hierarchies, with its own rules and resources increasingly coming from taxes rather than from feudal, personal or religious obligations. State actors were able collectively to claim ‘sovereignty’ (Hinsley 1966). Sovereignty, originally rule or supreme power and authority from above, was a more legalistic, centralised, formal and normative version of what is here called statehood. The original European states derived key aspects of their power from the 1648 Peace of Westphalia. This treaty, which ended decades of religious warfare in the wake of the collapse of feudalism and the Holy Roman Empire, indirectly enshrined the twin principles of (a) the territorial integrity of the state and (b) non-intervention in the internal affairs of other states. Together these principles have become the fundamental organising doctrine of an international system rooted in the de jure sovereignty and de facto autonomy of states. Sovereignty in the ideal type sense has therefore been more a political objective than an fact on the ground, and the ideology of the sovereign nation state has been called a form of ‘organised hypocrisy’ (Krasner 1999). Nevertheless the principle of national (or state) sovereignty has been at the heart of both domestic state building and international relations throughout the modern era (James 1986).

Nation states had to be consciously constructed precisely because they did not constitute self-evident ‘natural containers’. Rather they were complex, historically contingent playing fields for political, social and economic power struggles. They were products of discourse, manipulation and institutionalisation—the cornerstone of a wider project of political modernisation. In this process, European states and later the United States and Japan turned themselves into ‘Great Powers’ that together dominated world politics and the international political economy, whether through imperial expansion, political influence, economic clout or social imitation. Britain and France were the first effective nation states (Kohn 1955); much of their strength later came from their world-wide empires. Germany and Italy were only unified in the late 19th century but sought to become empires thereafter. Russia remained a loose, quasi-feudal empire until the Soviet era and retained many of its characteristics thereafter. The United States saw itself originally as a quasi-democratic continental empire that needed to avoid ‘foreign entanglements’ and had a complex federal structure, but it increasingly expanded outwards and centralised from the end of the 19th century. Japan moved rapidly from isolationist empire to expansionist empire in the 20th century.

Therefore imperial expansion was crucial in providing a resource base for ‘core’ states to spread the states system around the world through both imposition, on the one hand, and a mixture of resistance and emulation, especially by national liberation movements, on the other. In turn, the most dramatic phases of the global extension of the states system came with decolonisation—the end of Spain’s empire in Latin America in the 1820s and the dismantling of the British and French Empires from the end of the Second World War through the mid-1960s. Leaders of independence movements and postcolonial governments tried to emulate the European nation state model as the road to progress and modernity, what has been called ‘nation-building’ (Bendix 1964), although this process often did not include democratisation.
In this context, attempts at post-independence democratisation merely opened the way for zero sum social and economic struggles to be introduced into the core of the institutionalised political process without sufficient capacity for conflict resolution or pursuit of the common good, leading to predatory politics, corruption, and authoritarian takeovers (Cerny 2009b). Only a few postcolonial states (especially India) stayed democratic for long, although since 1990 most former Communist states have become democratic and attempts to spread democracy in Asia, Latin America, Africa, and the Middle East have also multiplied in that time, all too often unsuccessfully. Nevertheless, by the end of the 1960s virtually the entire world was divided up into supposedly sovereign states, democratic or not. International arrangements reinforced this trend, as the membership and institutional structures of United Nations and other formal international organisations are essentially composed of sovereign states. Ironically, it was at this time that the system of states started to decay as the first shoots of a new, transnational form of globalisation emerged in the mid-to-late 20th century.

III. The State as a Contested Organisation

The capacity of the state to embody and exercise effective statehood rests on two analytically distinct but inextricably intertwined foundations. In the first place, the state, as an organisation or institution, is embodied in particular factors including: (a) a set of generally accepted ‘rules of the game’; (b) the distribution of resources in a particular society; (c) a dominant ideology; and (d) the capacity of the state to use force, whether ‘the monopoly of legitimate violence’ (Max Weber) or a range of legal, economic and social sanctions, to impose particular decisions and ways of doing things upon both individuals and the society as a whole. In the second place, the state, like other organisations and institutions, is populated by a range of actors within and around the state apparatus. These ‘state actors’ make decisions and attempt to impose outcomes on non-state actors. In other words, the state is both a structured field of institutionalised power on the one hand and a structured ‘playing field’ for the exercise of social or personal power on the other.

The most important organisational characteristic of states is that they are—ostensibly at least—so-called ‘differentiated’ organisations. In other words, ideal type states are organisationally distinct from families, churches, classes, races, and the like; from economic institutions like firms or markets; and indeed, from non-state political organisations such as interest and pressure groups or social movements. They are in legal and philosophical principle (and to some extent in practice) both discrete and autonomous, in that they are not subordinate to, nor incorporated within, nor morphologically determined by (structurally subsumed into) other organisations, institutions, or structures. The state, in theory at least, stands on its own. Nevertheless, both conceptually and in practice the ‘state’ is also a deeply contested category. The modern state as it has evolved in recent centuries is often taken as a ‘given’ of political, social and economic life. However, the very notion of the state can be thought of as what philosophers call a ‘reification’—i.e. seeing an abstract concept as if it were a material
thing. But states, like ideas, have real consequences. The state can be seen as contested on at least three levels.

Firstly, the state is an economically contested organisation. As noted above, it is organised around relationships of power as well as political ideas such as fairness and justice, whereas economic organisations like firms and markets are organised in principle at least around material criteria and relations of profit, exchange and economic efficiency. Nevertheless, firms and markets also involve inherent de facto relationships of power. In particular, states and state actors have been increasingly involved historically in trying to promote economic growth and modernisation. This deeply embedded organisational relationship between state and economy has been the subject of intense debates and conflicts, both academic and political, private and public.

Secondly, the state is a socially contested organisation. States are not natural, spontaneous emanations from a taken for granted, preexisting ‘society’, ‘people’, or ‘public’. States are political superstructures that are historically constructed by real people and political forces around and over often deep divisions such as class, clans and extended families, ethnicity, religion, geography, gender, and ideology, usually in an attempt precisely to mitigate, counteract or even violently repress those divisions. People are regularly forced or indoctrinated into acquiescing to the rules, ideas, power structures, and policy decisions of the state. ‘Citizens’ are made, not born. This often entrenches deep conflicts of identity and interest actually within the state itself, whether right at the apex or on different levels of the state apparatus.

And finally, the state is a politically contested organisation. States are constructed in the first place and controlled and/or fought over by political, social and economic actors—from absolutist monarchs and national revolutionaries to various bureaucrats, officials, patrons and clients, from corporate elites to popular movements, and from religious movements to corrupt and even criminal gangs. States can be organisationally ‘strong’ in the sense that they can be rooted in widely accepted social identities and bonds, or that their institutions are effective and efficiently run, or that their ‘writ’ runs throughout the territory. They can also be powerful internationally. However, states can also be weak on both levels. All states have particular strengths and weaknesses along various dimensions, often cutting across the so-called ‘inside/outside distinction’ (Walker 1992).

Nevertheless, as noted earlier, what is distinct about states in the modern world is that the state form of political organisation has at least until recently prevailed historically over other forms, which have been relatively weak and vulnerable in comparison. The combination of hierarchical power inside the state and the spread of the state form of organised governance across the globe—along with the rise of modern political ideologies and the strategic and tactical focus of political, economic and social actors on gaining power and influence within the state—have led to the widespread assertion and belief that states are, and should be, genuinely ‘sovereign’. Whether that sovereignty is thought to start from the top down, as in ‘the divine right of kings’, or from the bottom up, as in ‘popular sovereignty’, state organisations in the final analysis are said to represent a holistic concentration and centralisation of generalised, overarching and
legitimate political power that is unique among organisations—what the political
philosopher Michael Oakeshott called a ‘civil association’, as distinct from an ‘enterprise
association’ that has specific purposes and a limited remit (Oakeshott 1976).

State sovereignty is also Janus-faced, as noted at the beginning of this chapter. At the
international level of analysis, there is supposedly no international ‘state’ or authority
structure that has the kind of legal, political, social, economic or cultural reality, claim to
primacy or legitimacy that the state possesses. The international system of states—i.e.,
the claim that the international system itself composed of and constructed by (and for?)
states above and beyond any other institutions or structures—is seen as the norm. The
international balance of power, the territorial division of the world and international law
are therefore in theory all constituted by and through relations among states. Each state is
in principle, in international law, founded upon a unique base—a specific geographical
territory, a specific people or recognised group of citizens, a specific organisational
structure or set of institutions, a specific legal personality and a specific sociological
identity. Such distinctions, however, have historically often been constructed upon shaky
foundations. More importantly for this book, however, is that the inside/outside
distinction rests on foundations that are increasingly problematic in the context of
globalisation.

IV. Contemporary Challenges to the Organisational Capacity of the State

Both dimensions of the inside/outside distinction are rooted in the organisational capacity
of states—i.e., the ability of states and state actors to act autonomously and
simultaneously both in domestic politics and in the external states system. This is
problematic in two main ways. On the one hand, various international, transnational and
global structures and processes have competed with, cut across, and constrained—as well
as empowered—states and state actors throughout modern history. As noted earlier, the
most successful European states throughout the early modern and modern periods were
ones whose power and prosperity were rooted in international trade and imperial
expansion as well as domestic consolidation, including the United States once it had
expanded across the American continent. Indeed, globalisation itself has often been seen
as the externalisation of a mix of hegemonic British and later American patterns of open
capitalism, trade liberalisation and monetary and financial hegemony, not to mention
military success in defeating more authoritarian and state corporatist states like Germany
and Japan and even the Soviet Union in the Cold War. But in working to expand and
extend such patterns globally, state organisational power has paradoxically boxed itself in
by promoting its own subsumption in the globalisation process.

States and the states system thus do not exist in a vacuum, but are increasingly cut across
by a range of ‘complex interdependences’ (Keohane and Nye 1977). Globalisation
theorists suggest that these interdependencies constitute a rather different infrastructure of
the international or global. This structure is based on crosscutting linkages that states
have both ridden on the back of and struggled to control—whether multinational
corporations, international production chains, the increasing international division of
labour rooted in trade interdependence, globalising financial markets, the spread of
advanced information and communications technologies (Marshall McLuhan’s ‘global village’), rapidly growing patterns of migration and diasporas, and the emergence of diverse forms of ‘global governance’ and international regimes, not to mention the rapidly evolving field of international law.

For example, the core of domestic state power—what is called in legal terms the ‘police power—is becoming more problematic in this world, where borders are often helpless in controlling the movement of people, information, goods and ideas (Mostov 2008). These highly structured linkages and patterns of behavior have encompassed and shaped the ways states are born, develop and operate in practice—and they are becoming increasingly institutionalised. They have their own organisational characteristics, power structures, and agents that shape the world in ways even apparently strong governments must work harder and harder to catch up with. They may not exhibit the same holistic, hierarchical institutions and processes that developed states do, but they are often more structurally mobile and organisationally flexible than states. In the 21st century, states are increasingly seen as the organisational Maginot Line of global politics.

On the other hand, states are rapidly evolving in their role as domestic or endogenous arenas of collective action in ways that also are inextricably intertwined with complex interdependence and globalisation rather than holistic autonomy. Paradoxically, as stated earlier, the world as a whole was only finally divided up into nation-states in the mid-to-late 20th century, just as globalisation was starting to change the organisational parameters of the world: in the 1950s and 1960s, when the British and French empires shed their final colonies; and in the 1980s and 1990s, when the Soviet Union lost its Eastern European empire and itself dissolved into the Russian Federation and other post-Soviet states. However, many newer states, as well as older states that had in the past been part of quasi-imperial spheres of influence like that of the United States in Latin America or of Britain and France in Africa, have not ‘developed’ into bureaucratically effective, politically unified, socially homogeneous, or economically more prosperous and/or fairer societies. Some have thrown in their lot with regional organisations like the European Union, while others have stagnated and become more corrupt, for example suffering from the ‘resource curse’ or the ‘aid curse’ (Moyo 2009), and some have become ‘failed’ or ‘collapsed’ states, descending into quasi-anarchy, like Somalia.

States are also exogenously diverse and highly unequal. Some are relatively effective, efficient and/or powerful, while others are weak, collapsed or failed. But even in relatively developed and powerful states like the United States, a combination of economic problems and the increasing difficulty of controlling external events has led to what the historian Paul Kennedy called ‘imperial overstretch’ (Kennedy 1987). These developments involve not only the lack of capability to project military and economic power abroad, but also what in the Vietnam War was symbolised by the ‘body bag syndrome’, i.e. the unwillingness of the American public to see American soldiers die for either unwinnable or inappropriate foreign adventures—a syndrome that has been revived by today’s wars in Iraq and Afghanistan. Indeed, historian James Sheehan has argued that precisely because of its extreme experience of war in the 20th century, Europe, that cauldron of international imperialism in the modern era, has simply lost its taste for war
and evolved into a grouping of ‘civilian states’, more concerned with promoting transnational economic prosperity than seeing their survival and success as bound up in warfare and the external projection of power (Sheehan 2008).

In this context, states are also endogenously—domestically—diverse. They consist of a bewildering variety of institutions and practices—democratic, authoritarian, egalitarian, exploitative, etc.—that have very different consequences both for their inhabitants or citizens, on the one hand, or for other states and their inhabitants/citizens, on the other. No state can fail to be ensnared in the global web in one way or another. Each state combines with and internalises globalising trends in somewhat different ways (Soederberg, Menz and Cerny 2005). Sometimes this enables them to exploit the opportunities presented by the opening up of particular international markets, for example the so-called ‘BRICs’ (Brazil, Russia, India, and China), but sometimes they find their international linkages exacerbating domestic problems by aggravating social or ethnic conflicts, hindering or even reversing economic development, or undermining political stability and leading to violent conflict, civil wars and terrorism.

Of course, to paraphrase Churchill on democracy, states are still the central and predominant political organisation of the modern era—compared with all the others. Markets and other economic organisational structures are concerned with material outcomes, not basic social or political organisation. Ethnic groups pursue their own cultural goals, whether inside or outside existing political structures and processes. Only in theocracies do religious organisations claim political sovereignty, and even in the leading theocracy of the 21st century, Iran, religious claims to political authority are contested at various levels. International institutions and regimes are fragmented and lack sanctioning power, although a certain neoliberal hegemony increasingly pertains. Nevertheless, as a result of variables discussed here, the role of the state is increasingly contested both inside and outside. States are the conventional product of history and social forces, not a ‘given’ or ‘natural’ phenomenon, and statehood is continuing to evolve in a more open and interdependent world.

V. Key Issues in the Relationship Between Globalisation and Statehood

It is possible to identify a range of organisational issues crucial to any understanding of how states work both internally and externally (and in between) in this more complex environment. The first of these is what traditional ‘Realist’ International Relations theorists call ‘capabilities’. This term originally covered mainly military resources but has been extended more and more to social and economic organisation. States that could marshal concentrated military power to defend their national territory and, especially, to conquer or exercise effective influence over other states and/or power sources, have over the course of modern history been likely to exercise disproportionate influence over outcomes at the international as well as the domestic level. Such powerful states could use their organisational capacity to control other states and the evolution of the international system in general, whether through alliances or more direct forms of domination or hegemony. However, these states were also very vulnerable to complex shifts in the ‘balance of power’ and often found that others could ‘balance’ against them.
by forming alliances as well. Technological changes can also upset such existing balances or relations of capabilities. And diplomacy or international bargaining and politicking among states could constrain or effectively alter existing balances too (Little 2007).

Although the possession of such capabilities has been the main underpinning of national strength or power in the modern era, today it is often seen that other forms of capacity or effectiveness are far more important. As noted above, people, especially in liberal democratic states, are more aware, particularly because of the development of the ‘global village’, of the downside of military involvement in other parts of the world. Paradoxically, this globalisation of awareness has led to a growing unwillingness to get involved in military operations abroad unless they are relatively costless. Historians usually see the Tet Offensive by the Vietcong against American military forces in Vietnam starting in January 1968 as the cultural watershed here, when for the first time in history images of battles apparently being lost (although historians disagree on who won or lost Tet) were viewed over the breakfast table by ordinary people and fed into a mass movement against the war.

More importantly, the costs of war, like the costs of empire in the 1950s, are increasingly seen by economists to be counterproductive of economic development, growth, and prosperity—in other words a drain on the state (and the country) rather than a benefit. Debates are raging over whether the costs of the War in Iraq, often estimated at 2-3 trillion U.S. dollars, have in turn prevented the United States from tackling a range of other problems, both domestic (health care, rebuilding infrastructure, social security, employment) and foreign (development aid, fighting disease, etc.) (Bilmes and Stiglitz 2008). In this context, the maintenance or expansion of military and military related capabilities are increasingly seen as having negative consequences for state, society and economy. The implications of this shift for the organisation of the state are enormous, both in opening the state up to new international economic and institutional opportunities and constraints and in expanding the economic regulatory/domestic state. The current financial crisis has accelerated awareness of these issues at all levels across the globe.

The second major organisational issue facing the state in the 21st century involves the internal coherence and hierarchical effectiveness of states in both domestic and foreign policy-type decision making. States that are internally divided, bureaucratically weak, torn asunder by civil conflict, and/or subject to the influence of special interests of various kinds, may either be ineffective and inefficient in pursuing so-called ‘national interests’ and may even be themselves the cause of destabilisation processes that limit or even destroy state capacity and therefore undermine statehood itself. All states are facing analogous pressures, including the strongest. Competing domestic interests have often been at odds with the ‘national interest’ in the modern era, and in the age of globalisation, that conflict of interests is expanding rapidly.

The competition of interests has previously been analysed primarily at domestic level but is becoming increasingly transnationalised (Cerny 2009a). Some critical analysts have identified the formation of a ‘transnational capitalist class’—or at least a ‘transnational
elite’ linked with multinational corporations, global financial markets, various transnational ‘policy networks’ and epistemic communities’ and the like, and further associated with hegemonic opinion formers—especially in developed states (Sklair 2000; van der Pijl 1998; Gill 2003). These groups are more than mere competing actors. Indeed, they are said to have a common interest in the spread of a neoliberal model of globalising capitalism. Not only do they have common goals across borders, but they also have resource power and a set of institutional bases and linkages that go from the local to the global (sometimes called ‘glocalisation’), not to mention the kinds of personal connections traditionally associated in domestic-level political sociology with class and elite analysis. Even if they do not in fact possess this kind of organisational coherence and instead are seen as a set of competing pluralistic interests, however, their common concern with developing transnational power bases—cross-border sources of income and influence—gives them a kind of political muscle collectively that parochial domestic groups cannot match.

The most powerful interest groups are increasingly those who can mobilise resources transnationally and not just internally—multinational corporations, global financial market actors, social networks that cut across borders like ethnic and/or religious diasporas, and even consumers who don’t care where particular goods are made provided the price and quality are right for the means at their disposal. The nation state represents sociological ‘nations’ less and less and are more like associations of consumers (Ostrom, Tiebout and Warren 1961) trying to get the best product at the best price in the international marketplace. They are characterised by domestic fragmentation and cross-border linkages—what Rosenau calls ‘fragmegration’, or transnational integration alongside domestic fragmentation (Rosenau 2003). In this context, neoliberal globalisation has become the ‘common sense’ of a wide range of otherwise competing interests and factions (Cerny 2008b).

The third major organisational issue of the 21st century concerns whether the state itself is increasingly becoming ‘splintered’ or ‘disaggregated’. In studies of bureaucracy in the 20th century tradition of Max Weber, the key to effective rule was said to require a hierarchically organised state in which officials knew their roles and functions in the larger structure. Although a full command hierarchy in the authoritarian or Soviet planning modes was seen to be counterproductive, the state required a great deal of centrally organised institutional coherence and administrative efficiency in order to develop and prosper. Today, that logic has been turned on its head. The most effective bureaucratic structures and processes are those that link officials in particular issue areas with their counterparts in other countries, in order that they might design and implement converging international standards, whether for global financial market regulation, trade rules, accounting and auditing standards, and the like. Expanding ‘transgovernmental networks’ among regulators, legislators and legal officials are effectively transnationalising such issue-areas, red-lining them from domestic protectionist interests, dominating policymaking processes, and globalising the most important parts of the state in order to promote economic growth and other key policy goals (Slaughter 2004).
A fourth level of internal organisational change concerns the so-called ‘competition state’ (Cerny 2000b and 2009c). Modern nation-states, in the pursuit of the public interest or the general welfare, have traditionally sought to ‘decommodify’ key areas of public policy—to take them out of the market through some form of direct state intervention—in order to protect strategic industries or financial institutions, bail out consumers or investors, build infrastructure, counteract business cycles, and integrate workers into cooperating with the capitalist process through unionisation, corporatism, the welfare state and the like. This process in the 20th century was linked with the growing social and economic functions of the state—the industrial state and the welfare state—and tended to come about through the expansion of what have been called ‘one-size-fits-all’ bureaucracies for the delivery of public and social services.

Today governments are more concerned not with decommodification of social and economic policy but with the ‘commodification of the state’ itself (Cerny 1990). This has two goals. The first is to promote the international competitiveness of domestically based (although often transnationally organised) industries. Domestic sources of inputs and domestic markets for products are too small to be economically efficient. Only competitiveness in the international marketplace will do. The second is to reduce the costs of the state—what is called ‘reinventing government’—or ‘getting more for less’ (Osborne and Gaebler 1992). These two processes are aimed both at streamlining and marketising state intervention in the economy and at reorganising the state itself according to organisational practices and procedures drawn from private business. The welfare state is increasingly under cost pressure in the developed world, and developing states are often not able to provide meaningful welfare systems at all. The current financial crisis is only exacerbating this trend, despite Keynesian stimulus policies, which are seen as short term remedies intended to ‘save capitalism from the capitalists’ (Cerny 2009d). Economic growth in general is today more the result of global economic trends and developments than of state policies.

This combination of the transformation of capabilities through complex interdependence, the transnationalisation of interests, the disaggregation of the state and the coming of the competition state has fundamentally transformed how the state itself works—eroding, undermining and making ‘end runs’ around the traditional Weberian state. Of course, different states have distinct institutional (or organisational) ‘logics’. Each is subject to a form of ‘path dependency’ in which historical developments create both specific constraints and specific opportunities that become embedded in the way states work. Nevertheless, there is a rapidly growing trend towards the erosion of national varieties of capitalism and the rise of a new neoliberal hegemony rooted in globalisation (Soederberg, Menz and Cerny 2005; Cerny 2008b).

VI. Conclusion: Statehood as the Predominant problématique of 21st Century World Politics

Statehood is not a given, the exclusive property and distinguishing feature of modern nation states, but a problématique or analytical puzzle, the parameters of which are continually evolving. Organisationally strong states may to some extent be able both to
internalise and to resist the pressures of economic, social and political globalisation, although that capacity is increasingly hedged around by complex interdependence. Organisationally weak states are undermined by globalisation and crisis becomes endemic. Most states are in between these two extremes, with state actors and various kinds of interest groups—crucial players in the international system of states as well as the expanding globalisation process—seeking to alter, reform or completely restructure states in order to cope with the challenges of a globalising world. In this context, effective statehood is becoming more and more difficult to achieve at the level of the nation state, while multi-level and multi-nodal politics are creating new and complex forms of latent, embryonic and indeed emergent forms of statehood that have increasingly come to dominate politics in the first decade of the 21st century. The statue of Janus increasingly resembles a kind of Gulliver, pinned down by the Liliputians of globalisation, while people cast about for new ways of organising their relationships and going about their business.
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