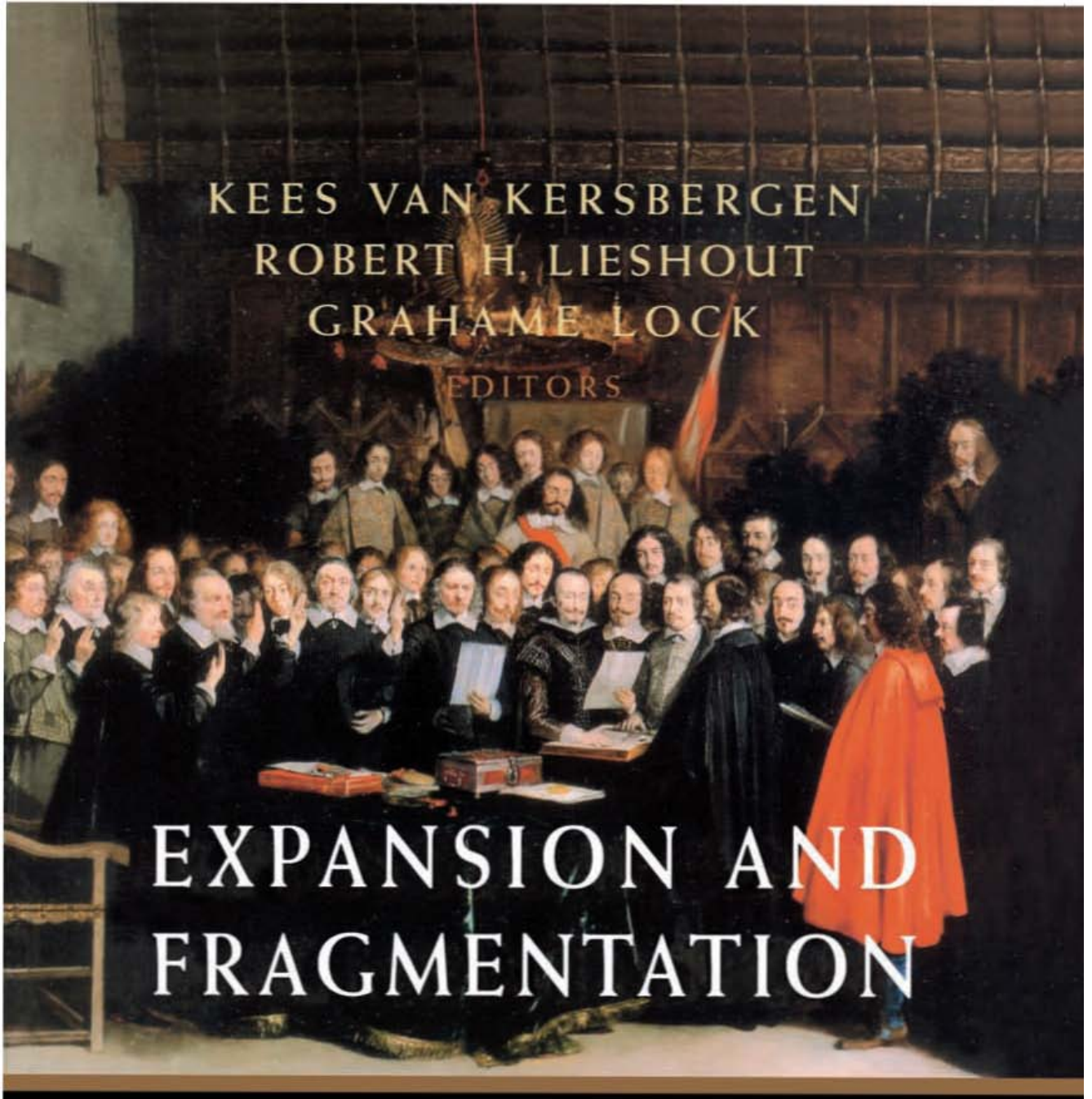

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EDITORS

EXPANSION AND FRAGMENTATION

Internationalization, Political Change and the Transformation of the Nation State

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Expansion and Fragmentation

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Edited by
Kees van Kersbergen
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1

Introduction

Kees van Kersbergen, Robert H. Lieshout and Grahame Lock

1 Sovereignty and the Retreat of the State?

We live, as is often remarked, in a fast-changing world. Some of the changes to which we are witness - and which are of practical concern to us all - lie in the political sphere. For instance, advanced societies are marked, among other things, by complex shifts in the power and competence of the nation state. It is said that state and society are becoming increasingly interwoven, leading to a 'politicization of society' and a 'socialization of the state'. This implies that the tasks and responsibilities of the nation state are in continuous expansion. Yet a process of 'individualization' and 'fragmentation' of political and social life also seems to be taking place; to this must be added a redistribution of some of the capacities of the nation state to regional or local levels as well as to 'intermediate bodies'. In the opposite direction, however, other developments, like internationalization, including the emergence of new regulatory systems at international level, are generating what are called 'transnational' networks. These appear to be gaining control of ever more aspects of social and political existence.

As a result of these developments, political decision-making is becoming opaque, and the mechanisms of democratic control - which have traditionally operated in the framework of the nation state - seem to be in a process of erosion. At the same time the scope and the character of political participation are being modified: new networks are emerging as links between the various decision-making levels, while support for 'national

society' is falling, and the efficacy of national governance structures is declining. Thus expansion, individualization, localization, internationalization and fragmentation have all become keywords summarizing the phenomenon of political change as it now affects advanced societies.

The central theme of this book is political change.] Whether we look at political change from the perspective of political philosophy, international relations or comparative politics (the three disciplines represented in this volume), its key aspects are increasingly analyzed in terms of the transformation of the nation state. The nation state is seen more and more as just one 'form of governance' (cf. Caporaso 1996) where many others are also conceivable.

We agree that political authority can take many forms and be based on all kinds of principles. The nation state's distinctive characteristic as a form of governance is that political authority is based on the principle of territoriality. The nation state is a historically specific form of political authority, which is enduring yet variable. It has existed since the end of the Thirty Years War. The Peace of Westphalia (1648) meant the victory of a new international order based on territorially defined units of political authority that accepted one another as equals. As *sovereign* states 'they no longer claimed the right to exercise authority on the territory of another state, and denied that any authority could be placed above them' (Lieshout 1999: 13). Sovereignty refers both to the fact that states actually enjoy supreme power over their territory and the people living on it, and to the fact that they claim this power as a right of international law (cf. lackson 1999a).

In the contemporary debate on political change and the nation state sovereignty plays a central role in many ways. It is therefore imperative to avoid conceptual confusion. In our view, sovereignty has two aspects. The first is that, with respect to its territory and the population living on it, a state recognizes no authority other than its own. This is called 'territorial integrity' or 'internal' sovereignty. The second aspect is that a state recognizes no authority above it in its relations with other states. This is called 'independence' or 'external' sovereignty (cf. Lieshout 1999: 14). States can delegate part of their internal as well as their external sovereignty to international organizations. This does not mean, however, that states 'surrender' their sovereignty. It is crucial to bear this in mind when studying political change in terms of the transformation of the nation state. It implies that, in principle, we tend to be sceptical of those analyses that, too readily and too strongly, claim the end of the Westphalian system and the nation state, the accompanying crisis of democracy, and even 'the end of history'.

Scholte quotes interesting UNCfAD figures to the effect that the number of enterprises operating in more than one state jurisdiction increased from 3,500 in 1960 to 40,000 in 1995 (UNCfAD 1996: ICla22). Just as interestingly, 'intrafirm trade between subsidiaries of the same transborder corporation accounts for at least a quarter and perhaps as much as over 40 per cent of the world's cross-border commerce' (Scholte 1997: 437). Nevertheless, the nation state survives as a central political entity. Indeed, Scholte correctly notes that 'states have played an indispensable enabling role in the globalization of capital' *(ibidem:* 441). The reason is obvious: this globalization of capital can only function within a regulatory framework, and this framework is largely the work of the nation states, especially in the form of the realization of international treaties and agreements. It is true, though, that there are now fields of economic activity in respect of which it is difficult to determine what national jurisdiction is responsible for their regulation.

It is therefore not obvious that we should, as Scholte proposes, draw the conclusion that nation states have, for reasons like the above, lost their 'former core attribute of sovereignty' *(ibidem:* 442). His claim that global capital readily overrides state sovereignty seems to confuse a legal with an economic issue. It may be true that multinational and transnational corporations 'regularly frustrate tax collectors through transfer pricing and offshore corporate registration' *(ibidem:* 443), as well as by other measures, such as the relocation of production and marketing facilities. This, however, means not that these corporations are challenging state sovereignty, but that they are attempting to avoid some of the consequences of their subjection to that sovereignty, that is to say *in casu* to the fiscal laws of certain high-taxation states. Again, the pressures exerted by the International Monetary Fund (IMF), the World Bank (IBRD) and similar agencies, however constraining these pressures may *de facto* be, do not in principle imply any demand on the part of these agencies for the relinquishment of state sovereignty. Nor can we say that the growth of what are called 'multilateral governance arrangements', though these are of great interest in respect to their principles of organization and function (do they 'facilitate' or 'curb' the activities of transnational or supraterritorial capitalism?) formally puts into question the authority or sovereignty of the nation states, which indeed are, directly or indirectly, collectively responsible for these arrangements.

Accordingly, we reject the unsophisticated globalization argument that, as territorial borders are progressively becoming *economically* irrelevant, processes such as world market integration are 'limiting' or even 'undermin-

ing' the sovereignty of nation states. It may be the case that the nation state has lost a significant part of its power, since this 'has leaked away, upwards, sideways, and downwards'. It may be that 'in some matters, it seems even to have gone nowhere, just evaporated', or even that 'the realm of anarchy in society and economy has become more extensive as that of all kinds of authority has diminished' (Strange 1995: 56); and it may be equally true that globalization represents 'a shift in locus of decision-making not only from the nation-state to transnational actors but also from national governments to the private sector' (Cable 1995: 37). Neither of these developments, however, necessarily implies that the core property of sovereignty - the claim to supreme authority over a certain territOlY and its inhabitants within clearly defined borders - is disintegrating just because penetrating these borders is becoming less and less difficult (cf. Anderson 1996).

It goes without saying that the political science literature on the process of European integration also increasingly focuses on the effects of the emerging polity of the European Union (EU) on relations of authority between and within its member states. Can the states that are part of this 'supranational polity' (cf. Sandholtz and Stone Sweet 1998) still be regarded as sovereign? Multi-level theorists argue that the European Union is a polity in the making (cf. Marks and Hooghe 1999). They also claim that this polity has no historical precedent. The European Union is neither a new federal state nor a mere intergovernmental pact. It is supposed to have become a system of multilevel governance. Subnational, national and supranational levels are said to *share* in authority and decision-making, but particularly in this type of argument, it is imperative that crucial concepts such as authority and sovereignty, as well as power and control, are used in a clear and unambiguous manner. Marks *et al.* (1996: 342–3) fail to do this, when they argue that 'while national governments are formidable participants in EU policy-making, control has slipped away from them to supranational institutions. States have lost some of their former authoritative control over individuals in their respective territories. In short, the locus of political control has changed. Individual state sovereignty is diluted in the EU by collective decision-making among national governments and by the autonomous role of the European Parliament, the European Commission, and the European Court of Justice'.

In our view, the European Union is still primarily an intergovernmental bargain between states. This bargain has not affected the sovereignty of the member states, but obviously has had an impact on, although not necessar-

ily diminished, let alone annulled, their policy autonomy. Moreover, no one will dispute that, whenever it concerns 'history-making decisions' (cf. Peterson 1995), i.e. decisions that will change the Ell's institutions and its rules of the game, states are still the prime movers.

Historically, the delegation of competences to the European supranational institutions has first of all served well-defined national goals, and strengthened rather than weakened the nation state. This view has been argued forcefully, although on the basis of very different rationales, by Milward (1992) and, more recently, Moravcsik (1998). Milward takes exception to much political science 'theorizing about interdependence and integration' as 'a piquant but watery soup through which the historian hunts in vain for solid scraps of nutriment' (Milward 1992: 20). Contrary to what most political science theories would lead us to expect, historical evidence bears out that there exists no antithesis between integration and the nation state. It was only through the construction of supranational European institutions that the participating states were able to rescue themselves from collapse. In so doing the European nation state created 'a new political consensus as the basis of its legitimacy, and through changes in its response to its citizens which meant a sweeping extension of its functions and ambitions reasserted itself as the fundamental unit of political organization. The European Community only evolved as an aspect of that national reassertion and without it the reassertion might well have proved impossible. To supersede the nation-state would be to destroy the Community. To put a finite limit to the process of integration would be to weaken the nation-state, to limit its scope and to curb its power' *(ibidem: 3).*

Moravcsik is as critical as Milward of the existing political science literature on Europe, but where the latter sees European integration primarily as an effort to strengthen the European welfare state, the former regards it as 'a distinctly modern form of power politics, peacefully pursued by democratic states for largely economic reasons' (Moravcsik 1998: 5). The pooling and delegation of authority are "'two-level" strategies designed to precommit governments to a stream of future decisions by removing them from the unilateral control of individual governments' *(ibidem:* 73). It should be borne in mind, moreover, that the Ell is a *supranational* organization, and that this type of organization has much less power *vis-a-vis* the member states than any nation state has *vis-a-vis* its citizens. Haas's observation, in his classic study on the first years of the European integration process, that the newly created European institutions, such as the High Authority of the

Coal and Steel Community, 'depend on the good faith of the old power centres for the realisation of their aims, both because of the real powers retained by national governments and because the High Authority lacks any substantial means for compelling compliance from a recalcitrant member state' (Haas 1968a 119581: 58), still holds true today for the present institutions, however much their power and scope may have increased since the 1950s.

Thus supranationality is compatible with the nation state. Some authors would argue that the same applies to globalization and the nation state. On the basis of empirical evidence they challenge the claim that economic integration has adverse effects on the domestic and international policy autonomy of the nation state. In a recent study, Garrett argues that 'globalisation and national autonomy are not mutually exclusive options. The benefits of globalisation can be reaped without undermining the economic sovereignty of nations, and without reducing the ability of citizens to choose how to distribute the benefits - and the costs - of the market' (Garrett 1998: 6). Besides, as Weiss points out, it should not be forgotten that 'even if economic integration were far more advanced than at present, the predicted emasculation of state powers would not come about. This is for two interrelated reasons. First, the effects of integration on governing capacities would not be uniform... this is partly because nation-states themselves exhibit considerable adaptability and variety - both in their responses to change and in their capacity to mediate and manage international and domestic linkages, including in particular the government-business relationship. Second, continued divergence can be expected also because... in some key instances globalisation is being advanced through the nation-state, and hence depends on the latter for its meaning and existence' (Weiss 1998: 189).

2 Outline of the Book

The book's central theme is elaborated from different but complementary theoretical and empirical perspectives. In Chapter 2, *Grahame Lock* analyzes some aspects of the idea of political change, and recent mutations of it, against the background of the collapse of the Soviet Union, the last of the great 'modern' projects, and the newly revived claim of an 'end of history', this time of the neo-liberal variety. Lock looks at the ideology of change and *some* of its cognates: progress, development and revolution. How is politi-

cal change perceived by those subject to its effects; and what is its relation to so-called 'cultural change'? He analyzes the very powerful ideological package that, to all intents and purposes, appears to dominate the new, 'post-modern' world, which is characterized by a new 'dogma of anti-dogmatism': a neo-liberal-inspired attempt to eliminate politics, a conception of the globe as one enormous civil society devoid of the state. He also explores the relationship between this package and the ongoing processes of Europeanization, internationalization and globalization. What are the chances of the state surviving in these 'ahistoric' times?

In Chapter 3, *Wil Hout* and *Robert* H. *Lieshout* continue the analysis by probing how a systems approach to international relations can help us get a grip on the changes that are, and have been taking place in the international system. They focus on two crucial changes characterizing the contemporary global order, which can have far-reaching consequences for the Westphalian states system: (1) the end of the bipolar structure of the international political system as a result of the disintegration of the Soviet Union, and (2) the increase in the level of interdependence among national economies. On the basis of a brief review of some recent perceptions on the relationship between agent and structure, they first discuss the theoretical notions that help to make sense of these changes. Subsequently, Hout and Lieshout try to establish to what extent the presumed end of bipolarity and increase in interdependence can be substantiated empirically. Finally, they discuss the question of what, on the basis of our theoretical understanding and empirical results, can be said about the future of the international system. Will the end of bipolarity and the rise in interdependence lead to the destruction of the existing international system in which sovereign states are dominant?

In Chapter 4, *Kees van Kersbergen* takes a comparative perspective and examines the challenges that economic internationalization and European integration pose to national political systems. His argument is that both processes affect the policy autonomy and political capacity of nation states, but that these developments should not be confused, let alone equated with a loss of sovereignty. Undoubtedly, the significance of national borders for economic transactions has declined, but this does not imply the acute and definitive demise of national sovereignty and politics. The adaptive capacity of nation states is highly variable. This means that the effects of internationalization and Europeanization diverge and to a large extent depend on the national political community's ability to mobilize power and form coalitions, both within the state and between them. The powerless state is a

myth. In fact, the roles of the state and international cooperation are both increasing, and in the course of this process the ways in which the state exercises power are being transformed.

The theoretical consequences of the possibly changing forms in which political power will be exercised in the future, are the topic of Chapter 5 by *MaTcel WissenbuTg.* He imagines a world in which the state, once thought of as the central unit of politics, the ultimate source of rights and sole wielder of legitimate force, has 'fragmented' and 'leaks power' in several directions. Wissenburg's exercise makes clear that mainstream, liberal, political theory is to a large degree predicated on the existence of a sovereign state as a necessary condition for the existence and protection of a society with liberal democratic values. He explores the problems that this hypothetical 'disappearance' of the state, for instance in the form of a far-reaching delegation of power to supranational organizations, can pose for liberal democracy and mainstream political theory. Even if sovereignty continues to be a feature of the nation state, at least two effects of these 'power leaks' pose fundamental challenges to liberal democracy: the creation of incompatible systems of rights and duties by distinct authorities supposed to bind the same individual or groups of individuals, and the dissolution of the relation between classic reference groups (people, nation, *polis)* and their political institutions. In meeting these challenges, transnational and international organizations will be forced to assume many of the responsibilities that presently exclusively belong to the state.

In Chapter 6, *Bob Reinalda* discusses whether, how and to what extent international organizations can be relevant actors as far as political change and the transformation of the nation state are concerned. He does this by discussing three theoretical approaches to the role of international organizations, which have successively dominated the study of international organizations: the evolutionary, the functional and the governance approach. It appears that at times international organizations, and the persons leading them, can act as agents of change. It should not be forgotten, however, that international organizations, once established, can also generate powerful pressures to resist change. It more or less depends on the nation states participating in the international organizations which role they will play. Whenever they are agents of change, international organizations act more or less as trailblazers helping states find a way to a successful adaption to economic and social upheavals taking place in the international system. Although international organizations and other structures of international

governance have unmistakenly led to a loss in the nation state's policy autonomy, nation states can accept this because international organizations and international governance arrangements are assisting them in adapting to external pressures and long-term change. It turns out that the relationship between states and international organizations is also one of mutual reinforcement.

The European Union is by far the most advanced form of international organization and cooperation. It is also one of the most powerful sources of domestic political change. In Chapter 7, *Markus Haverland* argues that among all manifestations of internationalization, the economic, legal and political integration taking place inside the European Union presents the most visible and direct challenge to national policy autonomy by far. With respect to the free movement of goods, services, labour and capital, external economic relations, agriculture and, most recently, monetary policy - all of which were once the exclusive domain of the nation state - the member states have delegated authority to the European level, and thus dramatically limited their scope for independent policy-making in these areas. This does not mean, however, that the Ell's member states have become the passive targets of transnational coalitions forged by ambitious Eurocrats. On the contrary, they still play a dominant role in the whole process of European rule making and try to guard their national interests and ways of doing things the best they can. As a result the impact of European regulations is often complex and ambiguous. Haverland illustrates these points by presenting a case study in which he sketches German, Dutch and British policy preferences, as well as their origins in national practice, with respect to the Packaging Waste Directive that the Commission was preparing, the majority decision that was eventually taken in the Council of Ministers, and the Directive's effects on their respective national practices.

In some cases, the loss of state authority is evident and substantial. In Chapter 8, *AnIOn Weenink* and *Aad Correlje* analyze the processes that led to what is arguably one of the most salient events in the history of the nation state: the almost complete evaporation of the Russian state. This is, however, not a consequence of Russia's integration into the world economy, but of a vicious cycle set in motion with the execution of the Law on State Enterprises in 1987 - aggravated by the so-called 'mineral curse'. This Law destroyed the command lines that had kept the Soviet economy going, and the central government lost control over the energy sector, on which Soviet prosperity, such as it was, had been fully dependent. After the collapse of

communist rule and the assumption of power by Yeltsin, it soon became clear that the oligarchs of the energy sector had become Russia's new power brokers and most important rent-seekers. They could make or break politicians, whether reformist or not. In Russia, a complicated game is being played between the federal government and the energy sector, in which the former, in search of desperately needed financial means, imposes more and more taxes on the latter, but, at the same time, in search of the latter's vital political support, grants it ever more exemptions. The state's weakness acts as a break on foreign and domestic investment, and, accordingly, Russia's integration in the world economy will remain limited. Weenink and Correljé even go a step further: the Russian state's weakness makes it more or less immune to the effects of globalization.

The democratic state has always functioned in the context of organized social and economic interests, pressure groups and social movements. To a greater or lesser extent the effectiveness of democratic governments has been dependent on its relations with labour and capital. A leading hypothesis in the globalization literature is that increasing economic interdependencies, as well as the demand for more labour flexibility, are diminishing the government's role in the field of labour relations. In Chapter 9, *Hans Slomp* shows, however, that as far as Europe is concerned this is not the case. Globalization and the demand for labour flexibility have motivated European governments to display more rather than less initiative in calling for tripartite agreements. Moreover, tripartism has persisted in countries in which it already existed and expanded to countries without a tradition of national-level concertation. However, this spread of tripartism has not led to a convergence of the different European systems of industrial relations. Slomp's analysis of the development of these systems shows that – in spite of the pressures to converge - the variation in national policy styles and national institutional arrangements persists.

There exist striking similarities between the women's movement in Spain and the Netherlands as far as their definitions of the problems and basic strategies are concerned. Considering the fact that these countries have experienced such radically different political histories, these similarities would seem to provide *prima facie* evidence of the powers of globalization, this time in the form of 'global sisterhood'. In Chapter 10, *Conny Roggeband* and *Mieke Verloo* make clear that, also in this case, first appearances are misleading. The Spanish and Dutch women's movements against domestic violence and sexual harassment were both inspired by the same American and

British examples, it is true, but they soon found out that they could only achieve their aims by winning the active support of, respectively, the Spanish and Dutch national state. This accommodation process took somewhat longer in the Netherlands than in Spain. First, because the generosity of Dutch welfare state provisions initially created the impression that the Dutch women's movement had no need to engage itself in politics. Second, because, from 1982 to 1996, the Spanish socialist party held a virtual monopoly on political power while Spanish society, lacking a civil society tradition, was highly politicized - the Spanish women's movement simply had nowhere else to turn. Global sisterhood certainly posed a challenge, but the Spanish and Dutch states had no problem meeting it. The success of both movements in making sexual violence against women a political problem actually strengthened the state by enlarging its responsibilities with the protection of its citizens even in the sphere of their private relationships.

In the concluding Chapter 11 the editors first present the reader with an overview of the unresolved issues, the ongoing debates and the possible paths for future research that seem to be implied by the contributions to this volume. They note that the clearest and perhaps most surprising finding of the book is that the nation state endures, both nationally and internationally. Accordingly, the reader should not be worried too much by the dire consequences that many an author predicts will follow from globalization. The editors believe that the often emotionally and ideologically charged debate on internationalization, globalization and the role of the nation state, would profit from a healthy dose of scepticism, as in the form of this book. They are confident that others will disagree with them, not only with respect to the presumed positive effects of scepticism, but also to the theoretical and empirical validity of the results presented in this volume. The debate will certainly continue.

[n this book we present an overview of some of the major results of the research activities undertaken by researchers of the Political Science Department of the University of Nijmcgen in the context of the Department's research programme 'Political Change', which started in 19')4.

2

Ringing the Changes: Mutations in the Idea of Political Change

Grahame Lock

1 Introduction

The Russian Narodnik Zhelyabov, assassin in 1881 of Tsar Alexander II, is said to have acted on the maxim that 'history moves too slowly – it needs a push' (Brown 1995: 96). Zhelyabov gave it one. So too, more notoriously, did Gavrilo Princip and Marinus van der Lubbe, among many others impatient for change.

Not long after Zhelyabov's deed (and some time before those of Princip and of van der Lubbe) the Russian Marxist - and anti-Narodnik - Plekhanov published an essay on The Role of the Individual in History. He argued that no individual can buck the 'logic' of history. What he can do, within that logicallimit, is according to Plekhanov to influence social mentality and to that extent he can even 'make history'. So, he concludes, it is possible to change political reality. But this means, on his account: giving it a push in the direction in which it is in any case bound to go (Plekhanov 1946 and 1947). What determines the direction in which it must go? A deeper principle than that of individual action or any aggregate of such actions: on Plekhanov's Marxist view, it is the principle of economic determinism.

But the concept of change need not be interpreted in any such deterministic sense. It is indeed clear that the notion of political change is potentially multivalent. What, where political change is concerned, do we suppose to be in process of change? Are we concerned with essential change - say, from

one type of society to another quite different type - or also with changes within a society? With punctual and occasional changes or with long-term trends? Are we to regard political change as an endogenous or an exogenous matter, relative to the political system itself? Is the principle of any change already intrinsic to the situation which precedes it? Is there a *lelos* in the process of change or is the latter mere contingency, even meaningless, considered in the broad historical context?

Further: what theory do we apply in attempting to explain political change? Should we adopt a 'push' account of change (such as evolutionary theory, where something like a conflict of interests or of ideologies is the motor) or a 'pull' account, where for example the need to maintain political equilibrium accounts for change as its functional condition? Can anything be done to steer the course of history - as governance theory, for instance, supposes - or are we the slaves of immanent historical laws? (cf. Reinalda's contribution to this volume.) Do things keep changing or does there ever come an end to change - an end of history? And so on.

Whenever change takes place, we can ask about the substrate of the change. Something, as we noted, can change - that is, undergo modification in one or more of its characteristics - or it can change *into* something else. A political regime can, say, become milder or stricter, better organized or more chaotic; but it can also change into another, quite different kind of regime. Thus when we speculate for instance about the future of the nation state we might be concerned *either* with the question of whether the nation state is changing in respect of some of its (important) characteristics *or* of whether it is changing into – or being absorbed into - something else (cf. Hout and Lieshout's contribution to this volume). The two senses should, of course, not be confused.

A study of political change in Russia at the end of the nineteenth century might well make mention of Zhelyabov's act (which as a matter of fact resulted in a strengthening of autocratic rule). But it might, looking at the matter from a different and more academic standpoint, put the emphasis on underlying economic and political trends.[1] Similarly, Princip's act could be cited as the proximate cause of the outbreak of the Great War. But the profounder causes of the situational changes leading to war would more likely be sought in, say, the intensifying economic and military competition between Great Britain, Germany and other European states. Van der Lubbe's attempt to burn down the Reichstag provided the Nazis with an excuse for the application of State terror against their political opponents, thus allow-

ing them to consolidate their rule. But the rise of Nazism and the regime change of 1933 would itself probably be explained in more general terms, say, in terms of the chronic malfunctioning of the German economy and the immaturity of German politics (cf. Grunberger 1971: 33).

What interests us here are explanations of the second kind: attempts to explain long-term trends in social and political change in terms of their deeper causes; and more particularly, the widespread tendency in present-day thinking to suppose that the most fundamental long-term cause of political change in western societies is to be found in the *unfolding of the liberal-democratic idea.* Specifically, I shall look both at this idea itself and at some of its roots and implications. The topics addressed are among those treated in the Nijmegen research programme on political change. It should be noted at the outset that I am by no means always in agreement with all the authors and theories discussed here, but I take them to have raised significant and relevant issues.

2 A Liberal End of History?

Before turning to the above-mentioned theme, I should make some very brief comments on the history of the idea of political change. We know that some thinkers of classical antiquity - Parmenides is the exemplary case - regarded all change as illusory. Certain conservative thinkers inclined towards the same direction, the reason of course being that, on such a conservative view, the basic values of politics are immutable; apparent change is thus unreal. Plato argued that the Idea or Form of the Good is, like other conceptual essences, invariable. So the true science of politics is the science of such invariable Forms. Heraclitus, in contrast, held that all is in motion - though at the same time, as he liked to put the point, it is not. So, he concludes, change is contradictory, as indeed is the essence of reality. The world is not so much being as becoming. Greek democrats tended to take a Heraclitean point of view. Ancient oligarchs on the other hand interpreted this commitment to change as a confession by the democrats of their hostility to perfection and their propensity to corruption; for change *is* corruption.

In certain respects, similar divisions of opinion still operate in the field of political ideas. Democratic thought is still attached to change, which since the nineteenth century has typically been glossed in terms of the category of progress. Conservatives, in contrast, who often argue for the *de facto*

harmful consequences of social change, at the same time frequently claim that democracy encourages a false relativism of values.

Yet it would not be much of an exaggeration to say that we are all relativists now. The distance between the political margins has narrowed, at least in the western world. The political divide now tends to set those who believe that change should proceed rapidly against those who demand only a more gentle pace. Thus few today deny the necessity of social and political change, nor the mutability of social and political norms. Repeatedly to 'ring the changes' is now normality.

I already made a reference to Plekhanov's historical theory. The debates among Marxists on historical change offer some of the richest material available to those wishing to reflect on the topic. But few political scientists are now Marxists; they seek their inspiration elsewhere. In this they mirror the general ideological trends of the age.

Our epoch, at least in the western world, seeks its normative foundation in neo-liberalism, associated with a certain interpretation of the democratic principle.[2] The present relevance of the reference to neo-liberalism is that the agenda for political change in our time sometimes appears to be marked by a kind of *inevitability.* It is the inevitability of the progressive realization of neo-liberal and neo-democratic 'values'.' That is to say, the political changes taking place in the world often *look very much like* results of what I called a (step-by-step) unfolding of the neo-liberal idea. They are certainly widely interpreted in this sense.

Perhaps the best-known recent example of this line of interpretation is the work of Francis Fukuyama. One of Fukuyama's suggestions - published in 1989, just at the time when the communist bloc was collapsing - is that there is after all, in spite of our twentieth-century scepticism and pessimism, something like a 'universal idea of history', understood in a more or less Hegelian sense; and that the direction which this idea is taking is that of the ultimate triumph of liberal democracy. 'What is emerging victorious', Fukuyama adds, 'is not so much liberal practice, as the liberal idea'. Hegel, he suggests, was right to talk about an 'end of human history', but wrong in his characterization of its nature. The end of history, Fukuyama adds, is in fact a capitalist and liberal-democratic one (Fukuyama 1992: 45, 136-39, 289); and it is already upon us·

I want to distinguish two ideas: on the one hand, the notion that political change, in the deeper sense, is and must be in the direction of an inevitable and global victory of the neo-liberal idea (a story of which

Fukuyama's account is only one variant); on the other hand, an insistence on the real and still-expanding power of a multinational, or better transnational capitalism, whose functioning is patterned and legitimated by a global network of neo-liberal political and legal structures.

The first idea, it seems to me, is a chimera, though it is not possible within the limits of this chapter to demonstrate this point. The second, if carefully formulated, may contain much truth. If so, it points to a deep-seated source of political change in our time. Some of the aspects of such change have moreover received insufficient attention from researchers – for instance those concerning the links between the various contributing elements of liberal-democratic ideology, especially its *individualism,* its *rationalism* and its *anti-dogmatism.*

It is a matter, however, not of the 'unfolding' of an idea, but of the functioning and mutation of institutions which – even if we call them by the apparently simple, perspicuous and innocuous name of 'liberal-democracy' – are in reality a product of complex historical processes and struggles between very different, often bitterly opposed political currents and movements. The results of these struggles have, under specific historical circumstances, included great political gains, some of which are now enjoyed by the peoples of the western nations. But that is another story, and not the whole story.[5]

In a Left-handed sense Fukuyama was not wrong to raise the issue of a liberal-democratic end of history. For there is a widespread and effective *ideological belief* in just such an end-point. It is indeed *as if* there were an essence or logic of liberal democracy in the process of 'working itself out' in history and now indeed moving toward its apotheosis.[6]

This notion is in fact one of the component ideologies of late modernity. Only one component, it is true: for modernity is a portmanteau idea made up of various parts, whose sundry combinations permit different interpretations. The presently dominant version of the liberal-democratic idea is, roughly, one which seeks and finds the legitimation for political and social policy in an appeal to administrative and scientific *rationality,* to individual (and sometimes group) *rights,* and – in the appropriate cases – to *democratic* decision-making procedures.

Liberal ideology – in this respect an heir to the Enlightenment tradition, and true to its attachment to the ideals of human freedom and reason – recognizes no dogma. This is its strength. But it is also its weakness. For, in practice, this attachment can function as an obstacle to self-understanding – as

an obstacle to a grasp of the principles of liberal democracy's own mode of operation as an ideological system.

3 Liberalism, Contractualism and Narcissism

A standard contrast in liberal ideology is that between dogmatic inflexibility on the one hand (something which it, of course, opposes) and openness to 'rationalization' on the other, this latter being understood as a principle applicable to all the organizational structures of society (a principle which it supports and promotes). The goal is to change society for the better. This kind of change is taken to imply both the elimination of anomalies and increases in social efficiency. Rationalization, in a sense expanded even beyond Max Weber's conception, has become a central ingredient in the quasi-official ideology of nearly every western government. It implies the necessity of change, and always in principle in a positive direction.

But what is it that rationalization rejects with such determination? What is dogma? We need to make a detour in our story in order to address this question, before integrating the answer into our remarks on political change.

Dogma is, in brief, sacrosanct truth.' To reject it is to reject the existence of any such truth. But this - at least on one view, that of Freud - means to reject the 'paternal law' (cf. Freud 1955 and 1957).[8]

Resistance to the paternal law is fed, on Freud's account, by narcissism. Some commentators indeed claim that our society is becoming ever more narcissistic. Christopher Lasch for instance has produced an articulate if controversial and sometimes superficial version of this thesis (cf. Lasch 1978). We are all to some extent narcissists, Freud insists (Freud 1953: 89). But when 'cultural' - or socio-political - conditions favour it, narcissism flourishes. *The continuous expansion of the power of liberal or neo-liberal institutions is such a favouring condition.*

Freud writes about the narcissistic stage in individual human development, at which the little child imagines himself - that, after all, is how the world and especially his parents treat him - to be the centre of the universe, monarch of all he surveys, owing allegiance to no one and nothing: he is 'the centre and core of creation - *His Majesty the Baby*, as we once [all] fancied ourselves' (cf. Freud 1957: 91). So narcissism already has a 'political', in fact a kind of 'monarchist', dimension.

The Freudian Pierre Legendre suggests that, within the general liberal framework, it is 'contemporary contractualist ideology' that encourages regression to narcissism. For is not each adult among us nowadays told, even officially, that he is the legitimate source and origin of all his 'preferences', therefore of all his 'choices', of course on the basis - we already came across this concept - of his own freely adopted 'values'? Thus no more than pragmatic allegiance can be demanded of the individual to anything outside himself. In present-day contractualist society, each of us - so he is unceasingly assured - is a little sovereign, in a world of his sovereign peers.

Reality, however, looks rather different. In reality each of us is already 'recruited' at an early age by some dogmatic system or systems." We can of course later repudiate the content of the system which first socialized us, and replace it by another one. We can change our minds, even radically. But we cannot step entirely outside the structure of dogma itself - or rather, we can do so only partially and occasionally, standing, so to speak for a while on one leg in order to 'freely' move the other. So 'anti-dogmatism', if it makes sense, is always a relative concept, specific to a given situation, and never an unequivocal general recipe for political change.

We can, it is true, *attempt* a comprehensive emancipation from any and every dogmatic authority. The 'success' of such an endeavour is however purchased at a high and perhaps surprising price: the risk of psychotic breakdown.[10] This is Legendre's claim. Moreover, if the function of dogma is to knit together the biological individual and the social institution, within the framework of some system of what we called sacrosanct truth (whatever the degree of success of this operation in an individual case may be), it would follow that, when the knitting starts to unravel, as contemporary contractualism causes it to do, the barriers are removed to a reintroduction of 'social fantasms of absolute power' (Legendre 1997: 116)[11] For where lies the limit - the limit to change - when nothing is sacrosanct?

What contractualism in its liberal or modern variant in effect denies, Legendre adds, is the triangular character of social relations. It represents these relations on the model of a bilateral or multilateral, but in any case one-dimensional link between the contracting parties, whose relations are their business alone. Yet this is to ignore the psycho-political necessity of a reference to a third party, outside of and above the two or more contracting parties *(ibidem:* 249, 253), a reference without which the contract would be empty in itself and arbitrary in its consequences. This third party may be Cod, or some other source of the above-mentioned sacrosanct truth.

It is such a triangular relation which concerns Freud in his study of *Group Psychology*. The proper model of a social or political relation, he argues, is a group of persons united not in a contractual but in a libidinal relation, of each with his fellows *and* of all to such a third party. This latter may be a 'charismatic leader', but can equally well be an idea or an abstraction ([reud]955: 100): a religious idea, nationalism, socialism - or freedom, democracy and the rule of law. It is again a matter of narcissism, but now of a collective narcissism: a community is united in self-love, but only when the bilateral relations between its members are cemented by an identification with an idea or leader of sacrosanct standing: that is to say, with a dogma.

Dogmas are - it ought to be added, to avoid all misunderstanding – by no means always conservative in their content: they may be liberal, radical or even revolutionary. There is even a dogma of anti-dogmatism, which in fact plays an important role in liberal and neo-liberal thought.

Bernard Edelman makes a similar point in a different way. Human individuals in mass society, he suggests, are characterized by their attachment to 'two affective centres'. On the one hand they stand in a relation of subordination to some authority. On the other hand it is this very relation of subordination that makes it possible for them to 'identify', on a basis of equality, with their fellow men. That is to say, sociability is a function of submission. The masses, Edelman adds, are the slaves of their master's liberty, and indeed of the latter's own narcissism (Edelman]981: 69, 76). This account may remind us of the story of the Grand Inquisitor in Dostoyevsky's *The Brothers Karamazov*. Ordinary people, says the Inquisitor, need someone or something to worship. 'When gods disappear from the earth', he adds, 'they will fall down before idols just the same' - even if before secular idols.

Let us finally note that the juridically defined individual, beloved of liberal ideology, possessed of a juridically defined rationality, is in a sense the antithesis of the narcissistic and irrational 'mass' individual which fascinated Freud. Yet have we not already for a long time lived in an epoch of the masses - and of their (irrational) revolt? The task of neo-liberal ideology, it seems, is in part to keep these two pictures at arm's length: to treat the 'affective', 'dogmatic', and 'irrational' features of human life, and especially of mass society, as if they were no more than accidental deviations from the rational norm. For it is this norm of rationality. and not the 'darker' truths about man, which it hopes to establish as the effective guiding line in political change.

4 Are There Limits to Political Change?

These remarks may throw a useful light on the general background to recent processes of political change. It is a matter, in the phrase which we have already met, of the content and consequences of 'contemporary contractualist ideology'. Contractualism is of course a very old idea. But much newer - dating from the end of the Cold War - is the situation in which the contractualist metaphor, posited as a generally valid picture of human society, *hardly meets with any resistance*[12] [mean: with hardly any resistance from large-scale social movements or 'counter-institutions', inspired by an alternative vision. There are of course and will continue to be many individuals and groups for whom the world is viewed in quite different terms. But the Zeitgeist, so it appears, is against them.[13]

However that may be, in such a contractualist picture the contracting parties are, let us recall, represented as sovereign egos, whose will is source and origin not just of particular contractual links but of the law itself. So *political change,* on this view, is *just a function of the repeated exercise of a multiplicity of free individual wills.* A narcissistic image - a vision of omnipotence.[14]

For on this assumption, there is no intrinsic limit to the breadth or depth of political change. There is after all no authority, beyond the individually contracting parties, capable of setting any such - 'dogmatic' - limits. Reason and rationalization hold sway.

The essentially economic concept of rationalization (together with the notion of its presumed product, efficiency) is next linked with an idea of democracy. This is glossed as a form of sovereignty of the people, where the latter is understood as an aggregate of free and equal individual wills. These seek satisfaction on a market of competing values and programmes. A paradox (to return to Freud's point): in the age of advanced *mass society* the sovereignty of the *individual* is still, indeed ever more insistently propounded, in a kind of imaginary or wishful resistance to reality, as the foundation of society and of the state (cf. Edelman 1981: 21).

In this manner a whole ideological package is tied together. The package centrally includes - this point is directly relevant to our theme - a conception of *political change as progress.* For progress is nothing other than continuous change in the direction of rationality and efficiency, of democracy and liberty.

But there is another paradox. For if we look at the matter from another angle, it appears that there is *after all a limit to change.* Why? Well, suppose that a 'liberal end of history' were to be realized; that is to say, suppose that liberalism were indeed to emerge definitively victorious over its rivals and principal opponents. Then it would be irrational to attempt to 'transcend' it. Political change would in this respect have come to an end.

Note, however, that to challenge this limit would be to reintroduce the ghost of *another kind of change: revolution.* Jean-Claude Milner comments that the contemporary political system demands and enforces respect for a certain stability of political form. This is called a 'constitution'. The constitution describes the limits of legitimate political action, and thus of political change. It guarantees for instance the rights to freedom of thought and association. But at the same time it defines procedural structures that make it possible for these very rights to be abrogated. Thus neo-liberal society, whether or not stable *de facto,* contains - as is well known - a fault line. Revolution *is* possible: in this case, 'legal' revolution against the liberal state. The reproduction of liberal democracy is *not guaranteed* by its formal structure. Its conquests can be reversed; change can take place in a 'backward' direction.

But, it might be argued, no liberal or neo-liberal ever seriously believed or claimed otherwise. This however would mean that the liberal state also needs to ensure, alongside the formal conditions, the material conditions of its reproduction.[15] That is to say, it must make use of the standard instruments of social manipulation (sometimes called propaganda or education) and, if necessary, of violence.

But why might it, as a matter of fact, need to make use of such means? Does it have (virtual or actual) enemies? That is an empirical question, to be posed in any given case. There are however thinkers who claim that in every social system, at least in all advanced or developed systems, including liberal systems, there is oppression and exploitation - and resistance (cf. e.g. Badiou 1991). That is to say: there is always at least potential for revolution.

Now revolution, in Milner's conception, is rebellion, which means, in his formulation: a practical attempt to apply the idea that there really are *no bounds* to possible change (Milner 1992: 28). Revolution is possible: and *not only in the legal form.* This is a more interesting idea than that concerning the lack of a formal guarantee. It raises a question that neo-liberalism, in its common variants, generally allows to slumber, perhaps in the hope that it will never raise itself from sleep.

5 A Transformation in the Idea of Change

As we have already noted, most of the elements of this contemporary ideological configuration have been in existence for a long time. But they are now combined in a package which appears, as we claimed, to meet - for the first time in history – little structural or institutional opposition. With the end of the Cold War it is *as if* there were an end of history, characterized by the triumph of liberal or nea-liberal structures and 'values'. There are of course optimistic and pessimistic versions of this view: the new situation may be welcomed or deplored. But we are concerned with its significance from the point of view of political change.

It seems to me that in this connection the collapse of communism really has played a key role.]6 For it means that we now have to think about political change in a different way. Etienne Balibar remarks that the defeat of communism marked not only the end of the period of political 'modernity' opened by the French Revolution, but also the end of the appropriateness of the political vocabulary which that Revolution introduced or popularized – and in the first place of the notion of 'revolution' itself. And yet the events of 1989-91 were themselves widely described and interpreted in just these 'old-fashioned' terms: as revolutions – or at a pinch as counter-revolutions, which in the present context comes to the same thing. That is to say: they were transformations of the 'old sort', whose consequence was however, it seems, to make further transformations of the same old sort not just impossible but practically unthinkable (cf. Balibar 1991: 5). So a mutation has taken place in the notion of political change.

An important and connected aspect of recent change is the partial disappearance of the labour movement in its classic form, as well as of the stock of concepts – like that of class struggle - which inspired it or which it inspired. The new general line of western Social Democracy is neo-liberal; it wants to sweep away the irrational ideological and political relics of past history - like socialism itself, but like conservatism and other outdated dogmas too. This is by definition an anti-dogmatic position: it rejects, at least in principle, all 'value-authoritarianism'. In that respect it is already 'postmodern', but only because and in so far as it has realized the essence of modernity.

Are we, in this sense, all liberals now? Fukuyama has proposed an interpretation of the present state of affairs. He claims that, following on what he

calls the twin crises of authoritarianism and socialist central planning, all rival candidates to liberal democracy as an ideology of potentially universal validity have been knocked out of the running. How does Fukuyama support this claim? He declares in this respect his debt to Hegel's philosophy of history (cf. Fukuyama 1992: 42, 199). It is odd that he invokes Hegel, since the latter's philosophy is rooted in a quite different philosophical tradition from that of liberal democracy. In particular, it makes use of a very different conception of reason. Hegel's account is a historicizing idealism, in which for instance 'age-old tradition' and religious faith play a role quite distinct from that of mere obstacles to rational thought, rational action and rational social organization. Indeed, reason, in his view, reveals itself in states of affairs and in social structures, which others - like many contemporary liberals and social-democrats - assault as examples of patent irrationality. So Fukuyama is in this regard, like most of his contemporaries, really an anti-Hegelian.[17]

6 Kinds of Political Change

I have already made some scattered comments about cause and effect in the field of social and political change. In Marxist theory, as is well known, there is said to be an economic basis or infrastructure which functions as a kind of ultimate cause of social change, and an ideological, legal and political superstructure which, though ultimately an effect of the economic infrastructure, may itself come to function as a secondary cause of such change (cf. for example Cohen 1978; Lock 1981).

We can usefully distinguish in this connection between various kinds of change. CA Cohen offers the following set of distinctions. There are, to begin with, structure-preserving changes. At the economic level, for instance, inefficient firms go bankrupt, their places being taken by other, better functioning organizations. But these are changes which help preserve the economic structure, a structure that might otherwise be under threat. Secondly, there are type-preserving changes: for instance, the early capitalist state form was replaced by a welfare state, a change which, however, was not just compatible with but may even have been a necessary condition of the maintenance of capitalism. Thirdly, there are changes which do not preserve a type of society but rather destroy it, creating something new: 'this is the revolutionary case' (Cohen 1978: 85-86).18 Revolution occurs, producing epochal

change: one social system (the ancient world, feudalism, capitalism) is succeeded by another.

Compare Hegel's account. For Hegel, it is true, the stages of history are categorized in rather different terms: in terms of the unfolding of the rationality of Absolute Spirit. The whole process is realized in historical stages, in a succession of what we may call civilizations. This succession of civilizations - together with the political changes associated with it - has a 'logical' character. For it has a final cause: 'the consciousness of its own freedom on the part of Spirit' (Hegel 1991: 18-19). But the theme - the 'becoming'- with which Hegel is concerned may, like that of Marx, be called one of 'epochal' change. Thus both Hegel and Marx, each in his own way, claim to know why the world is changing, and in what direction. [19]

The same is not always true of contemporary political scientists. But it is true that, in their studies of political change, something of the interest in epochal change remains. This interest is largely directed at what is called 'political development' in the second (ex-communist bloc) and third worlds (see for instance Apter 1968; Huntington 1968; Nisbet 1969; Higgot 1983). The idea seems to be that both these worlds are in an inevitable if sometimes slow and uneven transition to liberal democracy; and indeed that this latter is the *telos* of all human communities which can hope to survive. Political change thus, in this usage, again seems somehow to imply social progress or modernization.

We have discussed, above, a number of distinctions between various kinds of social and political change. One of these was structure-preserving change. Harry Eckstein introduces a similar idea, that of 'pattern-maintaining' change, as it operates in the cultural field. There is, he comments, a type of cultural change whose function is to 'keep cultural patterns in existence and consonant': *plus ça change, plus c'est la meme chose.* But with modern society becoming ever more complex, another form of change may, he says, be expected to occur. The point is that this complexity demands a flexibility on the part of the members of society. Thus a movement away from cultural rigidity is indicated. Indeed, Eckstein remarks that as societies become more changeable, the elements of culture increasingly become 'forms' that can subsume a variety of 'contents'. Post-modernism again, we might think.

There is a relation between the notion of culture on the one hand and that of dogma on the other. If dogma consists in the sacrosanct truths of a given society, then it may be regarded as a kind of core of that society's institutional culture. For all dogma must be institutionally reproduced. Yet in

the modern ideology of rationalism, the notion of dogma itself has been thoroughly discredited. Thus, in late modern society, cultural features which fail to meet the dominant rationalist criteria can be condemned as, precisely, dogmatically inspired obstacles to (necessary) change. But what institution does not, at least potentially, fall into the danger zone?

In respect of radical and discontinuous change, Eckstein argues that, in periods in whicb such change is recurrent, it tends to foster cultural traits 'conducive to reorientation'. That is to say, cultural values come 10 'anticipate' their own obsolescence and need for replacement. It is a matter of the essential changeability of culture, of its lack of an ultimate foundation[20]

This state of affairs might - to return to an earlier theme - be regarded as a dangerous one. For it would mean, if Legendre is right, that one important barrier to the 'natural tendency to psychosis' - the barrier of socialization in a system of sacrosanct truth - is at least partially removed (cf. Legendre 1983: 28). Political scientists generally pay little attention to scenarios of this kind. Moreover, the argument may seem difficult to support empirically, and might in any case look exaggerated. But Eckstein himself, in a glimpse of its possible importance, talks of a 'malaise about authority' in highly advanced societies, which paradoxically 'seems to exist concurrently with the progressive growth of what people supposedly (and no doubt actually) want authority 10 be: decent, down to earth, participant, lenient, concordant, open to achievement'. In a perspicuous comment, he adds that the explanation of this malaise might lie in the 'disenchantment' of politics, in its substitution by 'rationally effective but too-drab systems'. For though society and polity remain 'intangible mysteries', 'dignity has waned in relation to efficiency' (Eckstein 1992: 259). To the extent that there has been such a movement from dignity to efficiency, 'our representative figures Ihave become] capable but plain', managers rather than princes. This, he adds, is what people seem to demand; but, he asks, can they live with its consequences? So it is important to ask what these consequences might be. These are questions of some importance. But their place in the study of political change generally goes unnoticed, or remains obscure.

It is typical of development theory, Eckstein continues, to think of social and political change in terms of successive stages rather than of continuous growth. Our society, it is usually assumed, has reached an advanced stage in the developmental process. But what characterizes such an advanced society? Eckstein suggests: the degree of penetration of society by the political domain. Indeed, political development, he writes, is a matter of growth in

the *political density* of society. So advanced society – that is to say, modern society – is typically 'political society'. But has there really, as Eckstein argues, been an expansion of the political sphere, a kind of colonization of the social by the political domain? Or is it rather a matter of what Carl Schmitt calls the typically liberal 'negation' or denial of politics: of a reduction of politics to economics (with a supplement of morality) or administration? An old dream, but one constantly - and recently - recycled in new variants.[21]

7 National Boundaries and Globalization

Whether or not we can live with the state of affairs described by Eckstein, we seem to be obliged to come to terms with a measure of political internationalization and globalization - my last theme. There is much to be said about these processes, and little room to say it here. We must therefore restrict ourselves to a few remarks on the manner in which these tendencies can be and often are interpreted as yet further examples of a progressive realization of the neo-liberal idea. What after all are national boundaries - it is now often argued - but institutional remnants of an irrational or dogmatic attachment to an out-of-date ideology (the much-denounced 'stupidity of nationalism')? If society and the state are to be understood on a contractarian model, why should a given aggregate of its contracting parties be obliged to unite in the limiting figure of a nation? Any voluntarily agreed form of association would be as good as any other. The nation state can on this view make no serious appeal to a naturally pre-eminent status. The attempt to defend it as anything but a contingent preference would render it liable to anti-dogmatic criticism. State sovereignty would be the reflection of such a contingent form of international organization, always subject to 'renegotiation' by any parties with an interest in the matter - whether individuals, associations, other states or supra-state entities, multinational and transnational corporations or whatever.[22]

There are commentators who interpret this situation optimistically. To some, indeed, it looks as if nothing less than a global society, based on a global economy and organized in a global political order, can satisfy the demands of the logic of neo-liberal democracy – that is to say, globalization is also an end to which history tends.

Philosophically, such a picture is as idealistic if not as subtle, as Ilege!'s great metaphysic of history. There is a temptation, basing oneself on this image, to interpret all political change as *either* change in the direction of the fulfilment of such a logic – in which case it can be qualified as essential change – or, where it appears to point in the 'wrong' direction, to disqualify it as a contingent regression. It is tempting, for example, to interpret all evidence of the supersession of national sovereignty as the expression of such an essential transformation, while evidence of its continued significance or even increasing importance is viewed as merely accidental, or subordinate to the subjacent movement (cf.the Introduction to this volume).

There are some thinkers who hesitate to accept the optimistic picture. Alexander Zinoviev for example has remarked that globalization – whatever it might be – does not, nor is it intended by its principal protagonists to serve the interests of humanity. On the contrary: it is a struggle of one section of humaniry against all others for world domination. 'It is a cruel and merciless struggle', he adds, whatever fine phrases may be used to disguise the fact, a fight for domination and for survival. The vanquished who survive will be allowed to live, he predicts, only in a form and measure which the victors find appropriate. The defeat of Soviet Communism turned the earth into a 'one-party planet'; and this development was probably fatal for the future chances of successful resistance by the exploited and oppressed. In other words, there is not much room for radical political opposition to the new or emerging global structure, since there are no obvious alternatives to it (cf. Zinoviev 1998).[23]

This is not an apocalyptic message. For it is not a matter of predicting another kind of end of history – a catastrophic one – but of informed speculation on the direction in which the processes of political and social change may be taking us. For the rest, Zinoviev's view is compatible with the hypothesis of a continuation, in modified form, of the figure and function of the nation state. Such states generally, after all, still exercise and will presumably continue to exercise, to use a classic phrase, a 'more or less successful monopoly of control of the means of violence within their own territories' (Barrett 1996). Moreover, their frontiers continue to play an important role: for example, they are still firmly closed, and are intended to remain closed, not to each other's citizens, but to mass immigration by 'undesirable' populations from the underdeveloped world. In this sense sovereignty remains not just intact, but a necessary instrument of exclusion.

'Globalization' is in fact arguably no more than a tendentious description of the dynamic situation of a world entirely carved up into a pattern of competing but at the same time cooperating nation states, grouped into temporary or more or less permanent alliances, a world whose 'civil societies' function, as they always have done, internationally, perhaps indeed ever more internationally. But this in fact happens not just with the permission, but in one way or another with the active encouragement and support of the various nation states. The globalization thesis suggests, in contrast, that this latter fact is a mere contingency and an obsolescent one at that. In other words, globalization can be understood as a (neo-Iiberal) myth, though of course a myth with its own material political consequences: what Machiavelli called a *verita effetuale.*

8 Conclusion

To conclude: political change in the direction of internationalization, or of the global society has been widely understood -- explicitly or implicitly – as determined by a process of the unfolding of the liberal-democratic idea. This conception, I have suggested, is erroneous in various senses. It is true on the other hand that we can expect further changes in the direction of the consolidation and expansion of what is called 'global society', a society structured by neo-liberal and neo-democratic – perhaps they should be called post-liberal and post-democratic – institutions. But this is not the same thing as what is nowadays called globalization, since it leaves the nation state intact. Nor in any case is there anything predetermined about such developments. There is no end of history to which they point. To believe such a thing would be to succumb to what Plekhanov, in a typical turn of phrase, called the attitude of *the fatalism of inevitability.* Whoever we are, and whatever our specific interests and ideals, we strive, he added, to discover the 'iron laws of political change'. But usually in order, following the example of the circus strong-man, to bend them.

See for instance Lenin's well-known 1899 study of contemporary Russian economic his-'ory (Lenin 1974).

2 From the philosophical point of view, the characterization of liberal democracy and of nea-Iiberalism (which are not systematically distinguished here) made use of in this paper is an unrefined one. But it will do for present purposes. See also Marcel Wissenburg's essay in this book.

3 On Charles Taylor's account too, our epoch is ideologically dominated by what he calls the liberal-individualist axiom. According to this axiom, the goals of individuals (and derivatively of groups) are understood as being 'freely adopted' by them, rather than being 'determined by the nature of things'. Hence, he comments, the modern system calls them *values* (Taylor 1980: 78).

4 There are other versions of this idea; for instance that proposed by the nineteenth-century mathematician Antoine-Augustin Cournot. 'He envisaged "history" (roughly the conflict-ridden epoch of wars of religion and politics, of great heroes and mighty deeds) gradually coming to an end with the institutionalization of scientific discovery, technological application and market economic enterprise' (Martins 1996: 221). See also the special number of the journal *Wijsgerig Perspectief* (Meppel) on 'Het einde van de geschiedenis', no. 2,1994-95.

5 See on this theme Zinoviev (1999b). He argues that, during the latter period of the Cold War, 'the west was characterized by a flourishing of democracy, of liberalism, of freedom of thought and of creative pluralism.... These seemed to be organically linked to the very nature of western civilization'. But this turned out not to be the case. With the collapse of the Soviet Union and the communist bloc, there occurred not a further flourishing but on the contrary the beginnings of a 'destmction of the very foundations of [European] civilization' and the 'collapse of its true values'.

6 I leave aside here the question of whether a new 'enemy' of the western world has been identified - had to be identified - in 'Islam' or its fundamentalist variant. But whatever might be thought about this matter, the so-called fundamentalist threat is self-evidently of an entirely different order from the old communist menace. There is no visible prospect of a Moslem 'takeover' of western European societies or of the imposition of the Moslem religion and Moslem laws on their populations.

7 For an extended account of the history of the various concepts of dogma and their application, see Herberger 1981. Compare Lock 1999: 72-79.

8 See Freud 1953: 143.

9 Althusser calls this process of ideological recruitment by the name of 'interpellation' (Althusser]976: 113-14): 'All ideology interpellates concrete individuals as concrete subjects.... It "transforms" the individuals into subjects (it transforms all of them) by that very specific operation which we call *interpellation*...' (emphasis in the original).

10 See Legendre 198{), a study of murder and attempted murder by a French Canadian, Denis Lortie, and of his 'psychotic endeavour to erase the social phantasm of paternity'. Lortie, whose avowed aim was to massacre the members of the government of Quebec, told police after his arrest that the 'government had my father's face'. In a perfectly narcissistic manner - a feeling of omnipotence being one of the principal phenomenological features of narcissism - he added that 'I felt capable of destroying this aUlhority, my strength was boundless' *(cr* the editor's Introduction in Legendre 1997: 3-8).

11 Compare Zinoviev's recent condemnation of 'western totalitarianism': he claims that, with the NATO war against Serbia, 'the west has revealed a ... very powerful tendency to a generalized totalitarianism', 'in total contempt of the international institutions which it itself created' (Zinoviev 1999a).

12 It *is* contested outside of the western world, notably by militant Islam (but see the remark above on the relation of Islam to the west).

13 One of the tragic features of contemporary life, in a technical sense of 'tragedy', can be found in the inevitable struggles inside non-modern social institutions – like the Catholic Church - between them and those of their own members suffering from a severe strain of the 'modernizing' virus, struggles usually (predictably) ending in a degree of institutional disintegration. Sometimes leaderships, in an anticipatory mode, themselves initiate such a modernization drive, which then often slips out of their control.

14 It is this modern notion, applied in all its apparent consistency, that underlies post-modernism, according to which there are no legitimate 'grand' - supra-individual and binding - narratives. In a sense, post-modernism just is consequent, narcissistic modernism - putting an end not to history, but to modernism itself.

15 One question is what to do when the constitution is under serious threat. Carl Schmitt, the German jurist, made a plea in the early 1930s for the assumption of dictatorial powers by the President - thus violating the existing (Weimar) Constitution in respect of certain of its articles, but in order to save the essence. Having lost that battle, Schmitt 'capitulated to reality', joining the victorious Nazi Party (cf. Schmitt 1973).

16 Cf. Zinoviev (1999b): 'Our epoch is not just post-communist, it is post-democratic.'

17 Ten years after the publication of his original article, Fukuyama has confessed that his end-of-history thesis is fundamentally false, his reason being that it failed to take into account the dynamic character of the natural sciences. But he now predicts an end to human history within a couple of generations, when biotechnology will have developed the tools necessary to carry out what social engineering (political action) failed to accomplish. At that moment, he says, a post-human age will begin (Fukuyama 1999).

18 Cohen adds: '[t is sometimes appropriate to explain phenomena by reference to the economic structure itself, in abstraction from the processes enveloping it. Perhaps the emergence and strength of the ideology of liberalism are in part due not to the dynamic of capitalism but to its persistent structural requirements: this was certainly Marx's view' (Cohen 1978: 87).

19 There is of course much more to be said in respect of any comparison between Hegel and Marx: see in this connection especially the commentaries of Louis Althusser on the topic.

20 This means, by the way, that a change has also taken place in the sense of the term 'culture'. Its original meaning, defined by the canon lawyer Gratian in his twelfth-century *Decretum,* was rather that now reserved for the term 'dogma': false and intolerant belief, in particular that of the adversary, that is, of the non-Christian (Cratian, *Decretum,* 26.2.9; quoted in Legendre 1974: 263).

21 Cr. Schmitt 1996: 61, 69ff. Schmitt writes that 'the pure and consequential concept of individualistic liberalism' can produce no positive theory of politics. For liberalism understands politics not in political terms, but in economic terms, as a 'rationally constructed social ideal or program, a tendency or a rational calculation'. He notes, at the same time, that Marxism 'follows its liberal bourgeois enemy into its own domain, the economic', For Marxism is - or is widely understood to be - an economic determinism. Marxism also, like some other variants of socialism, hoped to replace politics (political struggle) by administration.

22 It can be argued that we should talk not so much about a renegotiation of sovereignty as about an imposition of new international juridico-political forms. But this of course would be an illiberal way for any state or coalition of states to behave.,.

23 The NATO war against Yugoslavia can be regarded as an important step in the imposition of such 'one-party' hegemony. The accusations of humanitarian excesses committed by the Serbs against the Albanian Kosovans are on this view - whatever their truth - the necessary, indeed classical pretext (there has to be some pretext, and one which rests on real excesses presents significant advantages) for the demonstration of the one-party capacity to rewrite international law and to redefine the global order, especially where these bear on national sovereignty. But note that the 'one party' is in fact an *alliance* of nation states, in this case the NATO member states, even if an alliance led and dominated by the United States.

3

The Limits of Theory: Detecting Contemporary Global Change and Predicting the Future of the States System

WiZ *Haut and Robert* H. *Lieshout*

1 Introduction

In this chapter we explore the extent to which a systems approach to international relations can help us get a grip on the changes that are, and have been taking place in the international system. We will do this by focusing on two crucial changes characterizing the contemporary global order, which can have far-reaching consequences for the existing Westphalian states system: (1) the end of the bipolar structure of the international political system, which had been with us since the middle of the 1950s, as a result of the collapse of the Soviet Union and its disappearance as a superpower, and (2) the increase in the level of interdependence among national economies.

In Section 2, we discuss the relevant theoretical notions provided by the systems approach to international relations as introduced by Waltz (cf. Waltz 1979). Our discussion is primarily based on a brief review of some pertinent perceptions on the relationship between agent and structure in the international system published by various lR-researchers in the course of the last decade. These perceptions resulted from a major re-thinking of IR-theory, which was set off by the historically unprecedented, and theoretically unexpected, peaceful disintegration of the Soviet empire.

In Section 3, we try to establish to what extent we can substantiate the presumed changes with empirical data. Pinally, in Section 4, we turn to the question of what, on the basis of our theoretical understanding and our

empirical results, we can say about the future of the international system. Do the end of bipolarity and the rise in interdepence sound the death-knell of an international system in which sovereign, territorial states are the dominant players?

1 Theory: Understanding Contemporary Global Change

2.1 A SYSTEMS APPROACH

A first step to understanding contemporary change at the global level, is to assume that it is possible to divide the universe of possibly relevant phenomena into phenomena that are relevant to the explanation of it, and those that are not. The ones that are relevant are considered to be part of a *system* - in this case, of course, an international system. These phenomena, or *elements* of the system, are somehow interrelated. This means that 'the conduct or state of anyone of the elements is influenced by the conduct or state of the other elements' (Lieshout 1995: 17). Moreover, as far as these elements are concerned, a distinction should be made between the *actors* (or the *interacting units)* on the one hand, and the *structure* on the other. In this we follow Waltz's exposition of the systems approach in *Theory of International Politics* (Waltz 1979). According to Waltz, 'at one level, a system consists of a structure, and the structure is the systems-level component that makes it possible to think of the units as forming a set as distinct from a mere collection. At another level, the system consists of interacting units' *(ibidem: 40).*

A systems approach implies that the actors in the system under consideration are assigned a certain motive to act. This is the so-called 'explanatory principle'. In the case of the international system we assume that the actors try to survive in that system. The actors do this by adapting to the system's structure to the best of their knowledge. It is up to the actors to find out what the structure looks like and to decide whether or not they want to comply with it. The structure does not determine the actors' behaviour. The manner in which this adaptation process takes place can, in turn, have consequences for the structure of the system. If this possibility were excluded, then there would be no need for a systems approach (cf. *ibidem:* 58). A systems approach also involves a decision as to which of the elements in the system under consideration will be conceived of as the actors in the system

and which ones as part of the structure. This choice of the actor is guided purely by methodological considerations. The only thing that matters is that our choice of the actor promises to provide us with the best possible answers to the types of question we wish to answer (cf. Lieshout 1995: 19-20). Since it is our aim to understand contemporary change at the global level, we think it is best to assign the explanatory principle to the state, and not to so-called 'non-state actors', such as multinational corporations, international organizations, or transnational social movements. Thus the international system is a states system.

2.2 WALTZ'S THREE-PART DEFINITION OF STRUCTURE

We start our 'imaginative construction' of the states system (cf. Collingwood 1957 [1946]), which should enable us to identify the most significant changes it went through during the 1990s, with a discussion of the structure of that system on the basis of Waltz's 'three-part definition of structure'. In his view, structures are defined: 'first, according to the principle by which a system is ordered'; 'second, by the specification of functions of differentiated units'; and 'third, by the distribution of capabilities across units' (Waltz 1979: 100-1).

With respect to the first part of his definition, Waltz defends the position that systems are ordered either anarchically or hierarchically. The states system is ordered anarchically. This does not imply that chaos reigns in the states system. It merely means that the states system is one of self-help. It lacks an agency that, if necessary, can force states, even the mightiest among them, to abide by the rules and keep their promises. In Waltz's view anarchy is the most fundamental property of the states system. It constitutes the latter's 'deep structure', to use the expression introduced by Ruggie (Ruggie 1986: 135). It should, however, not be forgotten that 'anarchy, taken by itself, can never explain why states sometimes do cooperate with one another, and sometimes do not, why certain states regularly wage war upon one another, and others coexist peacefully for centuries' (Lieshout 1999: 18). As far as the ordering principle of the international system is concerned, we think there is general agreement that it has not changed during the 1990s. The states system is still an anarchy. As Waltz observed in an interview recently published in the *Review of International Studies:* 'It's a self-help system. The system has not been transformed' (Halliday and Rosenberg 1998: 378).

Concerning the second part of the definition, 'the specification of functions of differentiated units', Waltz is of the opinion that this part 'is not needed in defining international-political structure, because so long as anarchy endures, states remain like units' (Waltz 1979: 93). In his view 'the functions of states are similar, and distinctions among them arise principally from their varied capabilities' *(ibidem:* 97). This leads Buzan, lones and Little to the conclusion that 'in Waltz's logic, these two tiers are so closely linked as to be nearly opposite sides of the same coin' (Buzan *et al. 1993:* 38), and that, therefore, they *together* constitute the international system's deep structure. Waltz's position was based, interestingly enough, on a comparison of the *internal* functions of the states in terms of government (cf. Waltz 1979: 96-7). He appears never to have considered the possibility of functional differentiation *between* states, although it is certainly not excluded by his three-part definition of structure. 1 This is quite remarkable seeing that in certain parts of the globe, most notably the area covered by the North Atlantic Treaty Organization, there exists a clear division of labour between states as far as the use of force is concerned. That Waltz failed to take note of this type of functional differentiation, must be attributed to his treatment of the role of force in the international system. If in national politics force serves as the *ultima ratio,* then this is the result of 'the previous submission of force to methods of reason'. Such a submission had, however, not taken place in the international system, with the result that in 'international politics force serves, not only as the *ultima ratio,* but indeed as the first and constant one' *(ibidem:* 113). Apparently, Waltz views the situation of the states in the international system as essentially the same as that of Thomas Hobbes' 'kings, and persons of sovereign authority', for whom the state of nature is a fact of life, since in the Hobbesian state of nature no division of labour is possible (llobbes 1946 11651J: 82 and 83; cf. Lieshout 1995: 120).

Buzan *et al.* also note Waltz's failure to consider the possibility of functional differentiation between states. At one point they observe that Waltz relies on a 'very partial characterization' of the effects of competition on the behaviour of states, namely that it leads to imitation. In their view, this approach 'discounts another side of the analogy from economic behavior, which is the search for market niches, where differentiation of function provides (temporary) refuge from the full pressure of competition' (Buzan *et al.* 1993: 40; cf. also Schroeder's discussion of 'hiding' in Schroeder 1994). Accordingly, they 'insist', and we agree with them on this, that the function-

al similarity of states 'is not a logical consequence of anarchy. It is possible, after all, to conceive of functionally differentiated units operating in an anarchic system and there are substantial historical precedents for systems with these structural features' *(ibidem:* 88). If we want to understand the ways in which the states system works, then the second 'tier', as far as the extent of the division of labour between states is concerned, cannot be left out of consideration.

When we now ask ourselves whether there has been a change in the degree of functional differentiation between states, then the answer must be in the affirmative. In particular with respect to the use of force there has been an increase in the division of labour between states. [n the course of the last decade, the United States has developed more and more into the world's policeman. Other states, even major ones like Germany and Japan, are quite prepared to leave to the United States the task of actual peace-enforcement in the world's trouble spots, even if these are situated in their own back yards. However, this development has, as yet, had no major consequences for the international system.

In view of the collapse of the Soviet Union, such a qualification certainly does not apply to the changes that have taken place in the third part of Waltz's definition, the 'distribution of capabilities across units', or the distri*butional structure,* as Buzan *et al.* have very conveniently called it. Traditionally, three types of distributional structure are distinguished: a multipolar structure, which means that there are more than two great powers in the states system; a bipolar structure, in the case of two great powers; and a hegemonic or unipolar structure, when there is only one great power in the states system. By the mid-1950s (cf. Lebow 1995: 30-1) a bipolar structure came into existence with the United States and the Soviet Union as the 'poles'. The disintegration of the Soviet empire implied the destruction of this structure. As many have noted since the publication of *Theory of International Politics,* Waltz did not pay attention to the question of how the distributional structure could change from one kind of polarity to another (cf. especially Ruggie 1986). Very likely because he was confident that the then-existing bipolar structure would endure, in particular since, as far as the rank of great powers was concerned, the 'barriers to entry [had] risen' (Waltz 1979: 177). Accordingly, Waltz's 'logic of anarchy' is of no great use if we wish to understand the factors that led to the fall of the old distributional structure and the rise of the new one. This understanding can only be obtained if Waltz's narrow conception of structure is expanded by adding

two other elements: first, the system's *interaction capacity* and, second, the *internal* structure of the states, in particular the states' *learning capacity*.

Before we start our discussion of these elements, however, we should address one other matter: the relationship between the first two 'tiers' of Waltz's definition of structure and the third 'tier'. Ruggie has observed that Waltz in *Theory of International Politics* assigned 'causal priority' to the first two tiers. The deep structure 'prestructures' the distributional structure (Ruggie 1986: 150; cf. also Buzan *et al.* 1993: 87 and 89). Although we agree with Ruggie that in Waltz's approach the deep structure has causal priority, the problem remains of what actually is meant by 'prestructuring' if anarchy by itself can lead to three different types of distributional structure. A few years ago, therefore, one of us argued that it is actually the other way around. It is the distribution of capabilities across the interacting units - in other words, the system's degree of polarity - that 'prestructures' a system's ordering principle. In this approach anarchy and hierarchy are not seen as two, opposing, ordering principles, but as manifestations of one and the same ordering principle: the distribution of capabilities across the actors in the system. Anarchical and hierarchical systems can then be placed on a continuum of types of system on which they are ordered on the basis of their degree of polarity. As capabilities become more concentrated in a system, that system shifts on the continuum further and further in the direction of a 'perfect' hierarchy, whereas, conversely, as capabilities in a system become more evenly distributed, that system shifts further and further in the direction of a 'perfect' anarchy (cf. Lieshout 1995: 94-5 and 111). This approach has the added advantage that it is more elegant. Anarchy and hierarchy are no longer two distinct ordering principles that both have to be assumed, but can be deduced from one ordering principle.

2.3 INTERACTION

In order to provide Waltz's theory with a 'transformational logic', Ruggie has introduced the concept of 'dynamic density', which he took from Durkheim. Dynamic density concerns 'the quantity, velocity and diversity of transactions that go on within la system]' (Ruggie 1986: 148; cf. also Spruyt 1994: 12). Changes in dynamic density will lead to changes in the distributional structure, and will also have their effect on the extent of the functional differentiation between states. It is 'common knowledge' that the dynamic density of the international system has increased spectacularly in the last

decades; not only in the form of the internationalization and globalization of the economy, a subject we return to in Section 3, but also the development of nuclear weapons and ballistic missiles, the consequences of which we touch upon in Section 4.

Buzan *et al.* share Ruggie's point of view, although they prefer the term 'interaction capacity' to 'dynamic density'. They consider the introduction of interaction capacity - which, according to them, has two aspects: technology and 'shared norms and organizations' (Buzan *et al.* 1993: 70) - as one of the most important elements in their project to extend the Waltzian framework. Naturally the question remains at which level of the system interaction capacity should be placed. Contrary to Waltz - 'interactions, as I have insisted, take place at the level of the units' (Waltz 1979: 80) - Buzan *et al.* advocate the introduction of a third level of analysis, seeing that interaction capacity concerns 'a set of variables that clearly belong within a system theory of international politics, but which are neither structural nor unit level in character' (Buzan *et al.* 1993: 72). This is the 'process' level, orthe level of 'process formations', to which are assigned all the interactions between the units of the system that cannot be considered to be simply attributes of these units *(ibidem:* 1993: 48-50). In this they follow Keohane and Nye, who some years before argued in favour of adding a third process level, as it would enrich 'our ability to theorize' (Keohane and Nye 1987: 747). This process level would refer to 'patterns of interaction: the ways in which the units relate to each other' *(ibidem:* 745), and would contain such things as 'technological change, economic interdependence, and issue density', as well as 'international rules, norms and institutions' *(ibidem: 747)*.

In our opinion it is not necessary to introduce a third level of analysis. The reason why Keohane, Nye, Buzan *et al.* and many others, have great difficulty in finding a place for 'process formations' in the simple structure-unit scheme of systems theory, is that they tacitly conceive of structure – and Waltz, of course, too! - as something that should be more or less permanent, while 'process formations' can change very rapidly in a relatively short period of time. However, this is a misconception. As De Vree has pointed out, 'every system has a structure, however inchoate, disorganized or entropic it may be' (De Vree 1990: 640). As we see it, a system's structure amounts to nothing more than the boundary conditions, which are themselves continuously subject to greater or smaller changes, to which the interacting units have to conform if they wish to maintain themselves in the system. It is up to the units to find out what these boundary conditions look like and to decide whether or not they want to comply with them.'

As far as the states system is concerned, a distinction then must be made between the *external* structure of the states on the one hand, and the *internal* structure of the states (which we discuss in the next subsection) on the other hand. Deep structure, distributional structure, as well as process formations, belong 10 the external structure. It refers to boundary conditions of the following kind: the way in which states are positioned *vis-a-vis* one another, the degree of polarity of the states system, the degree of stabiliry of the states system, the level of international cooperation (whether on an *ad hoc* basis, or institutionalized in the context of international organizations), the extent of the international division of labour, and the state of technology (e.g. weapons or communication technology). Besides these more or less 'brute' aspects, the external structure also comprises 'soft' aspects, or, as Wendt put it, 'the intersubjectively constituted structure of identities and interests in the system' (Wendt 1992: 401). The soft aspects involve both the states' common 'principled beliefs' on how foreign policy and diplomacy should be conducted, and their common 'causal beliefs' on the best way for a state to survive in the international system (cf. Lieshout 1999: 16-17 and Schroeder 1996 [1994]: x).

2.4 THE INTERNAL STRUCTURE OF THE STATE

The second addition to Waltz's three-part definition of structure necessary to understand changes in the distributional structure of the international system follows from the perception that the international system is an 'actor-dominant system' and not a 'parametric system' (Nicholson 1990 [19891: 116), or, put in economic terms, that it is an oligopoly and not a perfectly competitive market. In a system of the latter rype, the behaviour of the actors can be explained without any reference to their internal structure, whereas in a system of the former type this is not possible, at least where it concerns the behaviour of the most powerful actors in the system (the internal structure of the small actors can safely be ignored most of the time). We cannot get a grip on the Soviet leadership's reactions to the Soviet Union's steadily declining economic performance that, in the end, resulted in the demise of bipolarity, if we do not take the Soviet Union's internal structure into account. The Soviet leaders faced a 'double security dilemma'. Like all 'agents of the state' they were 'constrained not only by the international structure associated with the balance of power, but also by the domestic political structure ... like Janus, [they were] required to look in two direc-

tions simultaneously. They were confronted by two sets of structures: one internal and the other external' (Buzan *et al.* 1993: 120), where the internal structure of a state refers to such things as the state's GDP, its military might, the size of its population, its natural resources, its geographical situation (does it border on the sea, or is it landlocked?), and the manner in which political decision-making is organized (is the state a democracy, or is it a dictatorship?), et cetera.

As we mentioned before, a crucial aspect of the state's internal structure concerns the state's adaptability or learning capacity (cf. also Van Kersbergen's contribution to this volume). This refers particularly to the ways in which the state processes information on its external *and* internal structure and the changes therein, and its capacity for decision-making, whether collective or not, in order to carry through the necessary adjustments. The better the information, and the greater a state's capacity for decision-making - in other words, the better its ability to learn - the sooner a state is able to take advantage of these changes. In our view it is evident that in the last decades, in response to the spectacular rise of the international system's interaction capacity, the great majority of states have put much effort in increasing their adaptability.

One should keep in mind that the changes in the external and internal structure are not objectively given to the state. In the international system there exists a certain 'dialectic between subjectivity and objectivity' (Keohane 1989: 42; cf. Wendt 1992: 397). The 'realities' of the external and internal structure as perceived by the state are always the result of a process of active interpretation by the state in the light of its 'causal beliefs' (its 'theories') about the nature of these structures. Indeed, the 'world is always an interpreted "thing"' (George as cited in Price and Reus-Smit 1998: 271). Which interpreted 'thing' corresponds better with reality, and which one less so, subsequently can only be discovered through a process of trial and error (cf. Lieshout 1995: 177).

In view of our discussion of the internal structure we have to address one further question, namely, which elements in the system are to be considered as parts of the actor? Are there any elements left for her? We think the answer must be in the negative. To be sure, we have assigned the actor a motive to act, but this cannot be regarded as an element of the system in the same way as 'brute' facts like capabilities or 'institutional' facts like norms and values. The explanatory principle is a tautology. It is true in all possible worlds. In systems theory the actor and, accordingly, the state, has no sub-

stance. External structure and internal structure have a 'history', and both histories weigh heavy on the states when making choices, but the states themselves, being the actors in the system, have no history. They are timeless. The state is no more than a 'category of thought necessary to clear thinking about international relations' (cf. Can 1964 [19391: 150). It cannot be denied that this makes 'the state' a rather elusive entity. The central element in the international system around which everything is supposed to turn, turns out to be no more than an empty shell! But before rushing to the conclusion that this can only mean that a systems approach is too ridiculous to deserve serious consideration if we wish to understand contemporary change at the global level, it is well to realize that 'the state' is just as elusive as that other ghost in the machine, 'the self'.

3 The Limits of Theory: Detecting Contemporary Global Change

3.1 CHANGES IN THE DISTRIBUTION OF POWER

In this Section, we try to find out, by using quantitative historical data, whether the presumed change in distributional structure and the increase in interaction capacity accepted unquestioningly in the previous Section, can be substantiated empirically.

As far as the distributional structure is concerned, one should realize that there exists no one best way 10 establish the distribution of power in the international system at a certain moment in time, if only because power is such an elusive concept. In the first place, there are many possible empirical attributes attached to the international power concept. Scholars who have tried to measure international power have focused on such different variables as: military potential, economic wealth, the size of the population, the possession of natural resources, and the like. In the second place, it is difficult to establish the international power position of states because the outcome of political processes, which imply the use of power, is determined not only by the possession of power resources; intangible factors such as the skilfulness and the commitment of the wielders of power (often the military) are also important. Thus, discussions about the nature of the Soviet threat during the Cold War often concerned the supposed differences in aptitude and commitment of the armed forces of the United States on the one hand and those of the Soviet Union on the other. In the third place, the

extent of state power is affected by the *fungibility* of resources. This term refers to the possibility to use resources for more than one purpose. For instance, money is a fungible resource, since it can be applied for investment in productive capital, for spending on consumption or for the build-up of military might. Weapons, on the contrary, are a non-fungible resource (this applies in particular to nuclear weapons).

With these restrictions in mind, we turn to some analyses of the distributional structure of the international system in the twentieth century. For want of a perfect measure, we adopt a next-best approach by focusing on countries' gross domestic product (GDP) and on the possession of nuclear weapons.[3] We use GDP figures because data on GDP are readily available for an extended period and for many countries. Moreover, GDP figures are a function both of the size of the population and the level of wealth of a country, which are two important components of the concept of power. We use data on nuclear weapons because it is generally acknowledged that the possession of such weapons is a necessary - though, of course, by no means a sufficient - condition for great power status in the post-World War II period.

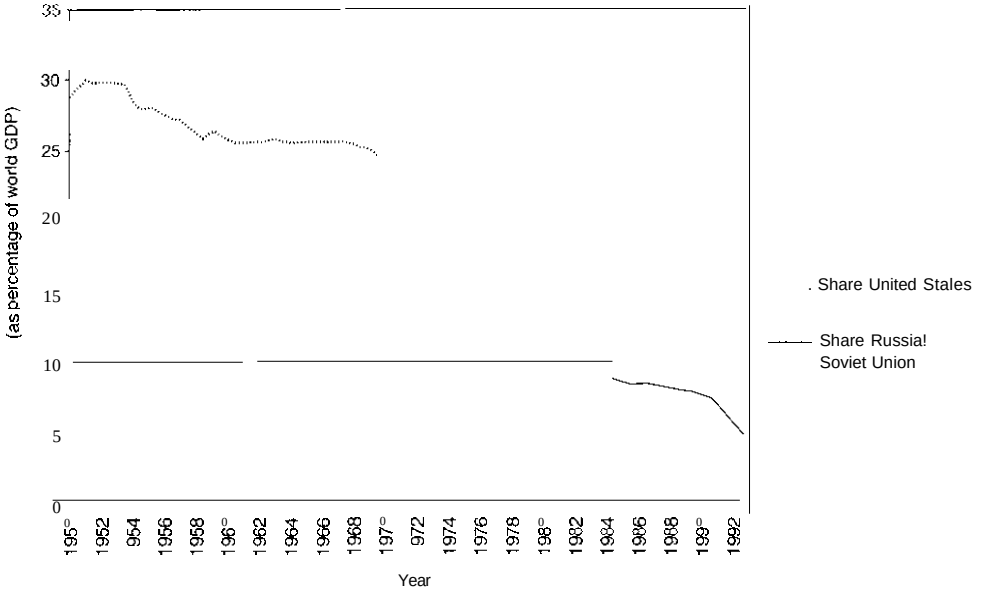
After World War II, the United States and the Soviet Union came to dominate the international system. The data has been taken from Maddison's study of the development of the world economy (Maddison 1995). The change to bipolarity is only partially reflected in GDP data, which have been used to draw Figures 3.1 and 3.2.

Figure 3.1 presents the development of the GDP of the Soviet Union/Russia and the United States, as a percentage of global GDP, between 1950 and 1992. Figure 3.1 indicates that for the entire period since World War II the two so-called superpowers together commanded less than half of world GDP, and that the gap between the United States and the Soviet Union/Russia in terms of GDP remained very large.

The relative position of the two superpowers *vis-à-vis* each other is more clearly depicted in Figure 3.2. This figure indicates that the ratio between the GDP of the two countries was roughly 5 to 1 just after World War II, with the Soviet Union producing merely 20 per cent of the United States' GDP. Although the ratio between the superpowers' GDP has changed considerably in the 1945-1992 period, it never became less than 2 to 1. The best result achieved by the Soviet Union was 45 per cent of US GDP in 1975.

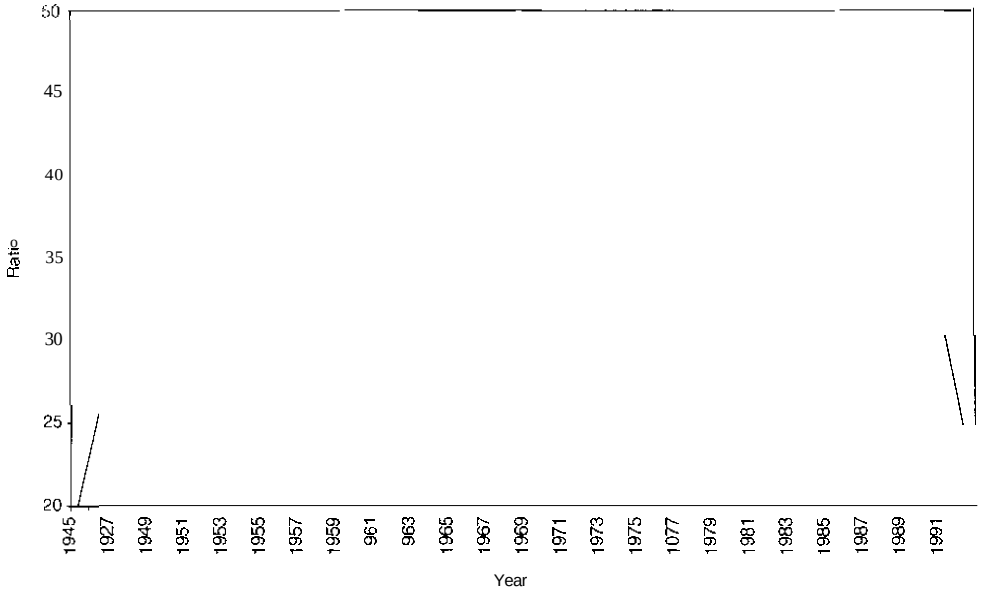
The approach used here provides only partial understanding of the development of the distributional structure during the Cold War. The United States was clearly in the lead with a share of world GDP ranging between 30

Figure 3.1: GDP Shares of the Soviet Union/Russia and the United States, 1950-1992



Source: Maddison (1995), Tables C-16a, C 16c, E-2

Figure 3.2: Ratio between GDP of Soviet Union/Russia and United States, 1945-1992



Source: Maddisnn (1995), Tables C-16a, C-16c, E-2

per cent just after World War II and more than 21 per cent at the beginning of the 1990s. At the peak of its might, in the 1960s and 1970s, the Soviet Union produced between 10 and 11 per cent of world GDP. Both countries had a clear lead over the country which was third in terms of GDP; at first, this was China, then Japan, and from the 1980s onwards again China'

Our analysis of the distributional structure in terms of GDP shares is partial also because it does not reflect adequately the build-up of military might, especially the development of nuclear weapons and the military presence of the United States and the Soviet Union in many parts of the world, which demonstrated the clear dominance of the two superpowers in international politics. The data presented in Table 3.1 illustrate the huge gap in military capabilities that existed between the two superpowers on the one hand, and the three other declared nuclear powers on the other hand. Table 3.1 also makes clear that this gap has persisted until this very day. The data on Russia's military capabilities show why this country still holds some-

Table 3.1 **Strategic Nuclear Weapons Arsenals of the Nuclear Weapons States, 1946–1998**

Year	*United States*	*Soviet Union / Russia*	*United Kingdom*	*France*	*China*
1946	9				
1950	400				
1954	1,418				
1958	2,610	186	40		
1962	3,267	481	180		
1966	4,607	954	194	36	10
1970	4,960	2,216	144	36	75
1974	9,324	2,795	144	86	165
1978	10,832	5,516	144	114	250
1982	10,515	8,904	128	130	300
1986	12,386	10,108	96	218	325
1990	11,966	10,880	96	452	324
1994	8,332	9,823	100	444	254
1998	7,256	6,210	160	429	197

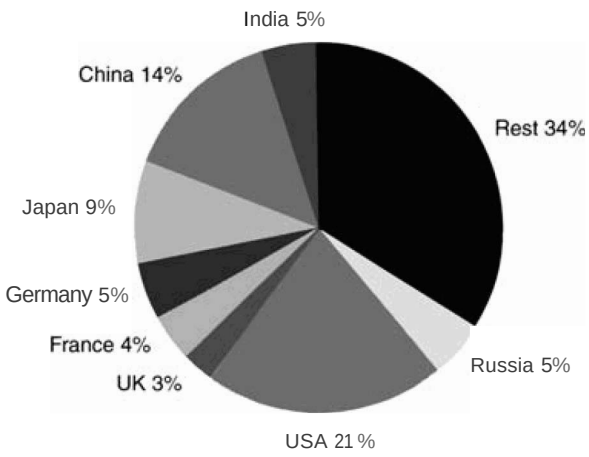
Sources: SIPRI (1991), Table 1.8; SIPRI (1994), Tables 8.1-5; SIPRI (1998), Tables 10A.1-5

Note: The figures displayed refer to strategic nuclear warheads. The figures of 1994 and 1998 have been calculated by us and refer to warheads all weapons systems with a range of 2,500 kilometres or more.

thing of a special posItion in today's international politics, although the economic base for its claims to great power status has been wiped out almost completely (see also the contribution by Weenink and Correlje to this volume).

At this moment, it is by no means clear what exactly has been the influence of the breakdown of the Soviet Union on the distributional structure in the post-Cold War period. Again, as was the case with the analysis of US-Soviet power relations, the analysis of GDP shares does not lead to an unequivocal result. Figure 3.3 represents the distribution of world GDP among the eight largest economies in 1992. The United States remains the largest economic power in the world, with a share of world GDP of21 per cent. It is obvious that Russia's economic position has dwindled; with a share of little over 5 per cent of world GDP the country has almost been reduced to economic insignificance. At the same time, however, it is remarkable that China has taken over the runner-up position in the world economy, at least in terms of GDP size. What is even more interesting is that the ratio of Chinese to US GDP has passed the level of 6 to 10, a level that was never reached by the Soviet Union in the era of bipolarity. We will return to China's economic position in Section 4.

Figure 3.3: CDr Share of the Eight largest Economies, **1992**



Source: Maddison [1995), tables C-16a, C-JGc. C-16e, E-l

The analyses presented thus far indicate that the end of the bipolar international system can be illustrated with data on the distribution of GDP. When the data on the possession of nuclear weapons systems is taken into consideration, however, a somewhat different story needs to be told. At the end of the 1990s, Russia remains one of the five declared nuclear weapons states, with a clear lead, in terms of nuclear warheads, on France, China and the United Kingdom. Russia's nuclear weapons arsenal, however, is relatively old: the latest round of modernizations dates back to 1987. As one authoritative source has commented: 'Russia's plans to modernize its strategic nuclear forces continued to be severely constrained by shortfalls in the Russian defence budget' (SIPRI 1998: 434). It can thus be expected that the economic hardship presently hitting Russia will lead to a further deterioration of Russia's position as an important player in international political-military relations.

At the moment it is unclear what type of distributional structure has emerged, or is emerging, after the fall of the Soviet Union. As far as a return to multipolarity is concerned, there is the obvious problem of the enormous power differential between the United States on the one hand, and the other candidates for great power status - presumably China, Japan, Germany and Russia - on the other hand. This great difference in power makes it very difficult to treat the latter as members of the same class the United States is in. This also precludes the possibility that bipolarity still continues. None of the four powers mentioned has attained a position comparable to that of the Soviet Union in the bygone era, especially as far as nuclear weapons are concerned. At the same time, we are quite confident that the last possibility a change in the direction of unipolarity or hegemony, has also not taken place. Such a change of distributional structure would require a clear preponderance of one of the great powers. However more powerful than the other states, the United States does not appear to have acquired such a preponderance.

3.2 THE INCREASE OF INTERACTION CAPACITY

In the 1990s, many authors have written about the purported tendency towards globalization or internationalization of relations in the international system. These terms are generally used to describe two separate, but linked developments in the contemporary system. Globalization, as defined by Scholte, is a process resulting in 'global conditions [that] are situated in a

space beyond geometry, where distance is covered in effectively no time' (Scholte 1996: 46). The significance of territorial borders is reduced: 'borders are not so much crossed or opened as *transcended*... Territorial distance and territorial borders hold limited significance in these circumstances: the globe becomes a single "place" in its own right' (Scholte 1997: 431). By contrast, *internationalization* is the intensification of cross-border relations (Sie Dhian Ho and Hout 1997: 3).

The twin tendencies of globalization and internationalization indicate an increase in the international system's interaction capacity[5] We now wish to determine the extent to which the interaction capacity has increased in fact, and assess the implications of this development.

A first and widely accepted indicator of interaction capacity is the level of trade of national economies. Table 3.2 presents some data on the growth of exports of major economies since] 820.

Table 3.2 Merchandise Exports as Per Cent of GDP

	1820	1870	1913	1929	1950	1973	1992
France	1.3	4.9	8.2	8.6	7.7	]5.4	22.9
Germany	*NJA*	9.5	15.6	12.8	6.2	23.8	32.6
Netherlands	*NJA*	17.5	17.8	17.2	12.5	41.7	55.3
United Kingdom	3.1	12.0	17.7	13.3	11.4	14.0	21.4
Total Western Europe	*NJA*	10.0	16.3	13.3	9.4	20.9	29.7
USA	2.0	2.5	3.7	3.6	3.0	5.0	8.2
USSRJRussia	*NJA*	*NJA*	2.9	1.6	1.3	3.8	5.1
Japan	*NJA*	0.2	2.4	3.5	2.3	7.9	]2.4
China	*NJA*	0.7	1.4	1.7	1.9	1.1	2.3
India	*NJA*	2.5	4.7	3.7	2.6	2.0	1.7
Total Asia	*NJA*	1.3	2.6	2.8	2.3	4.4	7.2
World	1.0	5.0	8.7	9.0	7.0	11.2	13.5

Source: MaJJisoll (j995), Table 2.4
Note: N/A means data not available.

The general impression that one gets from Table 3.2 is that the level of world exports, calculated as a percentage of CDI', has increased considerably, both in the nineteenth and twentieth century. World exports have increased, in an almost straight line, from 1.0 per cent of CDI' in 1820 to 13.5 per cent in 1992. The period of the Creat Depression and the Second World War caused a temporary lapse in this development. The general tendency of increasing exports holds for most of the major economies of the world, even for relatively 'closed' ones, such as the United States, the USSR/Russia, Japan and China. Among the larger economies of the world, India is the exception to the rule. On the whole, one must conclude that the level of internationalization, as measured by cross-border trade, has increased considerably and, in 1992, reached a height unprecedented in the history of the international system. At the same time, however, the data presented in Table 3.2 show that national economies are only in the process of becoming internationalized, because economic activity is still predominantly focused nationally. Two exceptions should be noted. The first concerns Western Europe. The increase of exports of member countries of the European Union has reflected, to an important extent in result of the completion of the internal market, the growth of intra-European trade (cf. Van Aarle 1996: 130). This is a sign of regionalism, and as such it must be distinguished, analytically at least, from full-fledged internationalization or globalization. The second exception is formed by several East Asian countries, which have adopted a strategy of export-led growth and export their goods predominantly to the United States and Western Europe.

A second indicator of internationalization is the increase of foreign direct investment. The data on recent trends in foreign direct investment of the member states of the Organization for Economic Cooperation and Development (OECD) are summarized in Table 3.3.

The two columns of Table 3.3 contain two different indicators for foreign direct investment in the OECD area. The first column contains the index numbers of foreign investment of all OECD countries in current prices. The second column presents the ratio of foreign direct investment to the sum of gross domestic products of all countries in the OECD area. The first column indicates that foreign investment from OECD countries showed a Significant increase during the second part of the 1980s. After a sharp fall in 1991 and 1992, foreign investment has picked up again and, in 1995, reached the 1988 level. In 1995, the total outflow of foreign investment of all OECD countries amounted to $265 billion. In spite of the rela-

Table 3.3 Foreign Direct Investment of the OEeD Countries

Year	Foreign Direct Investment (1981=100)	Foreign Direct [nvestment as a Percentage of OEeD GDP
1981	100	0.61
1982	55	0.33
1983	73	0.44
1984	100	0.58
1985	118	0.65
1986	186	0.83
1987	286	1.09
1988	341	1.23
1989	436	1.44
1990	455	1.37
1991	386	1.07
1992	345	0.87
1993	400	0.99
1994	409	0.95
1995	559	1. 19

Source: OFCD (1993 and 1996b)

tively large amounts of money involved, we must conclude that the impact of foreign direct investment on the national economies - in terms of the share of GDP involved - still remains limited. The OEeD countries have set some steps on the road towards internationalization, but they cannot be considered internationalized or globalized in terms of foreign investment. Moreover, as far as the European Union is concerned, also with respect to foreign investment there appears to be a tendency towards regionalization (cf. Van Aarle 1996: 128-29).

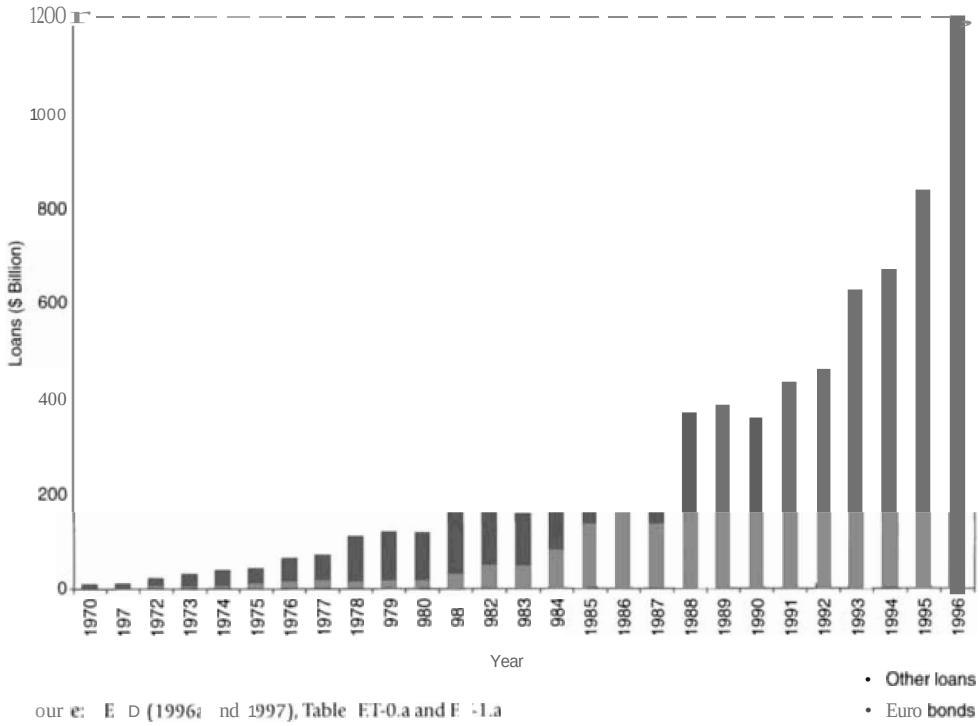
Other possible indicators of internationalization and globalization concern international financial flows. A first indicator is the total of loans on international capital markets. The data presented in Figure 3.4 show the spectacular growth of cross-border transactions that has taken place, especially in the 1990s.

There has been an increase in the quantity and variety of international financial flows to the extent that national financial markets have lost much

of their importance. The total of loans on international capital markets has increased from $5.8 billion in 1970 to $1055.6 billion in 1996. The demand for international loans soared during the *1990s:* the total of loans outstanding in 1996 was three times that of 1990. A large part of loans on international capital markets takes the form of so-called *Euro bonds.* These are bonds that are issued simultaneously in at least two countries and are nominated in one or several foreign currencies - i.e. different from the ones of the home country of the buyers and sellers of the bonds (OEeD 1996a: 280). As Scholte (1997) has argued, the issue of bonds in denominations other than the national currency leads to an effective loss of power of the national monetary authorities and may thus be interpreted as a sign of globalization.

A second indicator of international financial flows concerns the trading of so-called financial derivatives. Derivatives are financial products that are 'derived' from traditional financial products traded on money and capital markets; they consist of such diverse products as interest and currency con-

Figure 3.4: Total of Loans on International Capital Markets, 1970-1996

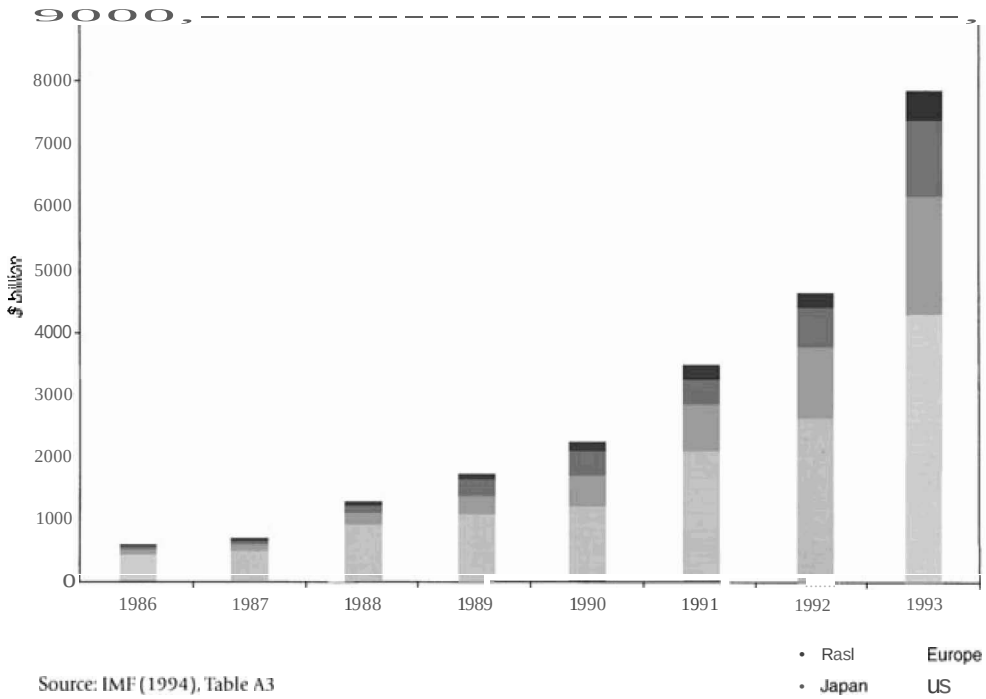


our e: E D (1996a nd 1997), Table ET-0.a and E -1.a

tracts and options. The common feature of all derivatives trading is that national financial authorities can barely keep track of the precise quantity and nature of values being traded. Figure 3.5 shows that the value of derivatives trading has increased enormously between 1986 and 1993. It also becomes clear from this Figure that trade in derivatives is most important in the United States, whose financial markets were liberalized relatively early. In Europe, where financial liberalization is a fairly recent phenomenon, derivatives trading has increased 140 times in the 1986-1993 period. In the same period, derivatives trade in Japan grew by almost 1800 per cent.

Our analyses indicate that contemporary international relations are characterized by a tendency towards internationalization. It would be a step too far, however, to interpret the contemporary global order as fully internationalized or globalized. Although the importance of cross-border transactions has clearly increased, contemporary international economic relations are still predominantly nationally based. The data on international financial flows show dear signs of globalization, in the sense that nowadays geo-

Figure 3.5: Trade in Financial Derivatives, 1986-1993



Source: IMF (1994), Table A3

graphical distance and national borders have only a limited significance. National financial markets should be seen as parts of one large international financial marketplace, rather than separate entities. As a result of the revolution in information and communications technology, developments in one market are transferred to other markets almost without delay. Even so, instruments of governance are being created which can lead to the resurgence of the state in the area of international finance (cf. Kapstein 1994: 180).

4 The Limits of Theory: Predicting the Future

4.1 GADDIS AND THE FAILURE OF IR-THEORIES TO PREDICT THE END OF THE COLD WAR

In this Section we turn to the question of what, on the basis of our theoretical understanding of the international system and our empirical results, we can say about the future of the international system. Before we do so, however, we must deal with Gaddis's claim that the inability of the 'major theoretical approaches' of international relations to predict the 'peaceful' collapse of the Soviet empire at the beginning of the 1990s, demonstrated that 'one might as well have relied upon stargazers, readers of entrails, and other "pre-scientific" methods... clearly our theories were not up to the task of anticipating the most significant event in world politics since the end of World War 11' (Gaddis 1992/3: 18). Gaddis's 'Theory and the End of the Cold War' was the first of an avalanche of articles in which mainstream JR-theory was castigated for its failure to predict the dramatic demise of the Soviet Union. As a result of Waltz's trenchant criticism in *Theory of International Politics* of the epistemological defects in the work of others, and his proud claim that, by contrast, he had learned his epistemological lessons well and accordingly had been able to develop a truly scientific systems theory of international relations, his version of structuralism in particular came under attack.

Although we agree with Gaddis that the suddenness and completeness of the Soviet collapse was a total surprise to 'almost' everyone, we think it only fair to point out that one of the most prominent 'cyclical evolutionists', Gilpin, in *War and Change in World Politics* (Gilpin J983 IJ981 J) accounted for the possibility of the peaceful demise of a leading power. In Gilpin's view, 'throughout history the primary means of resolving the dis-

equilibrium between the structure of the international system and the redistribution of power has been war, more particularly, what we shall call hegemonic war' *(ibidem:* 197), but that, as a result of the establishment between the United States and the Soviet Union of a strategic relationship based on mutual assured destruction – one of the clearest manifestations of the rise of interaction capacity in the international system during the last decades, we may add - hegemonic war might be a thing of the past.

Gaddis's criticism is also unfair in another respect. In his view 'the role of theory has always been not just to account for the past or to explain the present but to provide at least a preview of what is to come. It follows, therefore, that one way to confirm the validity of theories is to see how successfully they perform *each* of the tasks expected of them' (Gaddis 1992/3: 10). In order to do so Gaddis then proceeded to develop 'a relatively easy test' *(ibidem:* 18) to establish the validity of the various theoretical approaches involved. He required of them to have specified beforehand *'at least one* of [the following five developments] as *likely':* (1) the asymmetrical outcome of the Cold War; (2) the peaceful collapse of the Soviet Union; (3) 'the increasing unworkability of command economies'; (4) the approximate timing of the relevant events; and (5) the rough outlines of a world without the Cold War. Not very surprisingly, Gaddis reached the conclusion that 'very few of our theoretical approaches... came anywhere close to forecasting *any* of these developments' *(ibidem:* 18; emphasis in original).

Gaddis justified his claim that 'good' theory must be able 'to forecast the future of the Cold War' with an appeal to the physicist Hawking. In the latter's view 'a theory is just a model of the universe, or a restricted part of it, and a set of rules that relates quantities in the model to observations we make... A theory is a good theory if it satisfies two requirements: It must accurately describe a large class of observations on the basis of a model that contains only a few arbitrary elements, and it must make definite predictions about the results offuture observations' (Hawking 1988: 9). Hawking's 'definite predictions', however, are definitely of an entirely different kind from the ones Gaddis seems to have had in mind. First, because all scientific theories contain, as Hawking would be the first to admit, a *ceteris paribus* clause, which means that theories can be upheld even if the predicted events fail to happen (cf. Lakatos 1972 [19701)6 Second, because Hawking's predictions are predictions about some future events of which it is known in advance that they will take place, but this is precisely the kind of knowledge that almost always is lacking in a dynamic system like the international system!

Whenever it concerns dynamic or 'historic' systems, no theory can predict when a certain concrete event will take place. This is only possible if all kinds of accidental circumstances are taken into account about which the theory – and this goes for all theories' – cannot say anything in *advance*. It is simply impossible to know beforehand all the situations in which the theory will apply. Even Newton's theory of gravitation, perhaps the most successful empirical theory ever developed, cannot predict the moment that a leaf will fall from a tree or the trajectory of its fall. Both kinds of event can only be 'predicted' *ajierwards*, provided that it is possible to retrieve all the necessary information (this already poses a challenge in the case of the fall of the leaves of a single tree). The types of explanation theories can offer regarding such dynamic systems can be no more than 'explanations of the principle', as Hayek called them (cf. Hayek 1967: 3-42). We 'know' what the general mechanisms look like that play a role in these systems, but we do not know which outcomes these mechanisms will 'produce' in combination with certain specific circumstances, as the latter, in the words of Edmund Burke, 'are infinite, are infinitely combined' (quoted in Morgenthau 1965 [1946]: 220). To trot out the example of the falling leaf once more, it is thanks to the theory of gravitation that we know that every leaf on a tree will in due course fall to the ground. It is thanks to the biological theory of the growth and decay of leaves that we know that the probability of a certain leaf falling to the ground in the autumn is greater than at the beginning of summer. Nevertheless, it may happen that, as a result of a violent summer storm, the latter probability will be realized. Likewise, it is meteorological theory that tells us the possibility of such storms occurring cannot be excluded. However, it is impossible that this theory can tell us beforehand when and where this possibility will be realized.

4.2 THE FUTURE OF THE INTERNATIONAL SYSTEM

Against the background of our remarks on the possibility and impossibility of predicting future states of affairs in dynamic systems like the international system, we now turn to a discussion of the international system's future. In particular, we try to formulate an answer to the question of whether the recent changes in the distributional structure and the increase in the system's interaction capacity will lead to a 'systems change' (cf. Gilpin 1983 and Spruyt 1994): the destruction of the international system's deep structure. Will anarchy be replaced by hierarchy?

As far as the distributional structure of the system, and possible changes therein, is concerned, we have noted above that the United States is still the predominant power in the international system and that none of the other great powers in the 1990s has reached a level of power that is even comparable to that of the US. The first three columns of Table 3.4 below, drawn from a recent study by Maddison (1998) on China's economic performance, illustrate that, in 1995, China became the second-largest economy in the world. Its total GDP was about half that of the United States, but bigger than Japan's. In terms of population, China is by far the largest country in the world. The level of wealth in China, with a per capita GDP of $2,653 in 1995, is only about one-tenth of that in the United States.

The last three columns of Table 3.4 give Maddison's calculations of the possible distribution of GDP among countries in 2015 on the basis of different growth expectations for several parts of the world. Maddison's results make clear that the international system is not heading for unipolarity - arguably the first step necessary for a systemic transformation from anarchy to hierarchy. The expected growth rate of the United States is expected to remain between 1.3 and 1.4 per cent per year, which represents a fall of 0.15 percentage point compared with the previous period, while the United States' share of World GDP is expected to decrease from about 21 per cent to about 17 per cent. As far as China is concerned, while its per capita GDP grew by 6.04 per cent per year between 1978 and 1995, it is expected that it will drop to a yearly average of around 4.5 per cent in the 1995-2015 period, because of the slowing down of labour input growth (Maddison 1998: 96-7; cf. also Krugman 1996). For Japan, Maddison also expects a growth rate of 1.3 to 1.4 per cent per year, which means a fall of 1.4 per cent in comparison to the previous period.

The figures in Table 3.4 demonstrate that the wealth gap between the 'Western' countries (Europe, the United States and also Japan) and countries in Asia will persist despite the much higher growth figures expected in China and the dynamic Asian countries. Even though Maddison expects economic growth in the latter two groups of countries to be much higher than in the Western countries, GDP per capita in the dynamic Asian countries will not increase to much more than 50 per cent of the wealthiest group of countries. China's per capita GDP, in Maddison's calculations, will remain at around 25 per cent of that of the advanced capitalist countries.

As we have noted above, the economic power base of countries is only one factor in explaining which countries will acquire a great power position.

Table 3.4 Levels of World Performance and Potential, 217 Countries, 1995 and 2015

	1995			2015		
	Per Capita GDP	Population	GDP	Per Capita GDP	Population	GDP
China	2,653	1,204.9	3,196	6,398	1.470.2	9,406
7 Dynamic Asia	6,236	350.1	2,183	12.408	444.4	5,514
India	1,568	916.5	1,437	3,120	1,210.3	3,776
31 Other Asia	1,445	543.7	786	2,147	776.8	1,668
Japan	1'J,720	125.6	2,476	25,533	130.7	3,337
United States	23,377	263.1	6,150	30,268	308.5	9,338
32 Advanced Capitalist	16,810	436.6	7,339	22,199	463.6	10,291
44 Latin America	5,031	489.0	2,460	6,776	645.7	4,375
15 Former USSR	3,590	290.9	1,044	5,882	296.7	1,745
12 Eastern Europe	5,145	11 6.8	601	9,292	116.8	1,085
16 Middle East	4,138	211.9	877	5,049	333.8	1,686
56 Africa	1,220	715.2	873	1.489	1,172.0	1,745
217 World	5,194	5,664.0	29,421	7,323	7,369.4	53,966

Source: MaJdisol1 (1')98), Table 4.1

Note: Population in millions at mid-year, per capita CDI' ill 1990 international dollars, GDI' in billion 1990 international dollars

From Maddison's calculations, we can draw the conclusion that China, in the next century, is likely to possess the economic power base to become a great power in a military sense also. Although this is less clear at the present stage, we feel that China very probably will also be willing to use its economic power to that effect. Over the last decades, China has developed into a regional power in East Asia whose actions are being closely monitored by the other countries in the region (cf. Breslin 1999). As China's economic clout increases, and, concomitantly, its military might, the international system will see a return to bipolarity.

It is much less likely that the international system will change into a multipolar system. As we remarked above in Section 3.1, the European Union has the economic potential to become a great power. In terms of its GDP, the EU's economy is comparable to that of the United States. Many commenta-

tors have pointed to the lack of political unity among the EU member states, as well as the absence of a central locus of power as the main obstacles for the Ell to become a great power on a par with the United States. Although the EC/Ell has had a foreign-policy component since 1970 - first in the shape of the so-called European Political Cooperation, and, since the 1992 Maastricht Treaty, the Common foreign and Security Policy - there has never been anything like an Ell foreign policy taking precedence over the foreign policies of the member states. There has been even less progress in creating a truly unified military capability

The increase in the international system's interaction capacity, although considerable as far as international financial flows are concerned, also does not warrant the conclusion that the international system is on the brink of a systems change from anarchy to hierarchy Internationalization is definitely on the increase, but its impact on the national economies will remain limited for the foreseeable future. Moreover, even if the present rise in the international system's interaction capacity were of the same magnitude as the one that took place from the eleventh to the thirteenth centuries, which eventually resulted in the transformation of the old order under the spiritual and secular authority of Pope and Emperor, not based on territory, into the Westphalian order based on territory, then there is still one, very vital, difference. At the end of the Middle Ages, as Spruyt has pointed out, there existed competing institutional solutions to the problem of political organization, such as city-leagues, city-states and sovereign, territorial states, of which the latter in the end proved to be the most successful (cf. Spruyt 1994). As far as we can see, however, at the present time there are no viable contenders to the state, that is to say, there do not exist institutional solutions which are at least as 'effective and efficient' as the state in dealing with the problems posed by the increase of interaction capacity If we understand anything of the mechanisms that govern the international system, its deep structure will remain anarchic well into the twenty-first century. The international system is a dynamic system, though, and there is nothing in our theory of it that excludes the possibility of a systems change from anarchy to hierarchy As far as predicting the future of dynamic systems is concerned, theory definitely has its uses but they remain limited indeed'

In view of Huber's famous definition of sovereignty, we suggest it would not be correct to argue that this internal functional similarity is a necessary consequence of sovereignty. According to Huber, who was arbiter in the island of Palmas case brought by the

Netherlands against the United States, 'territorial sovereignty.. involves the *exdusiue right to display the activities afa State' (Island of Palmas Case [Netherlands u. U.S.A.] 1928;* our emphasis). In our opinion this means that a state can entrust (farm out?) all 'the activities of a state' to other agents without this diminishing the state's sovereignty in any way.

2 Although we have to admit that those wishing to make a distinction between 'structure' on the one hand, and 'interaction' on the other hand, have a point in that certain parts of the system's structure can be influenced by the actors, while others cannot - for example because they are the consequence of prior interactions (cf. Archer 1995: 77-8). But in our view this is a difference of degree, not of principle. Both kinds of the structure function as boundary conditions. With reference to the ongoing discussion within IR-literature on the exact nature of these boundary conditions (e.g. Wendt 1992 and Ruggie]998), we may add that boundary conditions 'enable' or 'empower', as well as 'constrain' the interacting units. We may even go further: if boundary conditions would not 'constrain' the units, then there is no way that they could 'empower' them (cf. Lieshout 1995: 7–15).

3 We have decided not to use composite power indices (such as the widely Llsed index introduced by Singer *et al.* 1974) because we feel that these have some important methodological disadvantages if one tries to make comparisons through time (cf. Organski and Kugler 1980: 36). Organski and Kugler argue that 'a GNP index is evidently more parsimonious from the user's point of view' than the composite Singer-Bremer-Stuckey index, the more so, as the performance of both indices does not differ very much *(ibidem:* 38). Our focus on COP shares and nuclear weapons at least has the advantage of providing intuitively clear interpretations.

4 Of course, inclusion of the sum of COPs of the member states of the European Communities/Union would produce a different result. It is the lack of *political* unity and identity of the EC/EU that made us decide not to include this *economically* very powerful bloc in the analysis at this point.

5 Note that we use the terms globalization and internationalization in a different way from Ilirst and Thompson (1996: 10). In their view, '[al *globalized economy* is an ideal type distinct from that of the inter-national economy and can be developed by contrast with it. In such a global system distinct national economies are subsumed and rearticulated into the system by international processes and transactions. The inter-national economy, on the contrary, is one in which international phenomena are outcomes that emerge from the distinct and differential performance of the national economies. The inter-national economy is an aggregate of nationally located functions.' As one of us has remarked elsewhere, conceptualizing globalization in such extreme terms means that it is very unlikely that the present-day international order can be understood as a globalized economy (cf. Ilout 1997: 102).

6 For this reason, it is actually the other way around. Scientific honesty requires that 'anyone who advocates the empirical-scientific character of a theory... must be able to specify under what conditions he would be prepared to regard it as falsified; i.e., he should be able to describe at least some potential falsifiers' (Popper 1983: xxi). This is a point Waltz entirely overlooks in his recent defence of his theory of the balance of power. On the basis of Lakatos's treatment of the *ceteris paribus* clause, Waltz argues that 'falsification is untenable' (Waltz 1997: 914). But he fails to see that I.akatos, following Popper, insists that falsification remains the regulating principle of the empirical-scientific enterprise. According to Waltz the theory predicts no more than that 'willy, nilly, balances will form over time', and that 'balances recurrently form. The theory cannot say how long the process will take' *(ibidem:* 915 and 916). This implies that it is not possible to refute the theory. Whatever behaviour the units in the international system exhibit, it always agrees with the theory. At the end of his essay, Waltz shows himself to be very satisfied with his theory of the balance of power. According to him it has stood the 'test of seriousness' *(ibidem:* 916). We sincerely doubt the validity of this test.

4

National Political Systems: the Changing Boundaries of Politics?[1]

Kees van Kersbergen

1 Introduction

For any comparative political scientist, statements like the following must sound alarming:

> the terms 'country', 'state', 'national political system' have become obsolete as useful units of analysis in comparative political studies;
> the increasing interdependence of nation states and the decline of the autonomous power of public decision-making imply that cross-national research is increasingly meaningless (cf. Daalder 1993: 170-71);
> we do not have the conceptual tools to describe and adequately explain the growing dissociation between authoritative allocations, territorial constituencies and functional competencies (cf. Schmitter 1996);
> theoretically, the discipline cannot make sense of the diffusion of political authority;
> the independence of the nation state is eroded to such an extent that it is pointless to use the term 'sovereignty' any longer;
> the autonomous capacity of policy-making of nation states is rigidly constrained as a result of which the very idea of a national political system is out-of-date;
> the authoritative primacy of the state is dilapidated and the conventional notion of 'politics' has become antiquated.

The main driving forces of these developments are globalization and European integration (cf. Ingelhart 1997 for other relevant processes). But is the sovereign nation state really in decline? The answer obviously depends on whether these end-of-sovereignty arguments are theoretically sound and empirically correct. In this chapter I argue that, in fact, they are neither.

First it is necessary to delineate to what precisely the arguments are referring. This is not easily done. The problem is complex, the propositions are very dissimilar and the confusion is accordingly vast. The Belgian political scientist Huyse (1994) argues that 'politics is crossing borders', that is to say *national borders* because national governments and parliaments transfer competencies and means to international organizations; and *imaginary borders* because traditionally non-political sectors are politicizing. It is not necessarily democratically elected politicians anymore who take political decisions; decisions, that is, which are binding for society as a whole *(ibidem: 88)*.

We seem to be dealing with a paradoxical phenomenon. On the one hand, many formerly non-political domains are swiftly politicizing, while on the other hand the power of the state to steer and command is equally rapidly evaporating. A broadly shared anxiety concerns the decomposition of democratic control over political authority and public power (Guehenno 1993). Political authority and power are 'migrating', but democracy is not moving along with it (cf. Bovens *et al.* 1995; Ankersmit 1997; De Beus 1997). A more optimistic view is found in Held (1995), in which he argues that democracy can survive under conditions of a leakage of state power, but only if democracy becomes truly cosmopolitan (cf. also Albrow 1996; Bhagwati 1997; Giddens 1995; Hirst and Khilmani 1996; Mulgan 1994).

The many, often highly speculative discourses about the end of the nation state, politics and democracy tend to produce feelings of uneasiness. One is increasingly inclined to ask whether there is any truth in the suppositions. There are three major reasons to be dissatisfied with these apocalyptic accounts. First of all, the debate on crucial concepts such as 'politics', 'state', 'sovereignty', 'political' or 'policy capacity' and 'political institutions' is very confused and confusing as a result of which there remains considerable conceptual vagueness. Second, the extremely pessimistic arguments are not always as consistent as they should be (cf. Streeck 1996b). There is much ado about the ultimate causes of the collapse of the nation state – globalization, European integration - while the very same arguments can be employed to defend the thesis that the nation state remains meaningful

and consequential. Finally, the sweeping hypotheses and generalizations need to be tested empirically. However, the search for the empirical studies that meticulously document the alleged disintegration of the nation state and the end of national politics is not very fruitful, for thorough empirical and comparative studies are hard to find. To the extent that they can be found, they offer a much more nuanced portrayal (cf. Kasim and Menon 1996; Forder and Menon 1998). In other words, there is an abundance of grand, compelling, but unfortunately also rather tempestuous theoretical conjectures and a shortage of empirical studies that can demonstrate the correctness or incorrectness of these wild speculations.

I do not wish to argue that there is only smoke and no fire. There are complex shifts in the relative range of power, the distribution of power and the competence of the nation state. There are intentional as well as unintentional transfers of the competencies and authority of national political systems to international organizations. These changing boundaries of politics force comparativists to reflect seriously upon the concepts, theories and methodology of their discipline. No doubt, the research agenda of comparative political science will change more and more in the context of this intellectual debate on the transformation of national political systems. This transformation is possibly even undermining the manner in which we, until now, have analyzed national political systems. It is conceivable that in the end we will have to rethink thoroughly the conventional definitions of concepts such as sovereignty, state and politics. However, as far as I can see, we have not yet reached that point. The main thrust of this chapter is that I doubt very much that we will ever reach it.

First, I offer conceptual considerations and criticisms of key concepts such as 'politics', 'state', and 'sovereignty' and argue that they remain politically relevant and analytically useful. Next, I consider the two developments that are believed to undermine the political significance of national political systems - globalization and European integration - and conclude that what is widely interpreted as the emasculation of the power of the nation state is, in fact, a transformation of the manner in which state power is exercised.

2 Conceptual Considerations and Criticisms

2.1 POLITICS

What does the core concept of the 'political' mean in the expression 'national political system'? There are essentially two rival conceptions of politics. The first approach holds that 'politics' can be equated with 'the political', that is to say with collective decision-making over issues for which there exist no generally accepted rules regulating conflicts of interests. In such discordant situations the power relations between actors are decisive. As a consequence, politics is an aspect of all social (sub)systems. This view was most lucidly defended by Robert Dahl in his *Modern Political Analysis* (1984: 10), where he defines politics as 'any persistent pattern of human relationships that involves, to a significant extent, control, influence, power, or authority'. 'Politics is power' is the most concise way of representing this approach.

The second approach maintains that politics is anything that is going on in the political domain. The political domain can institutionally be distinguished from other societal spheres. The differentiation of society has led to the institutionalization of the relatively autonomous subsystems of family, economy, religion and politics. The state and its bureaucratic organizations constitute the institutionalization of the political, the embodiment of the political domain. Surely, power enters into every social sphere and all domains may be politically relevant, but only those power relations and struggles that occur at the level of the state and its constituent parts, the political institutions, are political (cf. Becker 1996). 'Politics is the state' is the shortest possible description of this object-oriented conception of politics.

The view that politics is the state has always been - possibly as a matter of preference, but conceivably from necessity - the definition with which comparative political researchers have worked. The existence of sovereign, relatively autonomous, divergent political systems has made comparative political analysis a fruitful activity.

2.2 THE STATE AND SOVEREIGNTY

The debate on the end of the nation state is partly concerned with the exact interpretation of sovereignty and how we define the state. Sovereignty is an essential characteristic of the (modern) state (cf. Camilleri and Falk 1992;

Held 1995; Stirk and Weigall 1995; lackson 1999a). The core of the doctrine of sovereignty is that there is no higher authority than the state. The theory of sovereignty paints a picture of the world in which the state holds supreme authority over a specific territory. Outside the borders of the state exists a world of other sovereign states. The state has established itself as the dominant power on its territory; it must be viewed in terms of organized dominion (cf. Weber 1984: 33-7). The state has the monopoly of the legitimate use of violence on its territory; it is the only institution that can enforce obedience of the population to the rules and regulations for that territory; it is the institution that is legitimized to levy taxes, initially to support the repressive state apparatus (army, police, judiciary) that is to maintain and reinforce dominion, but increasingly also to finance the comprehensive set of laws and regulations that belong to the welfare state.

Of course, no state has ever enjoyed complete and uncontested dominion. That would exaggerate the actual and diffuse differentiation of competencies within the nation state (cf. Olsen 1996; Dehousse 1997). Moreover, sovereignty will always remain to a large extent an aim, an aspiration or a claim of the ruling elite rather than an accomplished goal. It is also true that no state has ever reached complete autonomy to the extent that borders have always been penetrable (cf. Koch 1997; Offe 1996; Poggi 1990). Perhaps Claus Offe (1996: viii) is right when he argues that the idea of political authority as located at a relatively fixed site has become obsolete: 'What turns out to be surprisingly and essentially contested is the answer to the question "who is in charge?"'. According to Offe, there are roughly four causes of this uncertainty: (1) the evaporation of a world with clear loci of authority (e.g. the collapse of the Soviet Union and the end of the Cold War) and the arrival of new actors and their claims; (2) the penetrability of frontiers (e.g. globalization, European integration); (3) the decline of relatively fixed collective identities and the advent of ascriptive identities; and (4) the erosion of (the possibility of) collective categorization. These causes 'may be responsible for the widely shared sense that sovereignties have become nominal, power anonymous, and its locus empty' *(ibidem:* ix). The nation state has lost its exclusive claim on authority and decision-making (cf. Strange 1995; Cable 1995). In addition, a state no longer enjoys unqualified control over its territory and population because an 'international community' has progressively evolved, which guards human rights. The claim to national sovereignty is no longer an automatic barrier to intervention when the fundamental rights of citizens are violated (cf. Taylor 1997). Under such circumstances the princi-

pie of non-intervention is bounded by the conditions of 'good behaviour' and 'good governance'. In this sense sovereignty has developed into 'conditional sovereignty' (cf. Hague *et al.* 1998: 45).

These suppositions seem to share the assumption that fading or shifting state borders also imply the disintegration of the traditional property of sovereignty, namely supreme power over land and inhabitants within clearly defined borders (cf. Anderson 1996). However, it would be unjustifiable to brand the concept as obsolete. As argued in the introduction, sovereignty has a double connotation. On the one hand it refers to the (formal) independence and autonomy of a state in its international relations. On the other hand, the term also functions as a synonym of supreme authority. The same kind of confusion arises with respect to both connotations. First, if one fails to make a distinction between formal independence and material sovereignty, one mistakenly assumes that states are never committed to or bound by international law or that formal independence means autonomy. Second, if one confuses the supreme authority of the state with the omnipotence of the state, one could wrongly suppose that sovereignty excludes the constitutional state or democracy, because the state would not be constrained by the rule of (constitutional) law. A state can still be said to be sovereign, in spite of its internal, material dependence on other states, its submission to the international legal order, and the internal, constitutional constraints of its power, and despite the fact that it has possibly *delegated* (rather than *transferred)* certain competencies to international organizations (cf. Schrijver 1998; fackson 1999a; Barkin and Cronin 1994).

As yet, there seems to be no decisive reason to suppose that the nation state, or rather the territorially based model of the organization of political authority that since 1648 we have identified as the nation state, is vanishing. At the Montevideo Conference of 1933, where the United States and the Latin-American countries made a pact on non-intervention, it turned out to be possible – in spite of vast differences in power and conflicts of interests - to reach agreement over the definition of a national, sovereign state. Such a state was characterized by: (1) a permanent population; (2) a (more or less) sharply defined territory; (3) a government; and (4) the authoritative power to enter into relations with other states (cf. Rosenau 1989; Piano and Olton 1982). Roughly speaking these characteristics still hold true today.

Abandoning too quickly the analytical usefulness of the concept of sovereignty in its formal or strict sense involves the risk that one mistakes every

curtailment of national policy space for a loss of sovereignty. One cannot infer from the erosion of the internally established dominion that a state has dropped its ambition or claim to sovereignty. It would be very difficult to understand why those who govern never tire of stressing that they above all value the sovereignty of the nation state and the integrity of its territory, whether these are threatened externally by another state or internally by separatist movements, and that others struggle fanatically to obtain sovereignty (cf.lackson 1999b: 454-56).

2.3 THE CONTINUING POLITICAL RELEVANCE AND ANALYTICAL USEFULNESS OF 'SOVEREIGNTY'

If there is one single characteristic of national political systems that should be emphasized, it is their adaptability (cf. also the contribution by Hout and Lieshout in this volume). At times nation states adapt by preserving certain meta-rules and political-cultural patterns and at times adaptation involves the transformation of such rules. A national political system can radically change with unchanging sovereignty, as in the case of a revolutionary change of political regime, or an evolutionary development of a gradual and progressive democratization of authoritarian, totalitarian or absolutist regimes. Obvious examples are the French revolution of 1789 or the more recent transformation of political regimes in Spain, Portugal and Greece.

One can interpret the disintegration of a federal system as the end of a sovereign, federal state, but with good reason one can also stress the other side of the coin, namely that out of such a process of devolution new, sovereign states emerge. Thus the collapse of the communist regime of the Soviet Union led to the establishment of the sovereignty of the Baltic republics of Latvia, Estonia and Lithuania. It is noteworthy that in 1989 the Supreme Soviets of these states themselves proclaimed their sovereignty. As is well known, this action was warmly welcomed by the population of the Baltic states and at the 50th anniversary of the Molotov-Ribbentrop pact a human chain of over two million people united the three capitals in an impressive demonstration of national sovereignty (cf. Henderson and Robinson 1997: 55-6). These dramatic events would be very difficult to interpret without a proper understanding of sovereignty.

Eleven other former Soviet republics recovered their sovereignty also as a result of the collapse of the Soviet Union. In addition, the former 'satel-

lites' exercised their authoritative power to enter into relations with other states by concluding new alliances and aspiring to the membership of international organizations like NATO. The Russian federation - which already consists of 21 republics, one autonomous region *(ablast),* 10 autonomous 'national areas' (*okrugs*), 49 Russian regions (oblasts, including Moscow and St. Petersburg) and 6 'territories' (*krays*) - proclaimed its sovereignty in June 1990. In terms of political authority it put itself on a par with the then still-functioning central Soviet state and claimed the right to levy taxes and the right to enter into international relations. In the end, the new Russia established a fairly loose confederation with the other Slavic states, the Trans-Caucasian republics and the Central Asian states (the Commonwealth of Independent States, CIS). Here, too, one must stress that these developments are difficult to grasp without a thorough comprehension of sovereignty and its enduring political significance.

Decentralization, deconcentration and devolution - ultimately the delegation of authority and competencies from the central level of the unitary state to the regional or local level - may occur precisely in order to preserve the sovereignty of the nation state. The expansion of regional autonomy in Italy, the struggle over the competencies of the regional parliaments in Scotland and Wales, the federalization of Belgium, the granting of the so-called 'Autonomy Statute' for the Spanish autonomous communities (including the special position of Catalonia, Andalucia and Basque Country), are all examples of the manner in which the sovereignty of the state is safeguarded by means of quasi-federal structures within - possibly former - unitary states.

Reflecting upon these issues it seems remarkable that there exist such vehement speculations about the end of the sovereign nation state, particularly at the end of an era in which the number of such states has actually increased. The Baltic states, the former Soviet republics and the ex-communist states in central and eastern Europe have been mentioned. Eritrea comes to mind too, as well as the disintegration of Czechoslovakia. Finally, everyone is painfully aware of a decade of bloody struggle over power in Yugoslavia, from which - so far - 5 new states have emerged: the Federal Republic of Yugoslavia, Bosnia and Herzegovina, Croatia, Slovenia and (the former Yugoslav Republic of) Macedonia. Recently, the Secretary-General of the United Nations, Kofi Anan, gave a speech entitled 'Why conservatives should support the United Nations' (23 October 1998) in which he said: 'Despite globalization and the emergence of more and more problems that

transcend borders - which I call "problems without passports" - nothing ... has yet challenged the status of the State as the cornerstone of international relations'.

3 Challenges: Globalization and European Integration

Let us consider the two important developments that, theoretically, are believed to undermine seriously the political significance of national political systems. These concern globalization and European integration and their effects.

First of all, it is important to stress the distinction between these processes. European integration, as Lieshout (1999) rightly points out, is fundamentally a political process: the creation and establishment of the international market, the common political institutions and the single currency are the result of political decision-making and not of some elusive economic and apolitical process. Second and precisely because of economic internationalization, European integration must also be understood as an attempt by nation states to keep a hold on their economies. Thoroughgoing international cooperation was considered to be the appropriate method for this. The change in the power of the nation state is both the unintended and unforeseen effect of the internationalization of the economy and - in the case of European integration and other forms of international cooperation - the intended and anticipated result of the delegation of competencies.

3.1 GLOBALIZATION

What does the strong thesis of globalization imply (in contrast to the more balanced arguments by Hirst and Thompson 1996; Keohane and Milner 1996; Boyer and Drache 1996; cf. also Hout and Lieshout in this volume)? Consider the following statement by Roger Cohen: 'Throughout the world today, politics lags behind economics, like a horse and buggy haplessly trailing a sports car. While politicians go through the motions of national elections - offering chimerical programs and slogans - world markets, the Internet and the furious pace of trade involve people in a global game in which elected representatives figure as little more than bit players. Hence the prevailing sense, in America and Europe, that politicians and ideologies are either uninteresting or irrelevant' (as cited in Garrett 1998: 1). The thesis

of the globalization prophets is that the forces of the global economy are so strong that the nation states cannot but cater to the whims of the global market. For various reasons the capacity of companies and investors to transfer production and capital all over the world has increased and this has led to a profound change in the character of the post-war mixed economies. In addition, the mobility of financial capital forces governments to minimize their intervention in the economy or at least to take measures that meet the wishes of financial markets. The diminishing economic relevance of borders is drastically decreasing the national policy space. If a government does not comply with the demands of the market, it will increasingly become incapable of providing the level of social and economic security necessary for winning elections.

The rhetoric of globalization is often based on an anti-interventionist liberalism; it is generally associated with pleas for the deregulation of national economies, the support of multinational corporations and the liberalization of markets, particularly financial markets. Hirst and Thompson's (1996) study of the myth and reality of globalization, however, concludes that there exists no fully globalized economy (cf. Hout and Lieshout in this volume). They prefer to speak of internationalization and the intensification of international dependencies. In contrast to what the theory of globalization presumes, Hirst and Thompson show that national economies are still the central units in the world economy, multinational corporations retain a national home base, and public regulation of the economy still plays a crucial part in the economy (cf. Milner and Keohane 1996; Ilout and Sie Dhian Ho 1997).

From the many analyses of the character and consequences of internationalization, a certain consensus appears to be arising over the following effects:

the increased mobility of capital undermines the effectiveness of macroeconomic policies;

economic internationalization augments the pressure on those social and economic institutions that traditionally offered the framework for a politics of exchange between, on the one hand, an efficient, external adjustment to the world market, and, on the other hand, internal compensation, primarily in the form of extended social policies (cf. Evans 1997);

internationalization affects the political power relations at the domestic level. The power of capital has increased, because the credibility of the

threat of investment strikes, of capital flight and of a transfer of production capacity has increased. The countervailing power of workers and unions cannot keep up, among other things because labour simply does not have corresponding escape routes and because internationalization is particularly detrimental to low- and unskilled labour.

These developments increase the probability that the resistance against change, which is inherent to nationally established social, economic and political institutions, is breaking. As a result, a type of political and institutional reform is possible that diverges considerably from the traditional paths of the established national (welfare) states.

Too many analyses, however, incorrectly consider the constraints imposed by internationalization in absolute rather than relative terms. As a result, the end of the powerful state and the nation state are too easily proclaimed, while in effect there is an evolution of state activities and capacities. The 'strong' stoty of globalization is problematic, also because the intervention capacity of the predecessor of the so-called powerless state, the Keynesian welfare state, is being exaggerated. In addition, the thesis of globalization neglects the divergent manners in which states in reality react to common challenges. Next, the very idea that the economic challenges and hazards of globalization are identical for all national political systems is wrong, because the political economies of nation states vary significantly (cf. Kitschelt *et al.* 1999; Rhodes and Van Apeldoorn 1997; Van Aarle and Garretsen 1997). Finally, in a normative sense the globalization thesis either stresses the blessings of deregulation and privatization, or - in the Leftist critique - the misery caused by global capitalism (cf. Weiss 1998: 188-193).

Specifically national institutions, such as deeply rooted systems of social and economic consultation and interest intermediation, are capable of functioning as a buffer absorbing external shocks (Van Kersbergen *et al.* 1997). Different institutions filter, so to speak similar external pressures differently and this explains the cross-national variation in policy outcomes. The political and institutional differences between countries critically affect the manner in which the growing intensity of economic interdependence is being dealt with.

This train of thought on institutions as filters and buffers can be extended more radically. The significance of the nation state, national institutions and national structures of power may be increasing rather than diminish-

ing. This is not to contradict or deny the development of a global economy. On the contrary, precisely because of the insecurity generated by internationalization, the level of (social) security guaranteed at the national level will increasingly influence the decisions of investors to invest and of voters to vote.

Let me defend this line of argument. The prophets of the end of the nation state fail to make a distinction between the state's adaptability and its evolving policy instruments. It is crucial to make this distinction in order to avoid the automatic conclusion that a limitation of possible policy instruments implies the restriction of the state's capacity to adapt. As Weiss (1998: 197; emphasis in original) has rightly pointed out: 'Economic integration does not so much enfeeble *the state* as weaken the efficacy of specific *policy instruments'.* Some instruments, like Keynesian demand management - insofar as it ever worked - may have lost their effectiveness entirely, but this does not mean that every possible policy instrument has become impotent. True, some social-policy models, for instance those that are biased towards benefit transfers rather than services, have reached their limits. However, this does not imply that all types of social policy are excluded. In fact, recent changes in Dutch and Danish social policy, particularly the transformation from passive to active labour-market policies, are better understood as a sign of the continuing intervention capacity and adaptability of the state than as a manifestation of powerlessness. The capacity to adapt, however, is increasingly dependent on the extent to which a government is capable of tapping new social and political sources and mobilizing political support for policy review, including the perhaps necessary breaking of 'institutional resistance' (cf. Huber and Stephens 1998; on the potential role of international organizations in this process, cf. Reinalda in this volume). This capacity hinges only partially on the extent to which a national economy is integrated in the global economy or on institutional path-dependency and increasingly on institutional and political flexibility at the national level.

In addition, states are not the passive victims of economic globalization, but they are themselves actively involved in facilitating the competitiveness of their economy. There are innumerable ways in which states try to help their nationally organized producers to meet the challenge of international competition. That, too, is a form of adaptation. The state is one of the actors in the process of internationalization. In fact, one could see the actions of states as one of the root-causes of globalization, for it were gov-

ernments that decided - for whatever reason - to liberalize markets by actively seeking to annul politically erected trade barriers, to privatize nationalized industries, and to abolish cartels.

Moreover, there is a clear alternative to the powerless state (cf. Garrett 1998). National governments are still well capable of implementing social and economic policies that redistribute wealth and risk in such a manner that the potential victims of the global market are protected (cf. Cameron 1978; Katzenstein 1985; Rodrik 1996). Such policies are beneficial to economic growth, because they yield collective goods that the market cannot produce. These especially concern investments in human capital and the infrastructure.

Comprehensive (corporatist) labour-market institutions are crucial to prevent employees exploiting the policy of social protection and investment by driving up wage claims. It also turns out that a nation's economic, political and social stability is increasingly important for investment decisions, particularly for those investors who are forced to take their decisions under conditions of uncertainty and high risk (cf. Garrett 1998: 130). Clearly, certainty and predictability are highly valued in an increasingly uncertain and volatile global economy. The state is crucial in providing such certainty.

States attempt to retain a certain level of control over their economies by fostering new or reinforcing existing social coalitions and international alliances. Both the internal strategy of innovating social and economic institutions and (re-)forming political coalitions and the external policy to establish a high degree of policy coordination by way of international cooperation may include the purposeful delegation of competencies. It is exactly at this point that confusion over the end of sovereignty and the nation state emerges. Obviously, the delegation of competencies is an aspect of the 'relocation' of politics. However, it is by no means self-evident that this implies an emasculation of the power of the nation state; it is rather a transformation of the manner in which state power is exercised.

This latter issue deserves further consideration. It may very well be that - in spite of the many, usually ill-considered, speculations to the opposite - we are in fact witnessing an *increase* in the role of the nation state. We may be mistaking the metamorphosis of the state for its decline. Following Lind (1992), Weiss (1998) envisages the emergence of the so-called 'catalytic state', that is to say a state that fosters international cooperation with other states and national coalitions with interest groups, (multinational) corporations and transnational actors, rather than attempting to regulate by direct

intervention. The goal is to effect a high degree of policy coordination to compensate for the loss of effectiveness of national policy instruments. The hypothesis is that the better states manage to foster international, national and sub-national coalitions and alliances, the greater the chances of successful adaptation. International cooperation, regulation (GAIT/wrO, IMF, Ell, OECD), consultation and coordination (G7/G8) enhance the transparency and predictability of interdependency at the global level and therefore temper the vicissitudes of the world market. Such regulations, however, can never replace the internal functions of, for instance, social policy, part of which is aimed at internally monitoring the social outcomes of dynamic international markets. International economic cooperation and regulation in a sense increase the national policy scope beyond national borders (cf. Rieger and Leibfried 1998: 381). lt is likely that cross-national differences remain substantial, precisely because the essentially political process of national and international coalition formation co-determines outcomes.

3.2 EUROPEAN tNTEGRATION

These considerations lead me to the issue of European integration, for this is the example *par excellence* of the manner in which sovereign states have reached agreement over extensive cooperation and policy coordination (Haverland in this volume). lt is important again to make a clear distinction between the deliberate delegation of competencies and authority of nation states and the presumed loss of sovereignty. The historian Alan Milward (1992), in his study of the origin and early development of the European Community, shows how crucial the motivation of the preservation of sovereignty in fact was. Governments of nation states were prepared to delegate certain competencies to the supranational organization if, and only if, they assumed that the solution of pressing problems was beyond the capacity of the nation state, while the solution was nevertheless vital for the very survival of the nation state. In fact, only by closely cooperating at the European level could the European nation state after the Second World War re-establish itself as the fundamental unit of political authority. European integration was an aspect of the post-war reconstruction of the nation state. The European nation states pursued a strategy of integration because this was '... one way of formalizing, regulating and perhaps limiting the consequences of interdependence, without forfeiting the national allegiance on which its continued existence depends' (Milward 1992: 19).

The foundation of the European Union (Ell) can be understood as the manner in which the member states have tried to parry the loss of political control, particularly over their national economies, by increasingly delegating power to the European level. The interrelation between the states, the supranational organization, and the interaction between the various levels of governance have by now acquired such a scale and have become so complex that a new and unique system of multi-level governance has emerged (cf. Marks *et al.* 1996; Marks 1997). In comparison to other international organizations the particular nature of the EU seems to be its complex institutional configuration (cf. Bulmer 1998), its broad range of policies and its mixture of intergovernmental and supranational arrangements. According to Nugent (1994: 433) it is '... a system which is quite unique in the extent to which it involves states engaging in *joint* action to formulate *common* policies and to make *binding* decisions'. The EU can be understood as a political *system* (in Easton's sense), because it has the following characteristics: (1) formal rules of collective decision-making (polity); (2) the production of policy; and (3) the mobilization of citizens, interest groups and political parties (politics) (cf. Hix 1998; Keman 1993). However, the Ell is not a *state,* precisely because the allocation of values for its society is binding only to the extent that the member states are willing to comply with European law (cf. the introductory chapter to this volume).

A major distinction in comparison to federal states is that in the Ell the member states still prevail (cf. Pierson and Leibfried 1995). The Ell continues to be a political construction built by sovereign nation states. In this context Peterson's (1995) distinction between 'history-making' (supra-systemic decisions), 'policy-setting' (decisions at system level) and 'policy-shaping' (decision-making at meso-Ievel) is helpful. The governments of the member states are undeniably the predominant actors when decisions with respect to the enlargement of the Ell, a change of legal procedures or a transformation of the internal institutional structure are at stake. At the other levels of decision-making, the role of national governments is obviously less predominant. It goes without saying that at the 'history-making' moments it is the protection of the national interest and sovereignty which constitute the leading motives to act (cf. Moravcsik 1993, 1998; Lieshout 1999). However, the more the Ell evolves, the higher the constitutional, legal, political and economic costs will be for a member state to opt out (cf. Cecchini 1988). In this sense the room to manoeuvre for member states becomes more and more constrained.

The thesis that European integration has had a momentous impact on national political systems is not particularly controversial. The legislative procedures and policy implementation are more similar to the functioning of federal systems than to international law. Lawyers stress that the EU legal order takes precedence over national law. This issue, however, continues to be controversial as became clear during the ratification of the Maastricht Treaty on Ell, when the German *Bundesverfassungsgericht* refuted the primacy of Community Law and disputed the direct effect of the rulings of the European Court of Justice (ECI). In addition, the EU, in this case the ECJ, lacks the means to enforce the implementation of European law against the will of a member state. Of course, there are numerous provisions (e.g. sanctions), but the effectiveness of decision-making is ultimately dependent on the voluntary agreement of member states and the willingness to act in accordance with the ruling of the ECJ (cf. Nugent 1994; Wallace and Wallace 1996; Besselink]997).

3.3 STATE BUILDING AND EUROPEAN INTEGRATION

The complicating yet fascinating aspects of the EU as a multi-tiered political system are that it has the nation state as one of its components, that national and sub-national actors try to influence the Union's policies and that the Union, in turn, affects the national political systems directly. One of the fundamental, yet often-underestimated differences between national political systems and nation-state building on the one hand, and European integration on the other, concerns the relationship between the ruling elite and the political and cultural attitudes of the population. The formation of nation states was directly associated with the rise of nationalism and the political construction of national identities that were to support and legitimize the centralization of political authority. In contrast, European integration is hardly, if at all, accompanied by the emergence of a European political identity. The political legitimization and public acceptance of the authority of the European institutions and policies seems therefore problematic.

However, the theoretical models that we have at our disposal for analyzing state and nation building (cf. Rokkan 1975; Tilly 1975, 1993; Stuurman 1995; Klausen and Tilly 1997) spell out that we cannot draw a parallel between the formation of nation states and the process of European integration (see Van Kersbergen 2000). If we compare the stages of nation state formation (e.g. following Rokkan 1975) with the evolution of European

integration, it is clear that in the latter case there is no centralization of political authority at the cost of the 'periphery'. The political elites of nation states are creating a new political centre next to, or perhaps on top of, existing centres. There is no construction of a European identity that is in any sense comparable to the standardization and nation building that came about in the course of the process of state formation in Europe. The mechanisms and institutions necessary for the formation of a shared and somewhat unified European political identity, such as schools and mass media, continue to function primarily at the national level. Active political participation is one of the central political predicaments of the present phase of European integration. The limited political rights and the lack of democratic control at the European level are notorious deficits. In addition, the politics of social and economic redistribution that concluded the formation of European nation states is of marginal consequence in the EU, if only because of the, comparatively speaking, very limited budgets that the EU has available. The EU 'is not at all an embryo of established nation states. Its basic structure, or template, is quite different. It does not have a core government, a strong centralized bureaucracy, nor authority structures radiating out from a center to all reaches of its jurisdiction. It has no power 10 tax and spend. It is not an issue of "immature" state or "not enough time to develop'" (Caporaso 1997: 580-1). The political system of the EU simply does not follow the developmental path of nation states familiar to us.

4 Conclusion

The internationalization of the economy and European integration affect the policy space and policy capacity of nation states in various ways and degrees of intensity. Such events, however, must not be confused, let alone be equated, with the breakdown of the nation state. Admittedly, the economic significance of national borders has declined, but one cannot infer from this, therefore, that the nation states are wholly powerless *vis-a-vis* global markets. Admittedly, the governments of national political systems have delegated competencies to the EU and this affects their relative position of power, but this does not imply the acute and conclusive end of national sovereignty. The adaptability of nation states is highly variable and - partly because of this - the effects of economic internationalization and European integration are likely to vary cross-nationally. The consequences

for a nation state of these challenges depend to a large extent on its changing policy capacity and adaptability and these concern, in essence, issues of political power mobilization and coalition formation. What is widely interpreted as the enfeebling of the nation state, is in fact a transformation of the manner in which state power is exercised. Linda Weiss (1998) was right when she concluded that the powerless state is a myth.

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5

Changing Shape, Changing Form: Liberal Democracy without the Classical State

Marcel Wissenburg

1 Introduction

Political theory, particularly the mainstream liberal school[1] with its interest in the design and vindication of liberal-democratic institutions, is to a large degree predicated on the existence of a sovereign nation state as a necessary condition for the existence and protection in sociery of liberal-democratic values. It might be argued that the idea of the sovereign nation state as the central unit of politics no longer corresponds to realiry. The state may still be sovereign and (up to this day) be central to political life, yet cracks are appearing between the actual power of states and the formal marks of their sovereignty, such as the monopolies on violence and on the attribution of rights within their territories. In addition, the nation state as a state for one 'people' - whatever that may mean, exactly – is becoming increasingly recognized as a construction rather than as a 'real' category. It appears – and for the sake of argument I shall assume this to be true - that a fundamental political change is taking place: the state's legitimate powers seem to be 'fragmenting' and 'leaking away' in various directions - to international institutions, to the non-political sectors of civil society, to autonomous regions and so on. If sovereignty becomes a fiction, if the state is no longer in control, liberal political theory has a conceptual problem: to what entities other than the state can or should the adjective 'liberal democratic' refer?

In the next few Sections, I shall first explain why political plurality, that is, the diffusion of political power over and among political entities other than the state, is worth investigating at all (for a liberal political theorist). Next, I shall discuss the effects of the fragmentation and diffusion of power on the viability of liberal democracy, albeit in a rather superficial way: I shall be mapping and charting *terra incognita*. The aim of this chapter is, first of all, to show that the 'disappearance' of the state's monopolies does in fact pose serious problems, not just for liberalism as a political theory but also, in the real world, for liberal democracy itself. In addition, I shall argue that two of these problems are more important and more fundamental than others: (1) possible logical contradictions between the systems of rights that competing political institutions impose upon their members, and (2) the dissolution of the *polis* into a multitude of competing institutions, resulting in a fragmentation of the individual's ties and loyalties. Issues like these require us to see the emergence of political plurality as a - from a liberal point of view - fundamental political change, one in which politics not only changes in shape but also, to abuse a platonic term, in form.

2 Moral Pluralism and Political Plurality

What exactly is liberal democracy all about, and why do liberals associate it with the existence of a state? The first part of this question seems to call for a definition. To avoid wasting time on discussions of the importance and quality of definitions, I shall simply list a set of ideas to which I attach the label 'liberal democracy' (cf. Wissenburg 1998, 1999; cf. Hawkesworth and Cogan 1992 on liberal democracy). It so happens that this set overlaps with other definitions or implicit understandings of liberal democracy, sometimes being narrower and sometimes broader, but I shall consider that, in the context of this chapter, a mere coincidence.

Liberal democracy, then, is first and foremost a combination of two sets of ideas: liberal values on the one hand and democracy on the other. In its liberal aspect, liberal democracy is a political system that both aims to satisfy in its structure, and aims to protect in its actions, a series of normative principles considered to be near-absolute, valuable in themselves and non-negotiable. The exact formulation of these principles may differ from time to time, system to system, person to person, but they cover at least the following ideas:

equal consideration for the interests of individuals;
equal respect for their opinions;
liberty of conscience, i.e. of conceptions of a life worth living;
liberty of action in the pursuit of a life worth living;
protection of individuals on these four points against interference by others (individuals or institutions);
a just distribution of individual rights to the (im)material benefits and burdens of social cooperation, compatible with at least the above five points.

In the vocabulary of one of the greatest liberal theorists, lohn Rawls, this could be rephrased as saying that liberalism (1) acknowledges moral pluralism, that is, acknowledges that individuals have different plans of life and different theories of the good; (2) admits that these divergent views on life are either practically or theoretically (or both) irreducible to one substantive idea of the good; and (3) tries to accommodate the basic structure of society to these raw facts or moral imperatives.

In its democratic aspect, liberal democracy is concerned with reflecting the preferences of individuals in the structure and actions of their shared institutions. Again, the idea is open to further specification. It is usually reflected in institutions like universal suffrage, an elected parliament of representatives, a parliament controlling government, and majority decision rules for members of government and parliament. The exact shape and form of these institutions may differ, moreover, (we can imagine alternative constellations) and the aim of democracy, reflecting the preferences ofindividuals, is itself contentious.

Liberal democracy is, in addition to its concern for liberal values and democracy, a political system that tries to *reconcile* these two, in a logical sense mutually exclusive, ideals (cf. Wissenburg 1999; also Hyland 1995; Weale 1999). After all, guaranteeing liberal values implies that the people's preferences may not be satisfied, and satisfying the latter may mean that liberal values must give way. Since liberal values do not necessarily cover the whole of social life and therefore leave room for democratic decision-making, but democracy cannot permanently guarantee liberal values, the priority lies with liberal values. Constitutions and bills ofrights usually enshrine the latter and prescribe the limits they pose on democracy.

Finally, like many other political systems, liberal democracy is concerned with stability. Note that the managers of political systems do not by

definition aim for stability or understand society as a cooperative venture to mutual advantage. For one, the dictator of a banana republic may be concerned only with gaining maximum financial profit in a minimum amount of time and making a safe escape before the next *coup d'etat;* for another, tbere are political theories that recommend a state of permanent revolution in order, ultimately, to abolish the state. In liberal democracies, stability is understood not only as *formal* institutional stability, i.e. the persistence over a longer period of time of political and social institutions, but also as *substantial* and *individual* stability Liberal democracy puts a high value on continued *substantial* support from its citizens: in acting on and internalizing the values of the system, and in at least tolerating and, if possible, supporting the workings of the institutions (legitimacy). Being concerned with the fate of *individuals,* it also aims to ensure a stable basis of expectations for them: guarantees for and protection of individual rights, an unambiguous attribution of rights. In all this, the legal system plays a key role – and this is where the state comes in.

Liberal political theorists have, in their analyses of liberal democracy, come to depend heavily on the notion of the nation state. There are historical and biographical reasons for this: liberal theorists generally grow up in nation states. Hence, the assumption tbat it takes a nation and a state to realize and uphold liberal democracy and to inhibit arbitrary and illegitimate use of power by private interests, groups or sections within civil society (or the state apparatus itself) - all this seemed natural and went unquestioned for a long time (cf. Ackerman 1980; Barry 1995; Canovan 1996; Miller 1995; 1998; Rawls 1973, 1993a; Shapiro 1996). However, the rediscovery of minority cultures and the emergence of 'unstately' political institutions like the Ell are starting to gnaw away at the basis of the existing consensus. Mainstream political theorists discussing issues like multicultural citizenship (cf. Kymlicka 1995) or nationality (cf. Barry and Goodin 1992; Miller 1995; Canovan 1996), try to retain the framework of states but admit meeting increasing difficulties. It was only in early 1998 that one leading political philosopher, David Miller, for the first time summarized an extensive list of 'state-fragmenting' phenomena ranging from political and economic globalization to nationalism, religious fundamentalism and deregulation. He then posed the crucial question: '... are we still living in a world in which it makes sense to speculate and theorize about social justice[?]' (Miller 1998), moving on to argue that many of the preconditions of liberal democracy in general threaten to dissolve - even though states can still

perform an important role. In addition, several political theorists have recently begun to take an interest in the 'constitution of Europe', i.e. the desirable and feasible shape of the European Union in relation to its member states (cf. Weale and Lehning 1997; Weale and Nentwich 1998).

Nonetheless, there are or were also sound *theoretical* reasons for associating liberalism with the nation state. Democracy and liberal values need protection on the one hand, support on the other. They need support in that they require a shared interpretation and internalization by the members of a reference group, say, a *polis:* without shared concepts and aims, cooperation in any form becomes impossible. Liberal values and democracy cannot exist without a kind of basic consensus within this reference group, implying that this general consensus cannot be too thick nor too thin. If there is too much consensus, if there are too many like-minded minds, deviant views of the good will become heresies and majority views public prescriptions; if there is too little consensus, cooperation will be impossible. The international community with its hundreds of states, thousands of cultures, millions of shared histories and billions of diverging individuals seems too large and diverse; local communities and cultures seem too closed and too small to exist as viable schemes of cooperation. The 'thing' in the middle however, that half-mystical, notoriously underspecified idea of a nation, seems ideally suited for a balance between thin and thick consensus. In it, the idea of a viable, Le. independent scheme of cooperation (society) conflates with the idea of a shared basis of understanding (culture).

Democracy and liberal values also need protection. Without codification and coordination and without institutions to control their being respected, their survival would be in the hands of individuals and factions within the nation. Factions and individuals might see a relative advantage in violating them; society as a whole might evolve into a set of subsystems, each with its own rules contradicting in word or effect those of other subsystems. Apart from these incidental violations of democracy and liberal values, the absence of coordinating mechanisms threatens the structural stability of society. A nation therefore needs a hierarchic ordering of legitimate power: a point of origin for the (coordination of the) attribution of rights, endowed with powers (including the famous last-resort monopoly on violence) to implement its rules against any subordinate entity. In short: liberal democracy seems best associated with a nation and sovereign state.

The real world, however, seems to contradict theory, insofar as the point

of reference for liberal democracy, the nation state, may appear to become an endangered species. In the international arena, states increasingly co-operate. The establishment of the United Nations Organization gave a new impetus to the development of an international system of law; the political evolution of Europe (ECSC, EEC, EC, Ell) implied that legislative and executive powers moved from individual states to Brussels. On the national and sub-national levels, states have transferred power to 'minority' nations, granting different degrees of autonomy and self-government to cultural and ethnic minorities and regions. They have started to share power with or even handed over power to sections and factions within their respective civil societies. Finally, states are increasingly confronted with 'governance without the state': sectors within civil society addressing new political issues and resolving political conflict among themselves, with the state playing only a minor role or none at all except that of bystander (cf. Young 1997). In sum, it appears that we are witnessing the re-emergence of political plurality, in a shape possibly more complicated than mediaeval Europe ever experienced.

In the next two sections, I shall inspect several types of political pluralization with an eye to their effects on the viability of liberal democracy. I shall look in particular at the threat they may pose to six important elements of liberal democracy introduced above: liberal values, democracy, the balance between these two, the basic consensus in the reference group, the formal stability of the system, and the stability of individual expectations.

3 Internationalization

Many of the ways in which states can lose power can be placed under the heading of internationalization; what unites them is merely the fact that power crosses a border. *International cooperation between states* is a first example, insofar as it involves self-binding: any state that commits itself to others to use its power in a particular way also loses power in a particular way. This is not to say that states lose their *de jure* sovereignty; unless they merge completely, they do not. What they give up by cooperating is the ethical right and - by their own internal standards - legal power to act differently, plus in some cases the actual physical capability to act in certain ways. In theory, any form of cooperation is voluntary and can be terminated voluntarily, states being sovereign, although this may prove to be difficult in practice. There are degrees of cooperation and thereby degrees of power loss: inci-

dental cooperation on one specific issue is quite different from, say, entering a mutual defence treaty, military cooperation within NATO or delegating legislative, executive and judicial powers to the European Union. It is far easier to end cooperation on a search and rescue operation than it is to step out of the European Union – the latter may even be economic, organizational and political suicide. Yet these are matters of degree, not of principle. It is difficult to imagine states cooperating, even on an incidental basis, without binding themselves: if, by order of their individual authorities, naval ships of two states cooperate to save castaways in a storm, the states in question already commit themselves not to use their powers (in this case, the capacity of their ships) in the area where the other ship is sailing. The point is this: where and insofar as states cooperate, they deny themselves the legitimacy of using their power to deviate from the conditions of cooperation.[2]

In this respect, *supranational* (global) *cooperation*, as for instance in the establishment and implementation of international commercial, criminal, civil and martial law and human rights, is usually basically the same as international cooperation (cf. Nugent 1997; Marks *et al.* 1996). The difference is one of degree of participation, not in the nature of the loss of power itself. One caveat is in order here, though: international law and supranational organizations occasionally recognize native peoples as legitimate actors on a par with sovereign nation states. The result of this can be paradoxical: the implication is that a state may at the same time claim sovereignty over a native people and, as a sovereign state within a supranational structure, recognize that people as practically sovereign itself, thus both claiming and denying itself the power to dictate the terms of cooperation within its borders.

A third form of internationalization appears at first sight to bear no relation whatsoever to the perception of states losing or delegating power: the *'expansion' of national law* (and thereby sovereignty) across the borders of a state.[3] Well-known examples are the prosecution by Germany and the Netherlands of citizens for various paedosexual offences committed in the Far East; the British government arresting Chilean former-dictator Pinochet on charges of murder of Spanish citizens; and (given a slightly different conception of law) the death sentence imposed on the author Salman Rushdie. It would seem that if state X arrests, tries and convicts its citizens for heresies committed in other countries, or visitors from other countries for heretical acts committed elsewhere against citizens of X, X only expands its powers.

However, one state's gain is - at least in principle – another's loss: by expanding its legal domain across its borders, X actually imposes its laws on other sovereign states and their citizens.

Fourthly, there is *governance without government* (cf. Young 1997): relatively independent international non-state actors (often made up of members appointed by governments) arranging affairs that could, and would otherwise, belong to the dominion of the state. Examples of this range from the International Air Transport Authority via the Great Lakes International Joint Commission to the Antarctic Treaty System. The idea of governance without government must be taken with a grain of empirical salt: non-state actors turn out to be only relatively independent from the state, states do have direct influence on their policies, an international civil society providing an independent basis of power and legitimacy for state-less governance is still lacking in most areas, and so on. Yet we see here, once again, ethical and legal loss of power: states binding themselves to a regime and denying themselves the moral and legal right to use their power to deviate from the terms of cooperation.

There is one special instance of governance without government where the diffusion of power is of a radically different nature: *economic globalization* (cf. Hout and Sie Dhian Ho 1997). Economic globalization, at least in the form of the globalization of capital, can be placed under this heading precisely because it involves international non-state actors (companies) arranging affairs that would normally be dealt with by sovereign states: the distribution of wealth, welfare and opportunity over a society is part of their monopoly on the attribution of rights. The two fundamental differences from other forms of state-less governance are that economic globalization does not require states to abstain from their legal or ethical rights, and that it does involve a practical loss of power.

So what do all these developments mean for liberal democracy? Insofar as typically liberal values are concerned (liberty, equality, justice), their effects are limited and mixed. Possible negative effects are fairly obvious. Governance without government may mean that existing or new control mechanisms are insufficient to guarantee them. Supra- and international cooperation may result in 'lowest common denominator liberalism', that is, liberty or equality or justice only in areas on which participants agree and only to the degree that they agree: no Dutch tolerance for soft drugs and prostitution, no Danish or Belgian tolerance for racist printed material, no European-type welfare state, and so on. It may also lead to a more far-reach-

ing international redistribution of power and welfare and in an ever increasing flow of individuals from excluded have-not countries to included haves – but these are in no way new or fundamental problems for liberal democracy. In some form or other, they already exist, are dealt with, and are dealt with more or less successfully. Internationalization can, on the positive side, protect and stimulate liberal values, as in the case of international law or in that of international cooperation aimed at countering the negative effects of economic globalization.

Only in one respect does there seem to be a fundamental problem here, re-emerging from the mists of history. The expansion of national sovereignty, with its subjection of individuals to two or more distinct supreme authorities and their incompatible rules, will leave individuals in the cold with regard to their rights and freedoms: whose rules are they to follow? Below, we shall see that this will turn out to be a pivotal problem in all instances of political pluralization. Note also that, to some degree, governance without government and the recognition of non-state actors as practically sovereign can have a similar effect.

As a rule, the effects on democracy of internationalization processes are equally double-edged and circumstantial. On the one hand, they can improve the democratic element of public life. Internationalization offers a chance to include more and more people in the anonymous and previously uncontrolled processes that shape their lives. On the other, internationalization is not necessarily democratic or aimed at furthering democracy. It can involve the creation of new institutions and policy fields where (inter)national elites and interest groups, in the widest possible sense of the word, can divide and conquer without publicity, interference or popular control. Again, these are neither new nor fundamental problems, and again, there is a fundamental problem preceding their solution: the existence of a reference group. Democracy requires a will or, at the very least, a need to live together and cooperate, including a shared basic consensus on the terms of cooperation, thus creating a *po/is* out of accidentally co-existing individuals. As observed above, in an international context this consensus may be too thin or even absent.

This same problem reappears when we consider whether 'internationalized' political systems can find and guarantee a balance between liberal values and democracy. The practical results of such efforts are unpredictable, yet theoretical criteria can be designed. One example may suffice to illustrate the problem: the currently most popular type of liberal theory of jus-

tice evaluates political institutions on the basis of the so-called reflective equilibrium approach (cf. Rawls 1973, 1993a; Singer 1976, 1987). This demands a repeated two-way comparison between, and if necessary adaptation of, moral intuitions on the one hand and preconditions for an impartial judgement (think of John Rawls' veil of ignorance) on the other, until a match between the two has been found. If we want just international institutions to be democratic and if they are more than one-shot cooperative ventures, an equilibrium will have to be found among the intuitions of all involved, regardless of nationality, creed and level of development (cf. Goodin 1992). John Rawls had already concluded that the difference between an affluent and a poor sociery in its appreciation of the relative value and substitutability of economic and political liberties was enough to justify two distinct conceptions of justice, one for poor, and one for affluent societies (cf. Rawls 1973). A reconciliation between the intuitions of members of both poor and affluent societies was considered impossible; Rawls therefore rejected and still rejects the idea of an international reflective equilibrium (cf. Rawls 1993a, b). There would simply be no basic consensus among them.

The width and possible absence of a basic consensus is ultimately an empirical issue. There are indications for the evolution of an international civil society (cf. Young 1997), yet even if these feeble signs are signs of life, they may not be enough. A basic consensus for a society requires more than shared interests and a limited set of (apparently) interculturally accepted legal criteria. It also takes a shared identity and identification, schemes of cooperation without which everyone would be worse off, a shared perception and culture. In other words, a real-life basic consensus presupposes the existence of a unifying context, a reference group performing all these functions. The more the nation state appears to be withdrawing, the less it serves as a reference group. The question then arises whether the new institutions that fill in for the state can serve as reference groups. I shall return to this question in my Conclusion.

As far as the formal stability of political institutions is concerned, internationalization again does not have to have adverse effects. The liberal democratic nation state, being historically contingent (cf. Spruyt 1994), had predecessors that were stable and 'international', insofar as the word nation is appropriate, yet, lacking complete monopolies, failed to meet modern definitions of the sovereign state. One example is the Roman empire with its centre of power and tributary allies; another is mediaeval Europe without

a clear centre of power, but with a system of mutual obligations binding individuals to the often-contradictory rules of feudal lords and princes of the Church, cities, guilds and so forth.

The example of mediaeval Europe also highlights why internationalization may result in instability of expectations, a threat to which no known answers exist. Liberal democracy exists – in part – because there is a monopolist attributing rights, an actor who is prepared to exercise its monopoly on the use of force to protect this first monopoly, an actor finally whose authority rests on legitimacy in the eyes of its subjects. Where the monopoly on the attribution of rights crumbles, freedoms and obligations become insecure. Where two or more authorities attribute rights to the same individuals, and in the absence of a higher authority prioritizing rights, odd situations can occur. If one independent authority grants me an absolute right to freedom of movement, and another grants you an absolute ownership right to your car, meaning you can do with it as you please, our two rights logically contradict one another. Not only can they physically efface one another when we happen to be in the same place at the same time exercising our respective rights, they also conceptually cancel one another: their combined implication is that we both have an absolute right to fill the same space in the universe at every moment in time. In deontic logic, this problem is referred to as that of the *incompossibility* of rights (cf. Steiner 1994; Wissenburg 1998, 1999): the attribution of rights to contradictory or mutually effacing ('existentially overlapping') acts of one or more agents. Partly because legal forums still created a form of hierarchy acknowledged by all, if necessary with force, mediaeval society could live with a degree of incompossibility;4 liberal democracy, however, cannot. If a political constellation (a state, an international organization or whatever) ceases to guarantee liberty, equality and justice, it ceases to be a liberal democracy.

4 Other Types of Political Pluralization

A pattern is emerging, allowing us to move more swiftly past other types of diffusion of power and political pluralization to a separation between fundamental problems of principle and less fundamental (though not necessarily less simple) practical problems for liberal democracy.

Next to internationalization, then, we can distinguish political delegation of power as a distinct way in which states can lose power. A classic

example is the recognition by states of (the exclusive authority of) pre-state institutions within their domain, ranging from precolonial kingdoms in Africa and Asia to the Ottoman, more or less clan-like, authorities on the Arabic peninsula. Although in temporal terms the state's power exists by virtue of whatever powers such institutions lost, logically speaking a state loses power *to* them: it must be sovereign prior to refraining from exercising its powers. A more modern example is offered by border-crossing regional authorities (e.g. Euregions) to which two or more states have delegated power, in some respects (those in which the regional authority is autonomous) creating a new state.

The consequences of political delegation of power for liberal democracy do not differ too much from those of internationalization. In terms of liberal values, democracy and the balance between both, the effects can be both negative and positive. Obviously, new borders and limits are created both for individual liberty and participation: the creation of an autonomous Scotland could exclude the English from political positions and participatory rights in Scotland, and the Scots from the English equivalents, for instance. Yet these borders need not be oppressive. They may actually create a more stable basis for individual development in protecting a shared but endangered language, culture and history and, as a consequence, individual members of a people against cultural schizophrenia (cf. Kymlicka 1995; consider here native Canadians). A further effect may be that more weight is given to those affected most by collective decisions: the Scottish vote obviously carries more weight in a Scottish parliament than in Westminster. It all depends on how the polity is defined and on how liberal its constitution allows it to be.

Nor does delegation have to result in formal instability or in instability of expectations: whatever else may be said about the British, French and Dutch colonial empires, they were clear examples of how relative autonomy within a hierarchical structure could avoid incompossibility and promoted the system's stability. Again, it is only the question of a basic consensus that poses problems, albeit in the opposite direction. All of the above possibilities for liberal democracy are predicated on a well-balanced basic consensus within the polity, yet the smaller the size and the higher the autonomy, the higher the risk that the consensus is just too thick. As mentioned before, culturally closed communities can be quite oppressive for plans of life, lifestyles and habits that deviate from the norm. More fundamentally, the success of political delegation of power also depends on the existence of a

reference group, but like internationalization, it creates institutions next to the state, hence more than one potential reference group to which to relate.

A third type of fragmentation of power occurs inside the borders of the nation state: the depoliticization of power. In essence, this means that the state retreats from certain policy areas, a phenomenon often misleadingly referred to as deregulation - misleadingly, since rules, rights and duties do not disappear but merely originate in other spheres within society. In Moslem countries, depoliticization of power often takes the shape of an (informal) transfer of executive and judicial responsibities from the state to organized religion, allowing the interpreters of the Koran to interpret also civil law and outline legitimate policy aims and means. In the West, it takes at least two forms: that of a transfer of power to civil society and, more recently, as one of the defining characteristics of Third Way social policy, to the private sector (privatization of public and social services) (cf. Schuyt 1997; Cable 1995; *Social Philosophy and Policy 1997/2)*.

Depoliticization of power exhibits the same diffuse pattern of effects on (the viability of) liberal democracy. [t can, but need not, increase individual autonomy and freedom of choice; it can but need not improve participation yet may also reduce responsiveness; it can mean that new checks and balances are introduced to secure a balance between liberalism and democracy, yet it can also endanger that balance by bringing forth an uncontrolled and uncontrollable dominant sphere in society, a fear voiced by Michael Walzer (1983) as well as llirgen Habermas (1981) and John Dryzek (1990). The system can be (formally) stable, as the mediaeval experience has shown, but is also in danger of threatening the stability of the individual's expectations: incompossibility of the rules of distinct social spheres is a far from imaginary threat. Finally, depoliticization can have a positive effect in terms of the basic consensus required to ensure social cooperation, in that the rules for the distribution of rights in one social sphere (say, education) may be devised more consensually without the rules of another (say, production) dominating (cf. Walzer 1983), yet it also results in a fragmentation ofinstitutions, the reference group and loyalties.

A fourth type of political pluralization bears some resemblance to political delegation of power: the separation of nation and state. [t takes many forms, from ethnic nationalism and tribalism to mere demands for the recognition of a regional language or customs, but the result is essentially the same: national minorities see their existence recognized and their autonomy increased (cf. Miller 1995; Kymlicka 1995; Anderson 1996). The

effects are also essentially similar to those of political delegation: apart from the threats posed by the incompossibility of systems of rights and the fragmentation of reference groups, it all depends on contingent empirical circumstances.

Finally, mimicking depoliticization, new political issues tend to be dealt with more and more in arenas other than the state, or with the state playing only a minor role. The difference with depoliticization is that these issues either never even reach the agenda of the state, or are dealt with by others, pre-empting the state. Ulrich Beck (1997) has referred to this phenomenon as sub-politics. Examples can be found in the environmental arena, where companies and environmental movements increasingly operate together on the basis of covenants, in the area of emancipation, but also in those of more recently 'repoliticized' issues like physical security (crime in the streets) and socio-economic security (cf. Schuyt 1997). To cut a long story short: the effects of sub-politics resemble those of depoliticization. Again, only incompossibility and the fragmentation of the reference group seem unavoidable; everything else depends on contingent circumstances.

5 Conclusion

The power of the nation state is fragmenting, flowing away to other political entities, creating a politically plural world. Being sovereign, the state has reserved for itself the legal authority to regain what it loses or delegates, but in many instances in the real world this may be or become impossible. The price of retreating from international cooperative structures may be too high, in terms of economic prosperity, reliability or viability, and the resistance from among citizens, civil society, the private initiative and/or minorities - who all stand to lose often dearly gained freedom - may be too severe.

For those accustomed to moral pluralism or even committed to the values of liberal democracy, the emergence of a politically plural world signals a long and very diverse list of problems. In this chapter I have not even begun to list them seriously, nor was that my intention. What I hoped to show is that we may expect many of these problems to be of a contingent nature: there is no logical reason why they cannot be solved, and whether or not they occur depends mainly on pliable circumstances. The quality of democracy, for example, may improve or degenerate with the introduction of international cooperative organizations, depending, among other things,

on whether these organizations create room for participation, on the kind of room they create, and on the width of the basic consensus among the participating individuals. The simultaneous introduction of sub-state polities can have the same effects given the same side constraints.

However, particularly if we consider the cumulative effect of all types of fragmentation of the state's powers described here, we have detected two more fundamental and logically prior problems that need to be solved if liberal democracy in a politically plural world is to remain viable: incompossibility and fragmentation of the reference group. (All this is not to say that the kind of problems that I called contingent are not crucial for the real world or for the survival of liberal democracy.)

lncompossibility occurs wherever two systems of rules logically contradict one another and meta-rules assigning priority to one system or rule over another are lacking. If we can no longer assume that the state is *really* sovereign, practically capable of wielding its monopolies on the attribution of rights and the use of force to support it, then, no matter how sovereign it claims to be under international law, the state can no longer guarantee the rights and duties of individuals, the stability of their expectations, the security that allows them to cooperate and live a life of their own making - many of the things we value in liberal democracy for liberal reasons. Unlike other problems, this one is fundamental: without a hierarchy in rule systems there is no logical solution to the danger of incompossibility.

The nation state itself is historically contingent; if it changes shape, it may still in some way retain the form of a *polis*, a more or less self-sustained and self-sustainable scheme of cooperation (society) with a unifying political structure exactly mapping society. The emergence of political plurality implies a fragmentation of the reference group, the *polis*. What follows is the mirror-image of incompossibility: the individual's loyalties to different political entities may clash. In addition, loyalty to democratic institutions may diminish since representatives in political arena X cannot always influence the outcome of the fight in arena *Y* – in other words, representatives do not or cannot always represent us where and when we want them to. Although democracy (as a voting and decision-making system) in some form or other remains possible, fragmentation offers far less protection for basic liberal values and human rights than we - political theorists and citizens - may find desirable.

As far as liberal political theory is concerned, we can draw two conclusions. For one, problems like incompossibility and reference group frag-

mentation bring an age-old and almost forgotten issue back onto the research agenda: sovereignty. The easiest, most obvious solution for incompossibility and fragmentation would be to say that a modern world with 'less' state still requires an overarching sphere of sovereignty, now to be attributed to a different entity. Yet how can this fairly classical solution be morally justified - and hence gain legitimacy and feasibility - in the absence of a basic consensus? Or are there, perhaps, alternative ways of creating a stable hierarchy of rule systems without invoking the notion of sovereignty? - an issue that could inspire normative political theorists and rational choice and game theorists alike.

Secondly, with or without a new sovereign, the family of concepts that we relate today to the concept of the *polis* - state, nation, nation state, society, et cetera - does not take sufficient account of the economic, social and political fragmentation within and across borders. Our present conceptionS of the *polls* does not suffice in theory, and may not suffice in practice, as the basic composite, the molecule, of the politically plural world of tomorrow. However, alternative conceptions of the *polls* are rare and difficult to (re)construct. One alternative that may be germane to future research is the mediaeval conception of the *polis*, but it may also be fruitful to consider theorists who tried to escape the mediaeval framework, like Jean Bodin. In his view of sovereignty, the sovereign does not rule a unified *polls* but creates one out of a politically plural world where individuals are united by what he calls the *cité* (cf. Bodin 1961, Book I, Chapter vi). The *cité* is civil society, made up of interdependent yet, in principle, independent cities and villages, guilds, universities and parishes - any political entity, any body producing and distributing freedoms and opportunities that unites people. It would be interesting to see if we can rethink the emergence of new political entities in a politically plural world, or even recast liberal theory itself, in terms of the *cité* - both with and without a sovereign power 'to bind them all'.

> Liberalism as a school in political theory or philosophy should be distinguished from liberalism as a political ideology. **In** the former sense, it presumes among other things (1) the existence of an irreducible plurality of views on the good life, as a fact of political life, as a meta-ethical necessity, or both; (2) moral equality of individuals; (3) moral priority of the individual's fate over that of more abstract entities; (4) neutrality in regard to individual plans of life and theories of the good on the part of the state, either as a political necessity or as a moral virtue; and (5) an at least hypothetical consensus

among reasonable and impartial individuals as a necessary condition for the justification of principles, policies and institutions (cf. Wissenburg 1999).

2 One might want to argue that two can do more than one, that cooperation implies an expansion of power. In a way, this can but need not be true: cooperation creates a new actor, consisting of the cooperating parties, one that may be able to 'do more' (however measured) than its constituent parts on their own. The point, however, is that those constituent parts (a) cannot do these extra things on their own *and* (b) commit themselves to terms of cooperation constraining their original freedom of action. Odysseus, when sailing past the Sirens, did not increase his own power by tying himself to the mast, nor that of his crew by stuffing their ears; what increased was the *power* of the collective aboard the ship. For a discussion of this conception of power as individual freedom of action, see Van Hees and Wissenburg 1999.

3 There are historical precedents: in pre-Carolingian Germanic Europe for instance, criminals were tried and punished according to the laws of their land of origin, regardless of where the crime was committed.

4 At a price, of course: an immeasurable amount of bloodshed. Note that the ultimate cause of mediaeval incompossibility problems, the conflict over supreme authority between wordly Imperium and otherwordly *Sacerdotium*, remains unresolved to this day_

S I use the word conception to indicate an interpretation of a concept (cf. Rawls 1973 on the concept and conceptions of justice). Ilence, our interpretation or conception of the *po/is* differs from that of the Greeks, the Romans, mediaeval political theorists and so forth, yet they are all interpretations of the same basic idea, the 'molecule' of politics.

6

International Organizations as Sources of Political Change

Bob Reinalda

1 Preliminary Remarks

In my analysis of international organizations as sources of political change I distinguish between *three successive perspectives on social and political change.* These perspectives are labelled evolutionary, functional and governance, respectively. The first and third perspectives focus upon dynamics and change, the second upon stability and continuity. I am interested in the position of international organizations (lOs) in a world of nation states according to these perspectives on change: in what way are international organizations sources of political change?

It should be noted that the assessment of IOs has been the object of evolution itself. A shift has occurred from a realist vision centred on an anarchic system of nation states preoccupied with security towards a pluralist vision, which also recognizes competition in the world market, other actors than nation states as well as domestic politics. The concept of the *nation state* should also be treated with care. All too easily the state is seen as an invariably autonomous and sovereign unity (cf. the Introduction to this book for the concept and relevance of sovereignty). Nation states, however, vary according to their stages of state and society building, as can be learned quickly by comparing modern states on various continents. The exact beginning of the modern or Westphalian nation state (1648) and the proper idea of ‚stateness' (cf. Nettl 1968) add up to the concept of the state as a chang-

ing and dynamic phenomenon, without altering its position of primacy in the international system. The interaction between *politics and economics* should, moreover, not be seen as a relatively recent one. Support for the national economy in combination with import restrictions, as defended by mercantilists even in the seventeenth century, shows that this relationship is older. The same goes for *internationalization and globalization.* Relations between domestic and foreign policies as well as the forces of the world market have been effective in both the nineteenth and the twentieth century. Hirst and Thompson argue that the present period of internationalization is by no means unprecedented. They demonstrate that the world economy in the period from 1870 to 1914 was in many ways more open than it has since been (cf. Hirst and Thompson 1996: 31). Finally, I do not see the relationship between *state and international organization* as a zero-sum game, in which one wins what the other loses. The combination that stronger 10s lead to stronger states is certainly possible.

In Section 2, I discuss the evolutionary perspective and apply it to the nineteenth-century 10s (the so-called international public unions) to see how they supported the nation states adapting to economic expansion. Sections 3 and 4 deal with 10s in the functional perspective with its rigid distinction between domestic and international politics and its *status quo* orientation, in which change is limited and 10s are fairly passive actors. In Section 5, I turn to the governance perspective, in which this distinction has become less important and change has been reintroduced. After that I deal with the ways in which lOs, as part of an interplay between international and domestic politics, help nation states to recognize external pressures (Section 6) and to adapt to long-term change (Section 7).

2 Evolutionary Theories on Political Change: Sources of Support

Against the background of the nineteenth-century industrial, political and other changes, social scientists tried to explain social dynamics by *evolutionary theories.* Major changes in society were to be understood as forms of an evolution whereby social structures gradually adapt themselves to material conditions and steady improvements in institutions emerge from failed attempts. Sometimes social change is seen as having a particular direction (teleology) but more often as a process of growth. All evolutionary theories depict social change as a succession of stages, 'each displaying a greater

degree of social complexity and a more sophisticated division of labour than its predecessor' (Axford 1997: 147). Morgan discerned various periods in his *Ancient Society,* or *Researches in the Lines of Human Progress from Savagery, through Barbarism,* to *Civilisation* (1877), in which he emphasizes the importance of technique and technological factors in the development of society. Each stage of development shows characteristic changes in social arrangements and political organization. In his *Principles of Sociology* (1867) Spencer recognized an evolution from small-scale and simple structures to large-scale and differentiated structures. He argued that Darwin's theory - evolution proceeds by natural selection, securing the survival of the fittest - confirmed his findings. Hence, according to 'social Darwinism', adaptation of societies can be understood in terms of the survival of the fittest. In their *Communist Manifesto* (1848) Marx and Engels depicted the history of societies as one of class struggle and contradictions within various modes of production: slavery, feudalism and capitalism. Severe disruptions in the form of social revolutions explain the transition from one type of society to another. Weber believed that the material conditions stressed by Marx and Engels were necessary but not sufficient factors. His explanation of the genesis of capitalism in *The Protestant Ethic and the Spirit of Capitalism* (1904) added psychological factors. This gave rise to two main schools on political change. The first school - the *societalist* one - regards conflicts of interests as the engine of political change. Societal factors, such as the degree of class conflict or the clash between interest groups, explain political change and the choices governments have to make. Apart from Marxism, pluralism - with its belief in the distribution of political power over several institutions thus limiting one another's actions - can be regarded as part of this school, as well as Wallerstein's world system theory, which reduces political factors to the basic effects of economic forces operating on a world scale (cf. Wallerstein 1974). The second school- the *ideologist* one - considers ideologies to be the engine of political change. Here Weber, Durkheim and Hegel can be mentioned, as well as Fukuyama, whose universal history is one of fundamental conflict between ideologies as the engines of change (cf. Axford 1997: 148). The crux of the evolutionist perspective is the perception of change as a form of evolution and adapting structures with conflicts of interests and/or ideologies as the engines of political change.

What about international organizations in the nineteenth century according to the evolutionary perspective? Can they be dismissed in a few lines, as is the case in quite a few modern textbooks, or are they to be taken

more seriously in the context of internationalization? I will defend the second position. The sort of states system, as it developed up to the nineteenth century, characterized by the doctrine of sovereignty and its correlate, the institutional principle of decentralization, was according to Claude recognized as inadequate. It conceded too much to the pretensions and claims of sovereigns. In the nineteenth century, the conviction grew that it had become 'necessary and possible to modify the free-wheeling irresponsibility of sovereign states to a greater extent than had been under traditional internationallaw, and to remedy the international institutional vacuum by creating and putting to work some agencies which would serve the community of states as a whole'. This was accomplished by statesmen who 'sought new arrangements and devices whereby the sovereign units of the old system could pursue their interests and manage their affairs in the altered circumstances of the age of communication and industrialism' (Claude 1966: 19-20). Instead of only bilateral diplomacy, the nineteenth century gave rise to the Concert of Europe, multilateral, high-level, political conferences (starting with the Congress of Vienna in 1815), public international unions in the non-political field, including organizational inventions such as the multilateral convention, and the Hague peace conferences in 1899 and 1907 with their rationalistic and legalistic approach toward universality. Claude: 'the Concert stood for compromise; the Hague stood for regulation; the public international unions stood for cooperation' *(ibidem:* 34). Notwithstanding his recognition of the functional inadequacy of sovereignty by the creation of public international unions and the fact that these unions have been the prototypes of modern IOs, Claude regards their role as limited as a result of an ambiguity in the attitude of modern nation states: 'men and nations want the benefits of international organization, but they also want to retain the privileges of sovereignty which are inseparable from international disorganization' *(ibidem: 35).*

From the evolutionary perspective of change it may be doubted, however, whether this rather sparing assessment does justice to the nineteenth-century IOs. The analysis by Murphy, who argues that public international unions have fostered industrial change by facilitating transportation and communication and spreading the ideals of liberal internationalism, emphasizes the position of the public international unions in the context of economic internationalization. His evolutionary explanation focuses upon institutional innovations and the process by which some institutions survive. This will happen in the event of a sufficiently powerful coalition of

national governments which have learned that they benefit from the state-to-state cooperation that these institutions encourage (cf. Murphy 1994: 25). The many issues and the tendency of the nineteenth-century international conferences to empower a wide range of professionals as the voice of the state, gave the conference system the ability to uncover previously unrecognized common interests and to generate useful suggestions for new international regimes. It attracted so-called public system builders, and permitted numerous experiments. Its success in making the liberal internationalist vision a reality depended also on many potential sponsors with different interests and aspirations (among them princes and monarchs), rather than on a single dominant power with a single set of interests *(ibidem:* 78). By 1910, regular conferences called by public international unions began to outnumber those called at the invitation of monarchs or governments. According to Murphy, this was perhaps the most important institutional innovation engineered by the public international unions, and 'ironically most state members did not expect it to have the effect it did'. While states saw the periodic conferences as a way to oversee the unions' work the preparations for the conferences gave the unions' functionaries power over the international agenda as well as the negotiation and implementation processes *(ibidem:* 111-12). Some of the unions were abolished before World War I, while others survived and still have a place in the United Nations system established after World War 11. The public international unions helped to create the non-coercive part of the international political order that Europe needed to enter the Second Industrial Revolution. They completed the necessary public works for a continental market for industrial goods, and by protecting intellectual property they helped establish a coherent civil order to settle conflicting interests that would operate in that market *(ibidem:* 85). Murphy argues that liberal internationalism and IOs have played a role in the periodic replacement of leading industries. The scale of capitalism changed with each new set of leading industries, and IOs facilitated these changes: 'by helping secure ever larger market areas for industrial goods, the global agencies helped make it profitable for firms to invest in new technologies'. Simultaneously, IOs have helped to mitigate conflicts, to perfect the state system itself and to encapsulate the major challengers to industrial capitalism *(ibidem: 2-4)*.

The application of the evolutionary perspective to the nineteenth-century public international unions helps to rethink the conventional idea that the predecessors of modern IOs are themselves not very interesting. Mur-

phy's analysis shows that these early IOs can be regarded as sources of support for nation states, adapting to changes of the economic and social structure. The public international unions gain even more salience in the context of the internationalization as referred to by Hirst and Thompson. They supported states in their economic expansion and, simultaneously, embody a *de facto* internationalization of politics, notwithstanding the sovereignty claims of the nation states. In the words of Reinsch: 'without legal derogation to the sovereignty of individual states, an international *de facto* and conventional jurisdiction and administrative procedure is thus growing up, which bids fair to become one of the controlling elements in the future political relations of the world' (Reinsch 1911: 14).

3 Functional Theories on Political Change: Sources of Stability

Around the 1960s, social scientists produced a second generation of theories on change. These *functional theories* presuppose the normality of gradual change but, unlike evolutionary theories, they do not emphasize change but order. They are mainly concerned with the conditions under which order is achieved. They believe that in any given society changes occur frequently and constantly. These occur in sequential chains and are followed by quiet periods of reconstruction. These changes take place through entire regions and virtually the entire world, which means that change and its consequences are everywhere. The proportion of change that is planned and the result of deliberate innovations in the twentieth century are much higher than in former times. The impact of technology and social strategies is greater and greater and their effects are cumulative. According to Moore, 'virtually no feature of life is exempt from the expectation or normality of change' (Moore 1963: 2). With respect to change, functional theory focused upon the disturbance of equilibrium. During a period of change caused by factors such as advances in technology, or migration, or conquest, 'a system may not be able to sustain its equilibrium, whether culturally, economically or otherwise'. If change is sufficiently rapid or intense, pressures for political elites to respond 'will grow accordingly and may not be met, since the demand for redress outstrips both the resources available and any government's capacity for action' (Axford 1997: 153). The outcomes are a massive loss of trust in the political system and, consequently, legitimacy deficits, which force policy-makers to think about measures to regain balance and order and to prevent yet another loss of trust.

The political background of functional theories was the Cold War of the 1950s and early 1960s, a situation, that is, in which World War III seemed imminent. In the Western world, political change obtained a very specific meaning. Marxism was no longer regarded as an evolutionist guide but a revolutionary one. Hence, balance and order were seen as bulwarks against the threat of revolutionary change. Functional theory identified two potential sources of political change. The first consisted of dissatisfied or deprived citizens in the domestic sphere, the second of aggressive (in particular communist) or nationalist states in the international sphere. The prevention of revolutionary change in the domestic sphere could be achieved by policies aimed at satisfying the citizenry and regaining its trust in the political system, by means of welfare state policies and political socialization projects. The prevention of aggression or nationalism in a bipolar world was not so much a matter of the balance of power as of military alliances as well as a functional approach through specialized agencies of the United Nations. This functional approach was based on the thesis that the more stable nations are in economic and social respects, the smaller the chances of change through war and revolution. The role of 10s is more passive than in the first perspective. From the viewpoint of the dominant states IOs now are sources of stability rather than (potential) sources of change. In the functional perspective change is rather limited. Cox and Gill refer to incremental change as the way the inter-state system works. Because the historically constituted structures of the international system are taken as given, the approach is *status quo* oriented, seeking to improve the operation of IOs in an incrementalist way and to correct perceived malfunctions of the existing order (cf. Cox 1997: xvi; Gill 1997: 3).

The same goes for modernization theory in its world-wide dimension. Starting from the change from an agricultural (traditional) to an industrial (modern) society, modernization can be described as a process of change resulting from the application of scientific knowledge to all aspects of social life. It refers both to the systematic applications of knowledge and its social effects. By origin a Western European and Northern American product, modernization theory developed into a world-wide process of change by diffusion under certain political and economic power relations. As such modernization developed into a way of assessing whether Third World states had the potential to become modern and democratic. A distinction between *internal* and *external* dynamics was made, because in Western Europe modernization referred to an autonomous transformation while in

the Third World it was inspired by the Western example ('Westernization') (cf. Breman 1978: 457-58; Axford 1997: 149). In the international functional approach, development aid and cooperation are tools of the developed states to further order and stability rather than change. The debate on modernization and development, including the failure of Third World states to establish a New International Economic Order (NIEO), to a very large extent took place in the context of lOs, in particular in the UN and its specialized agencies and programmes (cf. Krasner 1985).

4 Interlude. Nation State versus International System, and Continuity versus Change

A general criticism of explanations of the functionalist type has been that they are overly concerned with equilibrium and have a built-in tendency to interpret all change as causing disequilibrium (cf. Axford 1997: 153-54). Another criticism refers to the fact that functional analyses often regard modernization as a predominantly *national* process in which the decisive factors of change are to be found at the domestic level of the developing states. However, the character of modernization has, to a large extent, been determined by its *international* context (cf. Breman 1978: 459). This point refers to the relationship between nation state and international systern. Most functional theorists treated the state as a closed system and took no account of the international arena within which states operate. A major intellectual gulf existed between those who studied social behaviour *within* states and those who studied relations *between* states (cf. Little 1994: 12). As far as international relations theory in general is concerned, a state-centric model contributed to a static vision of international relations in which large-scale historical change was absent. That the international system can be defined in terms of interactions among sovereign states, is however a relatively recent phenomenon. Although Waltz provides a powerful logic to understand that system, his theory does not give any purchase on the origins and evolution of the contemporary international system (cf. Hout and Lieshout's contribution to this volume). According to Little, Waltz's model is 'ahistorical' (Little 1994: 19). Ruggie argues that it contains only a reproductive logic but no transformative logic (Ruggie 1998: 25). For Waltz, the reproduction of the international system is an unintended structural consequence of the rational attempts by states to survive, during which the system

remains unchanged. 'Within a system, a theory explains continuities... a theory explains recurrences and repetitions, not change' (Waltz 1979: 69).

Little argues that the strong presumption of an essentially unchanging international system is even present with 'long cycle' theories supposed to challenge Waltz's theory. Modelski, for instance, argues that the survival of the international system is not an unintended structural consequence of the anarchic system but the result of actions orchestrated by successive leading actors or hegemons in the international political system (cf. Modelski 1987). However, an interpretation of the international system's evolution in terms of cycles of war and peace related to the rise and fall of hegemonic powers (instead of shifts in power) does not question the structure of the Westphalian states system. Nor does it help to explain the nature of international relations in the preceding feudal period (cf. Little 1994: 18). Among the successful efforts to break away from the paradigm of the state as a closed system without links to the international system is Skocpol's comparative analysis of revolutions. Skocpol did not restrict her explanation to intranational conflicts and processes of modernization, but refers systematically to international structures and world-historical developments. She demonstrated that the revolutions she investigated occurred because the ruling elite controlliog the state apparatus found itself caught in 'a pincer movement, under threat simultaneously from powerful domestic and foreign forces' (Skocpol 1979: 14; cf. Little 1994: 14).

With regard to international organizations, the discussion about international regimes in the 1970s and 1980s reintroduced the idea of change. This started with the acceptance of a pluralist conception of civil society and the state, in which public policy is seen as the result of clashes among different groups with conflicting interests. Theories about transnational relations argued that there could be many different actors, including groups from civil society (non-governmental actors), that politics was becoming transnational, and that nation states were being penetrated in a world which became economically, socially and also politically increasingly interdependent. The new concept of 'international regimes', based on common standards and decision-making procedures, encouraged discussions on how regimes were created, what 10s operating them can do to maintain them, and how, in the long run, regimes are transformed or abandoned. Next to the realist interpretation of regimes (these serve the ends of the most powerful states), Keohane developed the argument that IOs enable all states to achieve their ends more efficiently (cf. Keohane 1984). They do this not by

centralizing authority but by facilitating mutually beneficial agreements among states. They reduce uncertainty by providing information to the participating states, thereby stabilizing mutual expectations, partly through the development of common standards and the monitoring of compliance with international agreements. Hence, IQs 'alter state strategies by changing the costs of alternatives' (Katzenstein *er al.* 1998: 662). This neoliberal institutional vision encouraged a more dynamic study of international organizations and regimes and their impact on nation states, followed by studies into the connections between domestic structures and the international system.

5 Governance Theories on Political Change: Steering, Learning and Correction

As a third generation of theories on social and political change, the *governance perspective* builds on some of the premises of functional theories, in particular those connected with planning and deliberate innovations as discussed by Moore. The governance perspective, however, is grounded in the normalcy of continuous change. It departs from the 'social engineering' thesis that society is always malleable by governmental policies and institutions ('steered' or 'managed' social change). Expansion as a process of widening and interlocking social relations has led to a stronger mutual involvement and a more intensive interplay between various social levels than ever before. It is supposed that, the more complex a social order, the stronger its organized capacity to control and steer (cf. Breman 1978: 458). Governments can manipulate long-term processes and, with these in mind, they are willing to perform various tasks, such as designing and implementing infrastruetural works, industrial decentralization, zoning schemes, employment programmes, et cetera. In this context, legislation has obtained a steering effect. It has become more and more instrumental, in particular in combination with research into the impact of legislative measures (Laeyendecker 1988: 137-38). In addition, the concept of 'policy cycles' comprises the possibility of evaluation and adjustment of decisions being implemented. Policies can be adjusted, partly as a result of what is known about ongoing processes, partly as a result of changes in a power configuration.

Non-governmental or private actors are also involved in this social engineering. The idea that private groups can initiate social and political change

is not new. Schumpeter, for instance, carried Kondratieff's economic wave theory one step further by considering economic forces as the strategic variables in economic fluctuations. The key to economic growth was in the hands of technologically innovating and profit-maximizing entrepreneurs (er. Schumpeter 1912). Neofunctionalism regards business interest groups as important actors in the process of European integration, lobbying both 'Brussels' and national authorities in favour of more integration. Groups of citizens can also be relevant, in particular if politico-social movements or action groups voice their discontent, are prepared to develop alternatives, engage in politics and gain sufficient support to 'correct' governmental policies or to take new routes (cf. Laeyendecker 1988: 169–72). Private actors may influence governments directly, but also, under conditions of corporatism, through participation in (quasi-) governmental institutions. Transnationally, they may be influential through 10s.

Governance thus refers to the solving of collective problems in a continuously changing public and private realm, stressing processes and institutional procedures and practices. Given the degree of economic internationalization and interdependence between nation states, governance, as an overarching national capacity to manage political, economic and social affairs, cannot be regarded as a closed system like the state in functional theories. The term global (or regional) governance suggests a certain coherence in international efforts to manage political, economic and social affairs, in particular through the web of international organizations and regimes, the entanglement of states and lOs, and the transnational roles by private actors. This coherence includes the elements of cooperation, coordination, steering, learning and correction but not the authority or hierarchy connotations of world government. The term 'world polity' has a similar horizontal suggestion (cr. Ruggie 1998) as 'governance without government' (cr. Rosenau and Czempiel 1992). In the international system of states characterized by the existence of various international actors (sometimes referred to as the 'mixed actor model', but still dominated by nation states), the absence of world government, and the mutually beneficial cooperation of states in international organizations and regimes, the concept of sovereignty has become less and the concept of autonomy more significant.

6 Globalization and the Nation State: External Pressure, Internal Change

In the obliteration of the common domestic-international distinction, as set in motion by the international regimes discussion, the external pressure thesis holds that international incentives arising from internationalization, globalization or regionalization are followed by national policy adaptations. Both 10s and national institutions are engaged in this process of influence and adaptation. Hout and Sie suppose that internationalization results in changes in the international policy environment (lOs), the national institutions and the policy preferences of domestic actors. They expect an enhanced internationalization to be followed by an enhanced interdependence, a weakened autonomy with respect to national policy-making, and an enhanced competition between states with respect to trade policies (I lout and Sie Dhian Ho 1997: 21).

With regard to the impact of external pressure on the nation state two positions can be distinguished, of which the second is in line with the analysis defended in this volume. The first position refers to a changing state that is losing sovereignty, the second to an enduring state that reacts in order to protect its national policy autonomy. Rosenau and Scholte subscribe to the first position. Rosenau speaks of the domestic-foreign frontier as 'a widening field of action, as the space in which domestic and foreign issues converge, intermesh, or otherwise become indistinguishable within a seamless web'. He regards the international system as less prominent but still powerful. 'States are changing, but they are not disappearing. State sovereignty has been eroded, but is still vigorously asserted. Governments are weaker, but they can still throw their weight around' (Rosenau 1997: 4-5). Scholte, who regards the relationship between globalization and the state in terms of 'subtle interplays of continuity and change', sketches a similar picture (cf. also Chapter 3). While state and interstate relations persist at the core of governance arrangements in the contemporary globalizing world, the character of the state (its capacities, constituencies, policy-making process, policy contents, et cetera) is changing (Scholte 1997: 428). Although the state survives under global capitalism it is a different kind of state in various respects, and, largely owing to globalizing capital, 'states of the late twentieth century have on the whole lost sovereignty' *(ibidem: 452)*.

Koch's critical analysis of the realist inter-state model reveals the second position. Although this theoretical model is based on full autonomy, it does not reflect historical reality. Koch argues that in reality nation states have never fully controlled the economic transactions across their borders. Regarding state building and economic internationalization as simultaneous historical processes, he holds that states have always worked to gain more national policy autonomy by attempting to control transnational economic transactions. Hence, internationalization is not really a new topic for nation states. This also holds for the combination of sovereignty and restricted autonomy. They can go together vety well (cf. Koch 1997: 33-6). Sovereignty and the already mentioned activities by public international unions in favour of national industrial change illustrate this point. Lieshout holds that economic globalization in the late twentieth century has forced governments to reckon with international developments more than before, while their means of intervention to solve national problems have decreased. During the last twenty years a remarkable shift has taken place in the relationship between international market and national government in favour of the first. However, governments' active collaboration remains necessary to solve major problems (cf. Lieshout 1996a: 284-85). Internationally oriented governments, convinced of the desirability of 'more market' in the *long term,* may find themselves confronted with the *short-term* necessity to remain active domestically, for instance in maintaining minimum social levels, in order to satisfy their constituencies and win elections. Carrett and Lange argue that domestic institutions generate powerful pressures for governments to persist in policies that are favoured by the constellation of interests that initially supported their ascent to power. This is true 'even if the power of these interests has declined, and even if this has deleterious consequences for macroeconomic performance' (Garrett and Lange 1995: 633). What governments attempt to do in their reactions both to internationalization and domestic pressures is to strengthen their national economies by all kinds of protective measures, beggar-thy-neighbour policies and regional cooperation, which can be seen as a beggar-thy-neighbour policy by groups of states (cf. Lieshout 1996a: 292). In other words, although internationalization may be influential in constraining governments and states, a reassertion of the nation state is also discernible. Governments react in order to keep hold of their national policy autonomy, and by doing so cause an international dynamic. Hence, the external pressure thesis does not mean a demise of the nation state nor of its sovereignty (cf. Lieshout 1995: 174–95 and Chapter 4).

7 International Organizations: Articulating Long-Term Change

International organizations combine two dimensions. The first refers to nation states and Keohane's alternative policies and mutually beneficial agreements, the second to the international system and processes of internationalization. On the one hand, IOs are arenas of decision-making where representatives of national governments and, to a lesser extent, representatives of other international actors, such as private organizations, the 10 itself and other IOs (cf. Cox and lacobson 1973: 12), debate and decide about alternative policies and their costs and benefits. On the other hand, these IOs are the institutions mediating the longer-term processes of economic internationalization and globalization. It is in their arenas that processes of long-term change are articulated and projected, as well as channelled and institutionalized (cf. Gill 1997: 7). I discuss three actors in this web of multilateral governance: governments, IOs and private actors.

When representatives of governments and other international actors are debating alternative policies in the context of international organizations and regimes, they are aware of both national inputs (in particular with governmental positions) and international trends (as observed by governments, IOs or private actors). *Governments* play two simultaneous and interrelated power games, one at the domestic and one at the intergovernmental level. Because international decisions can lead to changes in national legislation and practices, governments are most of the time aware of the range of potential change when setting the international agenda, comparing alternative solutions, compromising in decision-making or reacting to evaluations of implementation. They are also aware of the fact that the international compromises may compel some or all governments 'to act differently from the way in which they would otherwise act', to quote Wolfers (1962: 22). At home, governments have to navigate between those groups that support internationally discussed change and those that oppose it. They will use the results of intergovernmental negotiations as a means to exert pressure on domestic actors unwilling to change. The conclusion is that IOs can only be regarded as sources of political change if the outcome of the intergovernmental power game provides a window of opportunity for change, and if the forces of the *status quo* in the related national power game are not strong enough.

Resulting from an interaction of organizational dynamics and environmental inputs *intergovernmental organizations* may play a role of their own and add to political change in the sense that they formulate and implement policies that cannot be described as the simple product of interstate bargaining. The endogenous dynamic resulting from the organization's wish to play a role of its own may produce, under certain conditions, both leadership and instruments enabling the organization to act more or less independently from the participating states and to take measures that effectively intrude into the national domain. The margin of the IO's representatives wanting to play such a role is, however, restricted, since the majority of impulses stems from 'the reasoned demands of governments rather than the subjective needs of bureaucrats' (Haas 1968b [19641: 88). However, if these representatives have a clear understanding of what is going on, they may use the opportunity to make 'the organizational influence as extensive as possible'. The very fact that the organization's representatives do not have the support of a homogenous and stable body of member states provides them with the opportunity 'to move and maneuver'. Haas is right in remaining cautious in this respect: 'few heads of international bureaucracies succeed in doing so' *(ibidem:* 118; cf. also Reinalda 1998). Nonetheless, the games that organizations and member states play are changing. The number of parties affected by international policy-making has increased considerably during the last quarter of the twentieth century. International policy-making should be seen as a game between many actors, inside and outside nation states, rather than merely a game between nation states. Even though states are still the dominant actors in lOs, their behaviour is no longer dictated by their national interests alone. The fact that governments have to take domestic political considerations into account can serve as a source of influence for 10s. Organizations' preferences should not only be conceived in terms of survival, but also of substantive perspectives on certain internationally relevant policy areas originating in the specific nature of their fields of action. Among the means to influence actors inside the member states are the use of technical knowledge and judicial language in order to define issues and alternative solutions, and the building of coalitions with domestic and transnational actors. The crux of these coalitions' effectiveness seems 10 be a combination both of international and parallel subnational pressures on national governments, analogous to Skocpol's previously mentioned pincer movement (cf. Reinalda and Verbeek 1998: 5-6).

Finally, *private actors,* such as non-governmental organizations (NGOs), play a role in the intergovernmental debates on change. They can influence intergovernmental debates through international public opinion, lobbying, a consultative status with an intergovernmental organization which have granted NGOs formal rights of participation in its activities (more influential than often supposed) and an official role in the implementation process of international policies. In various cases, such as human rights, environment and development, they have demonstrated that they knew how effectively to use the power resources and strategic positions they had available, in particular with respect to agenda setting, policy formulation and policy implementation (cf. Reinalda 1997). If 10s can no longer exclude private organizations that present themselves as agents of change and have to grant them access (for instance, women's organizations striving for non-discrimination), their response most of the time is to accommodate them. Whenever private actors have been recognized by lOs, they have brought expertise into the intergovernmental decision-making and implementation processes and have shared responsibilities for their public policies. As such they have influenced agenda setting and have added to the decisions' qualities and efficacy and the lOs' legitimacy. Simultaneously, however, 10s have confined the role of these private organizations through their official procedures in order to make them an instrument of intergovernmental problem solving. Given their dependence on the power relations between nation states, IOs are conservative with respect to changes in power relations and to a radical restructuring of economies and societies. Because they set the rules of the game, they have been able to limit the private organizations' room for manoeuvre with respect to the scope of their activities and official positions (cf. Reinalda forthcoming).

It can be concluded that what happens *between* states has been linked with what happens *within* them, and that IOs act as a major transmission belt of this interplay. Taylor argues that the conditions under which state sovereignty is maintained have changed. In the way the United Nations system functioned traditionally nation states had exclusive domestic jurisdiction and 10s were allowed to enter the state only with their consent. The manner in which the UN functions in the 1990s, however, presents a more flexible view of domestic jurisdiction with new forms of UN involvement within states. Violation of human rights by states has become an almost universally accepted reason for intervention. Besides, states increasingly tend to seek the endorsement of the UN before intervening in the affairs of other

states (with the notable exception of NATO's intervention in Kosovo in 1999). This strengthening of the UN does not mean that the state is under threat. On the contrary, as I have argued before in this chapter, 10s are not set up to weaken the state but to strengthen it (cf. also Milward 1992). The new forms of involvement are concerned with reconstructing the state and amending states' practices so that states become more successful and the international system more stable (cf. Taylor 1997: 280-81). In this context, Ruggie refers to diffusion of norms of rationalized bureaucratic structures and, more general, standards of what it means to be a modern state. Diffusion spreads from core states as well as from [Os "'teaching" states in the periphery that to be modern states means to have these things' (Ruggie 1998: 15). He refers to the work of Finnemore, who has documented successive waves in the diffusion of norms by 10s among states that differ radically in their circumstances, but which then express identical preferences for national policies and institutional arrangements (cf. also Roggeband and Verloo's contribution to this volume). These include constitutional forms, educational institutions, welfare policies, human-rights conventions, defence ministries in states that face no threat, as well as science ministries in states that have no scientific capacity (cf. Finnemore 1996). Change in the governance perspective thus leads both to stronger international organizations and stronger states.

8 Conclusion

[n what way are international organizations sources of political change? In the *evolutionary perspective,* [Os are seen as *sources of support* for nation states adapting to economic expansion. By fostering transnational industry, strengthening national bureaucracies and providing mutual benefits for nation states they facilitate increasing economies of scale. [Os seem to matter and to be more than instruments of states. With regard to sovereignty, however, a dividing line exists between the international arena (the benefits of cooperation, to use Claude's words) and domestic politics (the privileges of sovereignty). In the *functional perspective* the role of 10s is more passive. [Os are seen as *sources of stability* rather than as sources of change. Functional organizations and modernization policies serve as tools of developed states rather than as incentives to weaker states. Organizations are *status quo* oriented and do not go beyond the facilitation of incremental change. It

took international relations theory a while to reintroduce the concept of change and, through neoliberal institutionalism, to recognize the significance and benefits of IOs for nation states. The introduction of the concept of international governance as a non-hierarchical form of multilateral coordination changed the understanding of the international system in which sovereignty plays a less central role and in which other actors come to the fore. This is not to say that nation states and sovereignty are on their way out. The globalization debate makes clear that states fight back to maintain their national policy autonomy. By doing so they also create an international dynamic. In the *governance perspective* IOs are the arenas in which the continuous interplay between national and international policy-making takes place, and where *long-term change is articulated* and channelled by various representatives of governments and, to a lesser extent, by representatives of JOs and private actors. What happens *between* states has accordingly been linked with what happens *within* states. Although the internationalization of government through international organizations and regimes has implied a certain loss of national autonomy, this is accepted by nation states because IOs are also helping them to recognize external pressures and long-term change and to adapt to these. This implies a strengthening of both international organizations and states, more or less in the same way as in the evolutionary perspective, but without the original dividing line between the benefits of cooperation and the privileges of sovereignty.

7

The Impact of European Integration on Domestic Political Change and National Autonomy

Markus Haverland

1 Introduction

The European **Union** is one of the most powerful sources of domestic political change **in** Europe. Moreover, among all aspects of internationalization, European economic, political and legal integration is probably the most visible and most immediate challenge to national autonomy. European integration may not have resulted in a loss of national sovereignty (cf. Van Kersbergen 1998: 16-20), but it certainly affected dramatically the range of national political power and national policy-making. **In** this chapter I hope to demonstrate the extent and complexity, as well as the ambiguity of the impact of European integration on European Union member states.

In the last decade or so, European integration has accelerated in speed, scope and depth. The Single European Act (1986) and the Treaties of Maastricht (1992) and Amsterdam (1998) were steps towards an ever-closer union. The European Union member states have increasingly delegated authority to European Union institutions; the free movement of goods, services, capital and labour, external economic relations, agriculture and, most recently, monetary policy - once the domains of the nation state - nowadays belong almost exclusively to the competencies of the European Union. In other areas, like competition, environmental protection and health and safety at work, competencies are more equally distributed between the European Union and the nation state, but tendencies towards further Euro-

peanization are clearly detectable. Indirectly, European integration even affects areas in which the European Union is not formally involved. European Court of Justice judgements influencing national social-security systems provide an example (cf. Leibfried and Pierson 1996).

Increased European integration does not mean, however, that this process is irreversible or that European Union member states have lost control over policy formulation and over policy implementation in these integrated areas. National governments are still important players, and, as some would even say, they are the only ones that really matter (cf. Lieshout 1996b, 1999; Moravcsik 1998). Member state governments effectively use intergovernmental institutions, such as the European Council, the Councils of Ministers, and the ubiquitous European committees to advance their national interests. The locus of decision-making, however, in many areas has shifted upwards to the European level, and new players such as the European Parliament, the European Commission and the European Court of Justice have become part of the game (for an introduction and overview cf. Schmitter 1997; Wallace and Wallace 1996).

Political change can refer to many aspects of the political life, such as party systems, state structures, public administration or legitimacy. I concentrate on political change with regard to the form and substance of policies and the way in which interest groups are integrated into the policy-making process. A case study rather then a general overview has been chosen to do justice to the intricate interrelationship of national and European policy-making, the various triggers and mechanisms of European integration, and the complex and sometimes ambiguous impact of European integration on domestic political change and national autonomy.

The case study deals with the issue of packaging waste. This topic has been chosen for two interrelated reasons. First, the Europeanization of packaging waste policy-making has been one of the most controversial regulatory issues in recent history. The issue has been at the core of the tension between two politically important dimensions of European integration, the free movement of goods and, more recently, a high level of environmental protection. The second reason for exploring political change in the case of packaging waste lies in the large cross-national diversity in policy and politics prior to European integration. The member states of the European Union had used their exclusive competencies in this area to establish widely divergent procedures and policies. This diversity indicates their differences in preferences and also reflects nationally specific policy styles. The

initial diversity is therefore an interesting starting point to ask why packaging waste has become a subject of European Union policy-making. How did this European political process proceed? How did the resulting European policy impact on national policies and politics? Have national policies changed and did this change result in convergence or divergence? And what does this change tell us about national autonomy and the way it is affected by European integration?

Before I present my case study, a clarification with regard to convergence is in order, which already gives an indication of the complexity and ambiguity of the issues involved. Convergence as such is not a proof of less autonomy of member-state governments. It may well be that convergence is the result of governments pushing for a European solution in order to circumvent domestic constraints, and thereby increasing rather than decreasing their autonomy (cf. Moravcsik 1994). Moreover, national political change in the direction of more similar systems may not be causally related to the European integration process. Domestic or global forces can cause political change and the correlation with European factors may be spurious. It is therefore important to trace exactly the processes by which policy change came about. Moreover, it is also helpful to ask the counterfactual question: What would have happened without European integration in the field of study?

1 The Case Study

2.1 INTRODUCTION

I distinguish beIween three dimensions of national political change. I make this distinction because changes may happen with respect to one or two of these dimensions without affecting the others or other. Moreover, the driving and retarding forces of European integration may be different for each of these dimensions. The dimensions are distilled from earlier attempts to systematize case studies in comparative public policy analyses (cf. Feick 1991; Van Waarden 1991, 1995). The first dimension refers to the degree of formalization, or the degree of legal codification. Policies can be highly formalized, for instance, as a part of public law, or they can take the form of rather informal statements, such as a White Paper. The second dimension refers to the policy objectives or, in other words, the policy substance, which

is operationalized as the strictness of standards. The third dimension concerns the make-up of interest integration. lt refers to the policy process, and deals with the relationship between the government and societal, especially economic, actors. Pluralist relationships are typically characterized by loose, irregular and unstable contacts, with actors lobbying for narrow interests. Corporatist relationships denote close, regular and stable contacts between highly aggregated interests. Societal actors are granted a substantial role in the process of policy formulation and policy implementation.

Table 7.1 Dimensions of Political Change

Dimension	Range
Formalization	Public law - private law - not binding statements
Strictness of standards	Strict - modest
Mode of interest integration	Corporatist - pluralist

In the remainder of this Section I sketch first the existing national diversity prior to Europeanization. I examine three countries in particular: Germany, the Netherlands and the United Kingdom. These countries represent the range of answers possible to the environmental problems associated with packaging waste. Subsequently, I analyze the process of Europeanization of the issue of packaging waste, which resulted in the Directive of Packaging and Packaging Waste (Packaging Waste Directive). The major part of this Section will, however, be focused on the impact of the European integration process with respect to packaging waste policies and politics in the said member states.

2.2 NATIONAL APPROACHES PRIOR TO EUROPEAN INTEGRATION

Up to the early 1990s, member states of the European Union reacted differently to the common challenge of increased packaging waste. Not hindered by European packaging waste policies, this diversity reflected the different national preferences about the best way to deal with packaging waste. It is important to note that specific features observed in this case also reflect aspects of more general nationally distinct policy styles (cf. Knill and Lenschow 1998; Van Waarden 1995).

The German approach was very formalized. The government adopted a packaging ordinance *'Verpaclmngsverordnung'*, which was binding under public law *(Pederal Law Gazette* 1991 I, p. 1234). The ordinance obliged industry and retailers to take back all packaging and to re-use or to recycle it. Forced by this, internationally speaking most far-reaching obligation, peak associations of industry negotiated an exemption scheme for the most problematic waste stream, used sales packaging. For this waste stream, industry was exempted from its 100 per cent take back and reprocessing obligations if, within a period of five years, it set up a privately run waste-management system capable of recycling 72 per cent of all glass, tin plate and aluminium sales packaging, as well as 64 per cent of all paper, card-board, plastic and composite sales packaging. This was very demanding given the fact that sales packaging recycling was estimated for paper at about 38 per cent and for all other materials well below 10 per cent (estimation for *1988, The Economist* 3/7/93). This private scheme was called *Duales System Deutschland.* In addition, the ordinance ruled that the existing level of re-use of drink containers, which was 72 per cent, had to be maintained.

The Dutch approach was significantly less formalized. In line with the general consensus-oriented corporatist approach, which recently has been labelled the 'Polder-model', government and the *Stichting Verpakking en Milieu* (Foundation of Packaging and the Environment), a cross-sector single-issue trade association, agreed to a Covenant (VROM 1991). It was binding under private law, but only for the signatories and not for the whole potential target group. The strictness of standards was lower than in Germany: there was a general recycling target of 60 per cent for all packaging waste to be achieved in nine years, given a level of some 25 per cent in 1988. Since the target applied to all types of packaging, companies could offset difficult-to-recycle sales packaging by the easier-to-recycle transport and industry packaging. The agreement that industry had to reduce - by the year 2000 at the latest – the quantity of packaging newly introduced into the market to below the quantity for the reference year 1986 was, however, unique in Europe. This was a reduction of about 20 per cent.

The United Kingdom had the least formalized approach. The Government policy was stated in a White Paper (cf. lIer Majesty's Government 1990). It favoured voluntary measures by the industry. A very broad and, from an international viewpoint, modest recycling target for household waste, 25 per cent by the year 2000, was set. This target was, moreover, not legally binding. In addition, the Government asked local authorities to

increase their packaging waste collection and recycling efforts and provided a small recycling credit scheme to stimulate this. In addition, government requested industry to reduce unnecessary packaging and packaging waste. Industry developed three initiatives: two general codes of practice and one business plan. These initiatives were, however, very vague and too limited to achieve substantial reductions in packaging and packaging waste (cf. Haverland 1999: 140-44).

Table 7.2 National Approaches Prior to Europeanization

Dimension	*countr)!*		
	Germany	*The Netherlands*	*United Kingdom*
	Packaging Ordinance 1991	**Packaging Covenant 1991**	White Paper 1990 & **Codes of Practice 1992**
Formalization	High	**Medium**	**Low**
Strictness of standards	High	High/Medium	**Low**
Modes of interest integration	**Corporatist**	**Corporatist**	**Pluralist**

2.3 THE EUROPEANIZATION OF THE PACKAGING WASTE ISSUE

The German, Dutch and British approaches of the early 1990s illustrate nicely the degree of diversity to which national practice can lead when countries try to formulate solutions to the same challenges, in this case the environmental effects of packaging waste. Yet, in an increasingly interdependent world, national diversity is prone 10 have negative cross-border effects. Regulations in a field that is so closely related to the free movement of goods, potentially threaten the proper functioning of the European Union's internal market. Since the German sales packaging recycling system had to be financed by trade and industry, it was known that, in order to support the scheme, most of the German retailers favoured products by companies participating in the scheme at the expense of others. Foreign competitors argued that the 'green dot' established a technical barrier to trade, for they had to comply with an additional measure before being able to sell their products in Germany. Next, as there existed a shortage of domestic

recycling capacities, collected used packaging from Germany penetrated the recycling markets of other European Union member states. Since the *Duales System Deutschland* subsidized this material, it could be offered at lower prices at foreign recycling facilities than the waste collected in the home country. As a consequence, the embryonic packaging-collection infrastructure in a number of member states, in particular in the United Kingdom, was threatened. The third consequence was associated with the German rule that the existing level of re-use of drink containers had to be maintained, the so-called refillable quota. The refillable quota was threatened by a trend towards more one-way packaging. There was evidence that some retailers preferred refillable drink containers on their shelves to counter this development. It was argued that the refillable quota indirectly discriminated against foreign companies because it was more costly for them to trade products in refillable containers given the long-distance logistics required.

European Union member states held no formal decision-making power to prevent these consequences of the German policy. They had either to bear their cross or to push for a European solution, that is to say to strive for collective authority to compensate for their individual loss of autonomy. A number of member states, like the United Kingdom, chose the second option. They expressed their concern to the Commission. Since European Court of Justice decisions had not hindered the earlier national regulations in this field, such as the Danish ban on cans, the Commission chose not to challenge the German system before the European Court of Justice. Instead, it proposed in 1992 a directive to harmonize national regulations while at the same time ensuring a high level of environmental protection[1] After more than two years of heavy lobbying and profound political conflict, the Council of Ministers and the European Parliament finally agreed on the text of the directive.

The first official proposal of the Commission, as well as the initial position of the European Parliament, aimed at a harmonization of national policies on a high level of environmental protection[2] They were supported by the 'green' member states of the European Union, Germany, the Netherlands and Denmark. The majority of the member states, however, wanted to ensure the free movement of goods and the harmonization of policies on a low level of environmental protection. Confronted with this opposition, as well as heavy lobbying from trade and industry, the European Commission stepped back from its initial ambitious 'green' proposal, and framed the Directive in a way that would please the majority in the Council of Minis-

Table 7.3 Convergence or Persistent Diversity: An Overview

Dimension	*Country*			*Convergellce or persistent diversity*
	Germany from Ordinance (1991) to Amended Ordinance (1998)	*The Netherlands* from Covenant (199\) to Packaging Regulation(\997) and Covenant 11 (1997)	*United Kingdom* From White Paper (1990) and Codf's of Practice to Packaging Regulation (1997)	
Formalization	Still high (public law)	From medium to high (public law)	From low to high (public law)	convergence lOwards strong formalization
Suictness of standards	Slightly weaker	Slightly weaker	Slightly stricter	still diversity, more narrow range
Mode of interest integration	More actors but still corporatist	More actors but still corporalisl	Pluralist	still diversity

ters. The European Parliament also shifted its position. In the second reading of the Directive it was less concerned with the environment and accepted all major elements of the Council's position. Many members of the European Parliament voted along national lines, rather than along party lines. In short: the majority of member states was able to lower the standards and thereby decrease substantially the necessity for domestic political change and restrictions in their autonomy The Directive stated that packaging fulfilling the essential (environmental) requirements defined in the Directive could be placed on the market. The directive also introduced minimum and maximum targets for recovery (50-65 per cent) and recycling (25-45 per cent).[3] At the same time, the Council majority accepted exemptions for the 'green' member states. Under certain conditions they were allowed to maintain measures or introduce even stricter ones. For example, if member states could prove, among other things, that they had sufficient recycling facilities,

then they were allowed to exceed the European Union's maximum recycling targets. Exemptions of this kind prevented a far-reaching harmonization of national policies[4]

2.4 THE IMPACT OF THE EUROPEAN UNION DIRECTIVE ON DOMESTIC POLITICAL CHANGE AND NATIONAL AUTONOMY

The member states were the most powerful actors in the European policy-formulation process with respect to the Packaging Waste Directive. This does not mean, however, that the European directive did not lead to domestic political change, or that national autonomy remained unrestricted. This Section examines the logic of the European decision-making process and the resulting domestic political change. In doing so, I hope to show the complex and sometimes ambiguous impact of European integration on national policy-making.

2.4.1 Convergence towards Formalized Policies

The most significant convergence process, and the one that is causally most closely related to the European Union, occurred in the *form* of policies: the convergence towards the German legalistic approach. Both the Netherlands and the United Kingdom followed the example of Germany and introduced regulations binding under statutory public law. The voluntary agreement between parts of the Dutch industry and the Ministry of the Environment was replaced by a so-called ministerial regulation. In the United Kingdom, a statutory instrument imposing producer-responsibility for packaging waste on the industry replaced earlier half-hearted commitments.

The restriction of the national autonomy with respect to the degree of legal codification was not clearly spelled out in the Directive itself, but resulted from the general European Union legal framework, as interpreted by the European Court of Justice. The Netherlands and the United Kingdom had to meet the legal requirements concerning the transposition into national law of the European Directive on Packaging and Packaging Waste. Even though member states are free to choose their own legal means and the form in which they wish to implement a directive, the European Court of Justice has formulated in its case law a number of basic legal requirements. Member states have to ensure clarity, legal security, and legal protection of third parties when implementing directives (cf. Jans 1994: 133). These obligations leave member states with virtually no viable alternative to

implementation than by means of a legalistic command and control approach. Next, the Court emphasized repeatedly that directives have to come to full effect. This implies certain obligations for member states in making directives enforceable. Moreover, member states are also held liable if the desired result is not achieved, or the directive is implemented too late or in an improper manner. The member state concerned cannot evade its responsibility by putting the blame on private actors or sub-national governmental institutions. Under these circumstances member states are very reluctant to choose implementation instruments other than statutory command and control measures (cf. Steyger 1993).

Although convergence occurred in the direction of a command and control-based policy, the Netherlands and the United Kingdom were able to maintain some autonomy in the specific coordination mechanisms. On top of the legal framework, the Netherlands continued its covenant approach (communicative steering), while the United Kingdom introduced a system of tradeable recycling obligations (market steering).

In order to answer the question of whether adaptation to the Directive was the decisive factor for the convergence towards formalization, one has first to answer the question of what would have happened without the Directive. There is no reason to believe that Germany would have stepped back from its legalistic approach. The legalistic approach fitted its overall regulatory culture and was also the result of a learning process. The government drew lessons from the failure of voluntary agreements and successes of statutory measures in regard to drink packaging in the 1970s and 19S0s (cf. Haverland 1999: 94).

In the British case it is quite unlikely that regulation would have been introduced in the absence of the European directive. Environmental issues decreased in salience in the mid-1990s, and the British government was against regulation and intervention in market processes. In areas other than packaging, such as paper waste from newspapers, the government was satisfied with voluntary commitments by the industry (Department of the Environment 1996: 96). The strong degree of formalization induced by the Packaging Directive clearly ran against the preferences of the British government. It was only accepted because the British government weighted the potentially positive trade effects of the new directive higher than its negative implications for the traditionally informal British policy style.[5]

Counterfactual reasoning is probably the most difficult for the Dutch case. There are some factors that point to a stronger formalization of pack-

aging waste policies even in the absence of a European Union directive. Parties to the Covenant increasingly complained about free-riders, that is to say the many companies, particularly small and medium-sized ones, who did not participate in the Covenant scheme and did not engage in packaging reduction and packaging waste recycling. Moreover, it was very likely that the packaging prevention target of the 1991 Covenant would not be met. In consequence, a modification of the covenant would have been necessary. One way to do this would have been through further formalization, by making the Covenant generally binding. This would have broadened the base and facilitated the achievement of the target. It is more likely, however, that the government would have renegotiated the Covenant because it would have been politically too costly to make it also binding for the more reluctant companies. Moreover, the government's will to do so would have been weak, because environmental issues decreased in importance on the political and societal agenda.

The complexity and ambiguity of the European impact on national autonomy comes clearly to the fore in the Dutch case. The Directive restricted the government's room for manoeuvre by precluding non-legalistic options of implementation. Moreover, political change towards a more legalistic approach would not have occurred without the European directive. This does not mean, however, that the change in the form of policies ran against the interests of the Dutch government. The legalistic bias built into European Union policies, created the opportunity for the government to deal more effectively with the problem of the free-riders. In this sense the European directive increased the autonomy of government *vis-a-vis* Dutch industry.

2.4.2 Persistent Diversity of Pac/wging Waste Standards

In contrast to the degree of formalization, there is only modest change and convergence in regard to the national targets of packaging waste policies. Germany still has quantified quotas for refillables and ambitious recycling targets for sales packaging, although most target levels have been lowered slightly. The Netherlands still has a packaging prevention target. The recycling target has even been slightly increased from 60 to 65 per cent. On balance, the standards are, however, a little less strict, as the new packaging prevention target is corrected for economic growth. Hence, the amount of packaging may increase to a certain extent in the case of a fast-growing economy. With these targets the German and Dutch governments took advan-

tage of exemptions provided by the Directive to go substantially beyond the maximum recycling targets of the Directive. The United Kingdom, on the other hand, fixed the target at 26 per cent, which is the almost absolute minimum of 25 per cent allowed for by the Directive. This target is, however, more concrete than the general and rather symbolic recycling target for municipal waste stated in the 1990 Government White Paper. Hence, while the British government increased its standards modestly, the German and the Dutch government slightly reduced their ambitions, but the policy changes that occurred did not significantly reduce the differences in standards. Diversity continued to persist.

Given the unintended trade effects caused by the diversity of packaging recycling standards and given the objective of the European Packaging Directive to harmonize national regulations, this persistent diversity is surprising. Why did the Packaging Directive only set a range of targets and why did it provide for the possibility to go even beyond these targets? The reason was that the majority of the member states was more concerned with the free-trade element in the directive than with the environmental dimension; but why did the majority accept environmental standards above the lowest common denominator and even allowed for exemptions for 'green' member states?6

That the 'green' minority was not simply overruled can be explained by the institutional logic of European Union policy-making. The member states participate in many parallel decision-making processes. It is, therefore, merely sound politics for them to take into account the consequences of adopting a certain strategy in one decision-making process for their position in other decision-making processes. Member states depend on each other to reach decisions and to conduct European policies. The institutional structure of the European Union therefore necessitates a cooperative policy style that is guided by principles of fairness and reciprocity (cf. Hayes-Renschow and Wallace 1995; Kerremans 1996: 233). For this reason, in the Council of Ministers, concessions are made to minorities even under the majority-voting rule.

This does not explain, however, the strong interest of 'green' member states in high standards. One could argue that Germany and the Netherlands would have used the European negotiations to lower significantly their domestic standards. This seems plausible at first sight because environmental issues declined in importance while questions of economic competitiveness gained in prominence. Moreover, in the German case, the recy-

cling system ran into serious implementation problems, partly due to its high standards, and the German refillable quota was time after time criticized for its adverse trade effects. However, the German and the Dutch government stuck to their high standards during the formulation process of the Directive, as well as during its implementation stage. The 'green' member states wanted to Europeanize the standards they had set for their own national companies. This was done to prevent economic disadvantages for them and even to give them a competitive advantage compared with companies which had to catch up with the high standards (cf. Heritier *er al.* 1996). In the German case, policy inertia was also important. New interests emerged, which benefited from the policies adopted, especially the private packaging waste collection and recycling scheme established to meet the targets of the 1991 ordinance, and the waste-management companies that have an economic interest in high recycling standards. The maintenance of the strict refillable standard was supported by a coalition of protectionists and environmentalists, which gained crucial influence via the *Bundesrat,* the chamber of the federal states, that had to agree to the implementation of the Packaging Directive. The *Bundesrat* provided an effective veto point against a substantial weakening of the refillable quota.

Hence, Germany and the Netherlands maintained their autonomy to set high environmental standards. In one instance European integration has even strengthened the autonomy of the governments of their member states. The implementation of the European directive in the Netherlands provided the Dutch government with an elegant opportunity to lower the packaging prevention target of the 1991 Covenant that turned out to be unfeasible. Since this change was embedded in the renegotiations of the whole packaging waste policy necessary in view of the European Directive, this failure of the 1991 Covenant went more or less unnoticed.

The high standards in Germany and the Netherlands contrast with the low ones in the United Kingdom. The United Kingdom Regulation entails standards that are slightly above the minimum standards set in the Directive. Still, these standards are relatively ambitious for this country. The targets were the direct consequence of the European Packaging Directive. Given the rather low recycling level in this country, the poor salience of environmental issues on the political agenda, and the pro-industry stance of government, it is very unlikely that anything like this would have been adopted in the absence of the European Union Packaging Directive. What is more, it is doubtful that the United Kingdom will achieve the target (cf.

ENDS-Report June 1998: 15). Hence, the European directive forced the British government to impose - from its point of view - relatively ambitious standards on its industry.

2.4.3 Mode of Interest Integration: towards European Union-Induced Pluralism?

The legalistic bias of European policies and the attempt to harmonize national standards can have direct effects on national policy autonomy. Yet, European integration can also have an effect on domestic relations between government and industry. It can indirectly restrict the autonomy of governments to shape the integration of economic and social actors into national political processes. Comparing the modes of interest integration prior to and after Europeanization one still finds diversity in the degree of intensity of interactions between government and industry, the type of actors involved and the function of societal actors in decision-making. This is not to say, however, that there was no impact of European integration on the modes of interest integration in the member states.

There was a strong impact in the case of the United Kingdom. This was for two reasons. First, the government saw the need to increase substantially the recycling efforts of the industry. Second, and equally important, the nature of the packaging waste problem demanded a degree of intra- and intersectoral coordination which was at odds with the traditional mode of interest integration in the United Kingdom. The traditional British mode of interest integration had always been between individual firms and government officials. To establish an effective and efficient packaging waste recycling system, however, packaging raw material producers, packaging manufacturers, packers and fillers, and the distribution and retail sector (the so-called packaging chain) had to work closely together, and to be viable, the system needed the consensus of all these. Given the weakness of British trade associations, as compared to its German and Dutch counterparts, even seetoral interest aggregation became a problem, as well as cross-sectoral aggregation of interests. This had not been a problem until the early 1990s, since before that time the United Kingdom employed a minimalist approach to the problem of packaging waste. Anticipating the European Packaging Directive, however, the government increased its effort to come to industry-led solutions. The resulting policy process was cumbersome, and characterized by a pluralist pattern of interest integration. A number of *ad hoc* groups made up of individual firms were established. These groups

either had too large a number of pal1icipants to be able to make decisions, or did not represent all the interests concerned, or even suffered from both defects (cf. Ilaverland 1999: 207-16). In order to meet the targets set out in the Directive, the British government was forced to engage in a politically costly process, as it burdened the overall relations between government and industry in the United Kingdom.

The European Packaging Directive also threatened the well-balanced system of corporatist interest integration established in the Netherlands. The legal requirement that provisions of directives have to be enforceable and must come to full effect means, in principle, that regulations must be *generally* binding for all packers and fillers and impol1ers of packaged goods. The voluntary agreement, however, had been signed only by the parts of industry represented by the Foundation of Packaging and the Environment. The need for a generally binding rule implied a broadening of the interests affected compared to the 1991 Covenant. Given a relation to the target group based on consensus the policy network had to become wider. More interests had to be considered for the development of the measures needed to implement the European Directive. Industry organized itself in the so-called packaging platform, where representatives of the peak associations of Dutch industry pal1icipated along with members of the Foundation of Packaging and the Environment. As a result of the widening of the network, the policy process became more complicated and contentious. The Dutch system was, however, flexible enough to absorb the European Union-induced pressure. Unlike their British counterpal1s, the Dutch associations were able to accommodate intra-industry conflicts. A small number of representatives from the trade associations negotiated with the government. Government and industry could build on existing corporatist institutional **arrangements.**

The European impact on the German mode of interest integration was the most limited one. In contrast to the Dutch and British governments, the German government did not need to integrate societal interests for the co-production of new policies. However, it was increasingly exposed to a plurality of interests because domestic business became aware of the great influence that the 1991 Packaging Ordinance had on the entire German industry. In addition, the German government also had to deal with foreign companies complaining about the trade effects of the German packaging ordinance. European economic integration has increased the number of participants in the German packaging waste policy process. However, it

would be going too far to say that pluralist patterns have replaced corporatist ones. In contrast to the United Kingdom, and in line with the Netherlands, the German government maintained its preference for stable and institutionalized contacts with trade associations rather than loose and unstable interactions with individual companies (cf. Haverland 1999).

3 National Political Change and Autonomy in the European Union

The case study aimed to show the complex and sometimes ambiguous effects of European integration on national policy-making and autonomy. The member states of the European Union have achieved a high level of economic integration. At the same time, this increases the likelihood of unintended cross-border effects of interventionist policies. These effects provide an incentive for member states, which experience the negative effects of these policies, to push for more European integration. By shifting formal decision-making powers to the European Union, member states hope to compensate for their loss of national autonomy caused by interdependent markets. In the decision-making process at the European level, member states strive for unanimous solutions. Since, very often, a bad solution is preferable to no solution, member states have to make concessions and accept initially unwanted domestic political change and restrictions in their autonomy. The United Kingdom, for instance, motivated by its overriding preference to ensure the free movement of goods, accepted substantial changes in the form and substance of its national environmental policies. The Dutch case illustrates nicely that national political change, even when it is caused by European integration, does not always run against the preferences of member-state governments. The implementation of the European directive provided an elegant opportunity for the Dutch government to deal with the problem of free-riding and to tone down the earlier packaging reduction target, which turned out to be unattainable.

The story of the Packaging Waste Directive as told so far demonstrates a substantial but not radical impact of the Directive on domestic political change and national autonomy. Further qualifications are in order, however, to put the case into a broader perspective. These qualifications point to a greater decrease in national autonomy than the case of packaging waste suggests so far.

In the coming years, the European Court of Justice can decide to restrict the autonomy of the 'green' member states substantially. This is because the conditions under which member states can maintain or introduce more far-reaching packaging waste prevention measures or go beyond the maximum recycling quota are couched in rather vague terms. The vague wording of directives has often setved as a strategic device, to maintain member-state flexibility and autonomy. It may soon turn out to be the opposite. A producer or importer, believing himself to be adversely affected by far-reaching intetventionary measures, such as the German refillable quota, may request the European Court of Justice to decide whether the country in question has gone beyond the exemptions granted by the Directive. The final judgement about where to strike a balance between environmental protection and free trade will then rest with the European Court of lustice rather than the member states (cf. Gehring 1997: 351-52).

Moreover, though the case of packaging waste reads essentially as a case of an intergovernmental bargain, one should not underestimate the role of the European Commission and the European Parliament in other decision-making processes. Examples such as the 1989 Small Car Directive or, more recently, the Landfill Directive show that these actors can, under certain conditions, significantly influence the policy-making process and the content of the policy output (cf. Arp 1992; Pagh 1999). One should also bear in mind that even in the case of the Packaging Directive attempts by a number of Members of the European Parliament to substantially modify the Council's position only failed by a few votes. In the case of a successful amendment, it would have been very difficult for the Council to maintain its position, given its internal divisions.

furthermore, apart from the high degree of politicization involved in this piece of legislation, quite similar stories of policy changes and losses in national autonomy could have been told for hundreds, if not thousands, of pieces of European legislation. The *acquis communitaire* amounts to some 80,000 pages and is superior to national law. It entails thousands of regulations and directives that have been incorporated into national law. Although member states sometimes reduce adaptation pressure by implementing directives late or improperly, most of the regulations and directives are implemented and enforced. Moreover, the pressure to implement and enforce European directives has been strengthened by European Court of Justice case law over the years (cf. Prechal 1995). As elaborated in Section 2.2.1, the European Court of lustice has ruled that directives have to come

to full effect and that member states are held liable if the desired result is not achieved. Moreover, many legislative acts confer rights to individuals. These individuals can rely on these rights before *national* courts (the so-called Direct Effect). The European Court of Justice held that in these cases member states could be held liable if individuals suffer damages because of inaccurate implementation.

In assessing the question of whether the loss in national autonomy is desirable or not, one should bear in mind that the *acquis communitaire* is not simply imposed on the government of a member state by an external body. It is the result of a decision-making process in which each member state takes part. One should also be aware of the fact that, as this chapter illustrates, searching for consensus and protecting essential minority interests are the dominant rules of the game in the Council. It is also true, though, that in the course of the European integration process national autonomy has been restricted in an ever-broader range of areas. European Union member states are bound by a supra-national legal order. The European Union has no police force to ensure compliance, it is true, but non-compliance is often very costly politically speaking, and it can prevent potentially beneficial integration projects in other areas.

In addition to the 'push' factors of a European solution to the trade problems of some of the member stales, there was also a 'pull' factor involved. The Commission's General Directorate of the Environment wallled a European solution to revitalize its own packaging waste policy and to increase its competencies {for detailed chronological analyses of the European packaging waste policy process, cf. Cehring 1997, Colub 1()96 and Haverland]999:]66-203).

2 The initial Commission proposal contained the collection and recycling quota of the Dutch 1991 Covenant. This is no coincidence. The author of the text was a civil servant of the Dutch environment n1inistry, delegated to the Commission.

3 The term recycling is confined to the recycling of packaging material. Recovery is a broader term that denotes material recycling as well as the incineration of packaging material with energy recovery.

4 Provisions for 'laggard countries' further contributed to the weakening of the environmental dimension and the lack of harmonization. Greece, Portugal and Ireland were granted less-demanding targets.

5 It is, however, doubtful whether the British negotiators in Brussels were fully aware of the political costs involved in the implementation of the Directive in the United Kingdom.

6 As a matter of fact, Germany and the Netherlands had already met the Directive's maximum recycling targets for the year 2000 in 1993 (Commissie Verpakkingen 1994, Duales System Deutschland 1994).

8

The Irrelevance of Globalization: the State and the Energy Sector in Russia's Transformation

Anton Weenink and Aad Carrelje

1 State Decline in Russia

Few states seem to have lost effective control to the degree that Russia did over the past decade. During the Gorbachev reforms, and in particular after the Law on State Enterprises of 1987, it had already become clear that the Soviet state was losing its grip on society. The collapse of the Soviet Union in 1991 aggravated this development, particularly for Russia as the largest successor state. With the Communist Party outlawed, the new Russian government lacked the institutional framework that had given at least a semblance of cohesion to the Soviet system. The federal government and the President soon became enmeshed in a conflict with the legislature. A 'war of laws' broke out between the branches within the federal administration, and between the federal centre and the 89 provinces (cf. Shlapentokh *et al.* 1997: 204). Numerous, often contradictory laws were adopted and applied arbitrarily, thus undermining the institutional framework and the legitimacy of the Russian state, and inviting rent-seeking behaviour from those aware of the loopholes (cf. Newcity 1997: 52).

The Russian state is in serious financial trouble, while state power has been undermined by organized crime, involving state officials as well as citizens, and by widespread corruption at all levels of the administration, often in association with the so-called financial industrial groups that have emerged in the course of the reform project. Russia now ranks among the

top three corrupt nations in the world. 'Government officials conduct business in an atmosphere in which state service is routinely used - and indeed expected - to advance personal material interests, often in the name of "reformist" economic goals or revenue raising. What would be denounced in Western societies as a conflict of interest appears to the elite as a natural and agreeable state of affairs' (Jensen 1998: 11; cf. CSIS 1997: 47).

The loss of state control in Russia seems to be at odds with the general thesis of this book, namely that states appear to be rather successful in adapting to changing circumstances and that it is far too early to claim the demise of the nation state. Instead it would seem that Russia provides the perfect example of Ohmae's thesis that 'nation states have already lost their role as meaningful units of participation in the global economy of today's borderless world' (Ohmae 1995: 11). With respect to Russia, Shlapentokh *et al.* (1997: 16) accordingly argue that 'it does indeed seem to be a dialectical case that the globalization of social life, a phenomenon that should be considered as spreading 'universalism', or the growth of similar patterns of behavior across the world, at the same time promotes 'particularism', undermining nation states and encouraging regions to develop their autonomy from the center'. Should, therefore, Russia's decline be considered an example of a state fallen victim to globalization and as a refutation of this book's general thesis? As we will show, it should not.

Our account of the role of the energy sector in Russia's transformation suggests a world radically different from that depicted by globalization theory in two respects. First, we demonstrate that the causal nexus of globalization theory - globalization undermines state power - is debatable at best. In our view, internal developments heralded the demise of state control in Russia, and thereby induced a more open Russian economy. Second, in institutionally weak states, our approach suggests, the rent-seeking by powerful interest groups has effectively inhibited a true liberalization of the economy, which in the view of globalization theory is hardly avoidable even for strong states. Therefore, the apparent collapse of Russian state power cannot be considered a confirmation of globalization theory, or a refutation of the thesis of the 'adaptive state'.

The crisis of the Russian state first and foremost was caused by specific *internal* political and economic developments and not primarily by the Russian state's inability to adapt to autonomous market forces. The loss of control has been part of the vicious circle that connects the Russian state's declining legitimacy with its lack of financial resources and vulnerability to

corruption. As we will show, the Russian government had no other option but to seek support from powerful groups in society, particularly the energy sector.

In order to substantiate our argument, we discuss the political and economic consequences of the structural dependence of the Russian economy on the country's energy industry. To a large extent, the fact that the state has not been able to control this sector accounts for the faltering of the process of economic and political liberalization. We show that this influence is much more structural than suggested by the, in itself illustrative, example of the career of Viktor Chernomyrdin. Chernomyrdin, the former president of the nationwide natural-gas conglomerate Gazprom, in 1992 joined the government and became prime minister; in the summer of 1999 he returned to Gazprom. The extravagant preferential treatment Gazprom obtained during Chernomyrdin's reign induced the World Bank to call the firm a state within the state (cf. World Bank 1996: 119).

We realize, of course, that there are many other factors that help explain the demise of the Russian state, the most important being the policies pursued by the Gorbachev and Yeltsin governments. We will not, however, enter the normative debate that has been waged over these policies between the neo-classical economists who favour radical reform through shock therapy and the neo-institutionalist defenders of a gradualist approach.[1] instead, our analysis deals with the way in which Russia's inherited economic structure – and particularly the role of the energy sector therein – imposes *constraints* upon the Russian government and its policy-making. in this respect we adopt an instutionalist perspective and draw attention to the path-dependent character of Russia's transition from communism.'

in Section 2 we address the structural characteristics of Russia's economy that were caused by seventy years of isolation from the world market and explain why the energy sector is so crucial for an understanding of what has been going on in Russia. Subsequently, in Section 3, we discuss how *perestroilw*, within the existing economic structure, gave rise to an excessive political and economic leverage of the energy sector in the course of the transition. In Section 4 we explore the impact of the rent-seeking behaviour of the energy sector and the administration and its implication. finally, in Section 5, we assess the implications of our account for the globalization argument.

2 Why the Energy Sector is Crucial: the Distorted Russian Economy

The role of the energy sector in Russia's reform process is intimately related to the causes of the Soviet Union's economic decline. Up to the end of the 1950s, the Soviet economy achieved impressive growth rates, yet over the subsequent decades its development stagnated and, from 1990 onwards, economic activity actually declined. The single most important cause for the gradual deceleration of the development of the centrally planned Soviet economy was that its institutional make-up did not allow private entrepreneurs to perform the innovative function they have in modern market-based societies. As Schumpeter has stressed, entry to and exit from markets by experimenting entrepreneurs are vital for economic growth. This process of *creative destruction* whereby innovative firms replace stagnating ones is a driving force of a continuous evolution of technology, products and production methods in 'capitalist' societies (cf. Schumpeter 1992ed.). The Soviet economy was, however, closed to innovative entrepreneurs, foreign as well as native, and as such denied itself the fruits of the process of creative destruction (cf. Murrell 1990). This had serious consequences for economic growth.

Technological development stagnated right from the start of the Soviet experiment. Therefore the economy could only grow extensively, that is, by exploiting its large untapped natural resources, in particular oil and gas. Significant shares of the proven world reserves for oil (6.5 per cent), natural gas (39.2 per cent) and coal (23.4 per cent) are located in the Former Soviet (FSU) republics and particularly in Russia *(BP Statistical Review of World Energy* 1997). As Western observers began to realize by the late 1960s, the formerly high growth rates were the result of this extensive strategy: 'more than half and perhaps upward of three-quarters of Soviet growth has been achieved by the essentially mechanical and ruthless process of forcing out of the economy ever greater supplies of productive resources' (Powell 1968: 23). An *extensive* growth strategy, however, leads to diminishing returns to scale, and cannot be upheld indefinitely. Indeed, increasing amounts of energy were required to produce the equipment that was needed to develop new oil and gas fields, further and further away from the industrial centres in the West, fields which were located in ecologically vulnerable and climatically hostile environments (cf. Wolfson 1994; Ebel 1994). *Intensive* growth,

in contrast, demands that markets are open to private entrepreneurs. With low barriers to entry, even large, quasi-monopolistic and oligopolistic firms face serious consequences if they neglect the imperative to modernize. They are forced, if not by competitors, then by the threat of new, small firms entering the market, to experiment with new techniques. In the case of the Soviet Union freedom of entry and experimentation would have meant abandoning central planning and freeing markets from political control, an option that was absolutely not acceptable to the ruling communist leadership. As a consequence Soviet enterprises were well-nigh totally shielded from competition and the economy did not intensify.

Extensive growth could only be maintained by subsidizing the manufacturing sector through administratively imposed low prices for raw materials and energy. So, energy prices were held down. Within the context of the relative isolation from the world market, this could lead to the bizarre phenomenon of a manufacturing industry that *reduced* the value of its raw materials, energy and labour inputs, instead of adding it. The more complex the production processes, the larger the losses in value. This may be illustrated by the estimation that in 1992 the market value of the raw materials and energy produced was twice that of Russia's GNP! Consequently, it was suggested that the Russian economy would have been better off 'if every Russian worker, except those in the country's mining, oil and transport industries (who would be needed to ship raw materials abroad) simply stopped working' *(The Economist 25/10(92)*.

The prosperity of the Soviet Union and its satellites was fully dependent on an abundant supply of natural resources (cf. Kramer 1990). This fundamental weakness is also illustrated by the fact that resource-poor socialist countries relied heavily on artificially low-priced Soviet supplies of raw materials: 'One of the most significant aspects of the [industrial] revolution [in eastern Europe] was that the foundations for a modern industrial system were laid on a highly restricted raw materials base ... with one or two exceptions (Poland, Romania), the CMEA Six were heavily dependent on Soviet supplies of raw materials'. Between 1960 and 1980 these 'implicit trade subsidies' amounted to $87 billion (cf. Marrese and Vanous 1983: xv, xviii).

In short, the legacy of the Soviet economic strategy was that of a value-destroying economy, in which all non-primary industry was subsidized by the primary sector. Within the primary sector, the energy sector was the most important source of subsidies. Economically speaking, this was not a very healthy situation; it depended on the willingness and the ability of the

state to prevent producers from selling to the highest bidder. If left to their own devices one would expect producers in the primary sector to demand market prices from national customers; where no realistic price is offered, they would sell their resources on the world market. This circumstance shows why socialist economies can only be run on command lines and in isolation from the world market. Destroying the hierarchical lines that form the fabric of a socialist economy is a risky business indeed. This became all too obvious when Gorbachev started his *perestroilw*.

3 Reform in a Distorted Economy

The crux of *perestroika* was the Law on State Enterprises of 1987 (cf. Goldman 1991; Nove 1992ed). By giving state enterprises a large degree of autonomy in financial matters and by creating opportunities for workers' control over management, this Law destroyed the command lines that had kept the Soviet economy going in the previous decades. The Law also effectively put an end to central economic planning, by replacing the traditional system of imposed production targets with a discretionary system in which the state gave the firms specific orders, while allowing enterprises to trade up to 30 per cent of their cash income. In addition, the Law terminated centralized foreign trade, by allowing firms to select their foreign trade partners themselves. These fundamental alterations to the system of economic coordination caused an immediate disruption of the traditional supply channels and provoked inflationary wage demands from the workers. As a consequence production started to decline.

A further crucial effect of the 1987 Law is that the decentralization of the productive system undermined the state's ability to collect taxes. As McKinnon points out, until then all taxation had been 'implicit', because all transfer payments were handled by the state banks. Except for wage payments, enterprises held hardly any cash balances. By monetizing payments and by shifting the control over productive assets, or firms, from the central state level to the (still state-owned) enterprise, without first establishing the proper institutional framework for tax collection, the state effectively gave away its tax base (cf. McKinnon 1991: 110-15).

The dismantlement of the Ministry of Foreign Trade's monopoly on trade with external partners further reduced state control. The partial liberalization of foreign trade opened up an important source of privileged

wealth. It enabled enterprises and well-connected traders to purchase oil and metals at home, at very low state-controlled prices, and to resell these goods abroad at hard-currency world-market prices.[3] As this kind of trade, already accounting for nearly 60 per cent of Russia's exports in 1992, was subject to quotas and licenses allocated by the state, it quickly turned into a source of corruption and bribery (cf. Aslund 1997: 89). At the same time, though, it laid the financial foundation for the later very powerful so-called Financial Industrial Groups.

Proponents of shock therapy, like Aslund, argue that in combination with a full-fledged liberalization of prices, the dislocations and abuses described above would never have been possible. Yet, in 1987 such a price liberalization was unthinkable. Moreover, after the state had given away part of its control, the rent-seeking interest groups in the energy sector came to generate more than half of GDP in the $80 billion economy of 1992. Hence, by the time the transition began in earnest, the state was hardly in a position to call for radical price reforms. The gradual loss of control that had started under Gorbachev had made the central government hostage to the energy sector.

It is significant that the reformists' government proposal to liberalize internal prices, in the Spring of 1992, provided the energy sector with the opportunity to move on from the administrative perimeter to the political centre. A proposed radical liberalization in energy prices induced country-wide protest, from consumers as well as the energy industries. In May 1992, President Yeltsin, confronted with heavy pressure from the industry, was forced to dismiss his reformist Minister for Fuel and Energy, Lopukhin, and replaced him with the 'more experienced' director of Russia's giant monopolistic natural-gas company Gazprom, Viktor Chernomyrdin (cf. Yeltsin 1994: 207). By December 1992, Chernomyrdin even replaced Gaidar as Prime Minister and remained in power until March 1998. Meanwhile, the direct involvement of the energy sector in Russia's political arena, its influence in the federal and local administration and the impact of the sector in the economy and the state budget enabled it to continue its rent-seeking behaviour, while blocking institutional and legal reforms. In order to substantiate this, we now turn to a more detailed analysis of the role of the energy sector in the Russian economy.

4 The Energy Sector

Despite the fact that there was a general decline in energy production and consumption from the end of the 1980s, the energy sector gradually gained an enormous weight in the economy. This is illustrated by the fact that, while overall industrial production declined by around 46 per cent between 1992 and 1995, the output of the natural-gas and the electricity sector fell by only 7 and 24 per cent, respectively. Consumption of oil in Russia declined from 250 Mtoe in 1987, to only 128 Mtoe in 1997, while the production of oil was halved from nearly 600 to only 302 Mtoe. This contraction in output was largely caused by supply constraints, such as reservoir depletion, poor technical management and lacking investments for new exploration activities, enhanced recovery methods and maintenance. In addition to its impact in Russian industrial production, by the end of 1996, the energy sector contributed 70 per cent of the Russian federal tax revenues (cf. Slay and Capelik 1998), while around 50 per cent of the total hard-currency export revenues were generated by sales of crude oil, refined oil products and natural gas. The importance of Gazprom's foreign sales is illustrated by the fact that half of its gross revenues on sales ($30 billion in total over 1996) came from export sales, whereas only a fifth of the total amount of gas sold was exported (cf. Gray 1998b). The energy sector thus had an enormous impact on the state budget and in macro-economic relations. Simply because of its relative size and its macro-economic impact the sector became of crucial strategic and political importance in economic policy-making and the process of transition (cf. Makarov and Remizov 1997).

In addition to this, the energy sector acquired increasing significance in issues of micro-economic organization and political relations post-1990. Essential elements in the unfolding of a web of interrelated economic and political connections and interdependencies are: firstly, the fact that the price liberalization of 1992 caused substantial payment arrears with important economic and political implications; secondly, the manner in which the process of privatization was undertaken; and thirdly, the workings of the tax system.

4.1 PRICE LIBERALIZATION IN AN ENVIRONMENT OF PAYMENT ARREARS

Following the initial, limited liberalization in energy prices, in January 1992, energy prices rose enormously, and energy-intensive industries in particular, but also households, were confronted with rapidly rising energy-supply costs. Nevertheless, the potentially beneficial effects of the price liberalization were offset by mounting payment arrears. Payment arrears to energy suppliers rose, which in turn saw their own ability to pay their suppliers and staff weakened. By April 1997, overall payment arrears had reached a level of 52 per cent of Russian GDP. A third of these arrears was owed to the energy sector, which had a share of 13 per cent of total GDP (cf. Bagratian and Gilrgen 1997).

Another consequence was that the means of payment changed. In 1996, between 74 and 91 per cent of the amounts due to the electricity companies in the several Russian republics were paid properly, but only between 9 to 22 per cent of these payments was in currency. The remainder was in promissory notes, treasury bills, barter and even shares in debtor firms. The gas supplier Gazprom received payment on between 49 and 100 per cent, depending on the republic, of its invoices. Only 7 per cent of its total Russian revenues, however, was in currency. The state aggravated the problem by not paying its own energy bills, resulting in a debt amounting to 1.2 per cent of GDP. The increasing inability and unwillingness to pay for energy purchases had important economic and political consequences for the parties involved, i.e. the state, consumers, and the energy industry.

The state provided 'payment relief', through subsidized rates and exemptions from penalties on payment arrears for certain privileged consumers. This provided the authorities with a new instrument of cross-subsidization and redistribution of services and goods, as an alternative to the abandoned system of state planning. Obviously, these prerogatives had political implications. On the one hand, it made the state vulnerable to pressures from specific groups and regions, including the energy sector itself, while on the other hand, it provided the state with the means to 'buy' political support (cf. Slay and Capelik 1998). This pricing 'policy' allowed the energy industry and associated state entities to discriminate between 'friendly' and 'unfriendly' enterprises and sectors (cf. Bagratian and Gilrgen 1997).

The energy industry accepted these arrears because it had little choice, as it could not sell its gas and electricity elsewhere, neither in the FSU, nor abroad[4] Moreover, the non-cash payments in barter and other values, including equity in the consuming companies, provided the energy industry with a source of income that could be kept 'outside' the books and thus offered an effective means of tax evasion (cf. Bagratian and Giirgen 1997: 13). This also gave energy-sector firms influence in other sectors. Finally, the government sanctioned these practices, and thus, as was stated by Slay and Capelik (1998): 'In exchange for providing society with non-interrupted services of electricity and natural gas and the government with political support and financial resources, firms like Gazprom and UES were largely permitted to run their own show'.

Both the payment arrears as such, and the alternative forms of payment to the energy sector affected the Russian state's tax revenues and, thus, reduced the state's policy-making capacity. One should keep in mind, however, that the implicit 'regulation' of prices, by allowing payment arrears or the alternative means of payment to specific consumers, sectors and regions, provided the several layers of the administrative system with alternative instruments of economic and social policy (cf. Makarov and Remizov 1997). Because of the price differentials between high-priced industrial supplies and low-priced supplies to households and state-funded institutions, a cross-subsidization of the latter politically important groups of consumers took place. This occurred, though, at the expense of industrial activity (cf. Slay 1997).

4.2 PRIVATIZING THE ENERGY SECTOR

Traditionally, the entities operating in the energy sector were associations, operating under the respective ministries, i.e. the 'Fuels and Energy Ministry' for the electricity sector, the 'Natural Gas Ministry' and the several ministries for oil production refining and marketing. The reorganization of the Russian energy sector started in November 1992 when a presidential decree established 10 vertically integrated oil companies (comprising production, transport, refining, distribution and retail assets) along geographic lines with an effective monopoly on the sales in their region. The national Gazprom monopoly was left intact because, as was stated by the chairman of the State Committee on Antimonopoly Policy, it 'is a unique structure which earns one third of Russia's foreign exchange' (cf. Slay and Capelik

1998). In the electricity sector the Unified Electrical Power System (UES) was established.

From 1992 onwards, in several steps, the several oil companies were partly privatized. Initially the government had hoped to auction off shares in the energy industries to the highest bidder, but this was not exactly what ultimately happened. In the course of 1995 the government ran into severe financial difficulties, which threatened to destabilize the economy. A group of private banks - in fact, front offices of energy-sector industries - stepped in and proposed the so-called *loans-for-shares scheme* (Blasi *et al.* 1997: 74 -5). The banks would provide the government with loans in return for shares in 29 energy companies as collateral. Whenever the government was unable to meet its debts, the banks were entitled to sell the shares at self-organized auctions. The revenues would then be split by the government and the banks. This loans-for-shares agreement lacked any transparency, however, and resulted in due course in a sell-out of shares to firms that were owned by the same banks that had participated in the deal.

In particular the eight firms that had previously constituted the national oil company Rosneftegas were sold at ridiculously low prices. For example, Oneximbank acquired 51 per cent of shares in Sidanko, at a price of 2 dollar cents per barrel of oil reserves owned by the firm, while in normal circumstances a price of $4 to $5 would have been appropriate. While organizing the auction for Yukos, the Menatep Bank itself announced that it would be the highest bidder for the oil company. When other banks protested, the government silenced them by threatening them with the Tax Police. A Menatep affiliate, Laguna, ultimately bought 33 per cent in Yukos for the price of $150 million. Additionally it provided a 'loan' to the state of another $159 million, in exchange for control over yet another 45 per cent. 40 per cent of Surgutneftegas was sold to its own pension fund. Shares in the largest Russian oil company, Lukoil, were sold by Bank Imperial, a bank owned by Gazprom bank and Gazprom itself obtained 5 per cent of Lukoil (cf. Khartunov 1998a,b). The outcome of the loans-for-shares program was a significant privatization of Russian industry. Between 1992 and 1996, however, the contribution of the privatizations to the state budget was less than $1.5 billion, while the real value of these assets was estimated at around $50–60 billion.' Another important result was that it led to the birth of Russia's oligarchs, the leaders of big cartellistic 'Financial-Industrial Groups'. Of the eight-biggest FIGs, six have interests in the energy sector *(The Economist* 4/4/98). These new oligarchs showed their gratitude in a politically most sat-

isfying way. After a meeting in Davos, they joined forces in an ultimately successful effort to finance Yeltsin's re-election campaign in 1996.

4.3 TAX REVENUES FROM THE ENERGY SECTOR

The sell-out of state assets in large parts of the energy industry, of course, did little structurally to relieve the government's financial difficulties. To complement the meagre tax receipts, the government was forced to rely on foreign lending and on issuing short-term state bonds at exceptionally high interest rates. The revenues were spent on regular budget expenditure, subsidizing enterprises and sometimes disappearing into the pockets of bureaucrats and politicians (cf. lensen 1998).

The privatization of the energy sector did not, however, re-establish state control, in the sense that it enabled the state to collect taxes from a now depoliticized energy sector. For a number of structural and institutional reasons, the Russian state failed to establish an adequate system of taxation for its potentially most lucrative economic sector. A crucial factor is that the Russian system of oil and gas taxation, as an inheritance from the Soviet system, is based largely on fixed production-based levies, which mainly taxes the amounts of oil and gas taken out of the well, instead of the oil products sold to consumers. Such fixed production levies are unrelated to the profits generated on the sales of the manufactured products. Consequently, if profits are only meagre because of low consumer prices, non-payment or high production costs, fixed levies tend to discourage exploration and production activities. A fall in production, in turn, reduces the aggregate tax receipts.

Low fiscal revenues from the oil and gas sector are also caused by infrastructural constraints obstructing an efficient transport and handling of crude oil and manufactured products, and by the fact that most of the profits are generated in the largely untaxed transport, oil refining and distribution segments of the supply chain (cf. Gray 1998a: 15). Through a mixture of political power, economic leverage and monopolistic practices, these down-stream sectors (including Gazprom and the national-gas pipeline company Transneft) have seized a disproportional share of the total value added in the oil and gas production chain. As end-use prices at home or in export markets are relatively fixed, it is eventually the up-stream oil and gas production segment that is plagued by low revenues. As stated, lack of profitability discourages production and accordingly lowers the statutory amount of tax extracted from these producers.

The Russian state, having lost control over the energy sector and in constant need of revenues, saw no other option but to raise taxes. Moreover, in the Russian republics, taxes are frequently imposed in an uncoordinated, arbitrary manner by the several federal, regional and local governments. In addition, there seems to be a large degree of discrimination against (foreign) joint ventures, because Russian privatized companies - managed by the insiders – are often granted tax exemptions, or allowed to run up considerable payment arrears whereas outsiders are not (cf. Gray 1998a: 14). High and arbitrary taxation, however, has probably been the single most imponant cause of tax evasion and capital flight. As such, its effects are counter-productive. With capital fleeing the country at a rate of $1-2 billion a month, according to a conservative estimate, little hope for the future remains (cf. Ellman and Scharrenborg 1998: 583). Russia needs investment badly, but particularly since August 1998 investors have been leaving the country.

A short-lived change of policy intended to regain state control over vital petroleum and gas industries was abandoned in May 1998, when President Yeltsin lifted a ban on funher privatization. The financial crisis of August 1998, however, minimized the chance of finding interested buyers. Rouble funds have become unavailable, while foreign investors are frightened by the governments' moratorium on foreign-debt repayment and the general worsening of the investment climate (cf. Khanunov 1998b: 18). The rouble devaluation further enhanced the imponance of the exponing energy industries. but it also inspired the government to establish a mandatory exchange of currency earnings for roubles. Newly introduced taxes and controls will prove counterproductive in the attempts to attract foreign and domestic investors. On the contrary, capital flight, which had already reached dramatic proportions before the financial crisis broke out, has risen to new highs.

5 Conclusion

Our analysis of the decline of Russian state power and the role of the energy sector draws attention to a paradoxical phenomenon, described by others as the *mineral curse* (cf. Mikesell1997; Kurpershoek 1998). It seems a paradox indeed that a state like Russia, with such vast mineral resources at its disposal, has not been able to reform its economy succesfully. At first sight,

abundance in energy resources could be considered an advantageous precondition for any state in the process of political transformation. The exploitation of these resources could provide the transitional government with the pecuniary leeway to invest in the productive system and to finance a minimum level of social security. A flourishing energy sector would reduce unemployment. Energy exports would generate an inflow of foreign currency enabling society to import. Energy pricing, including direct taxation, could be used as an instrument of economic, regional and social policy. These revenues and stabilizing instruments would diminish the chance of social unrest. Consequently, common sense would suggest that the transformation would proceed in a relatively orderly and succesful manner, as compared to states without such resources.

This scenario, as we have shown, is much too simple, though. The clue to this apparent contradiction lies in the words 'at its disposal', which refer to the crucial role of the political and economic institutions in the transition. The idea that a transitional state may be able to 'use' the energy sector and its revenues to smoothen the process of political and economic transformation assumes that such a state has the power to control the energy sector and the firms therein.

When the transitional government has only a weak control over the economy and the administrative system, though, the opportunities for 'rent-seeking' increase enormously for those actors involved in the key-industries and related parts of the administration, as we have shown. During Gorbachev's *perestroika* the Soviet state lost effective control over its enterprises. Parallel to the increasingly apparent failure of the planning system and the loss of power of the central government, the logic of economics gradually appeared and those sectors that sustained Russia's 'economic life' saw their economic weight increase enormously. In the context of Russia's value-destroying manufacturing industries, the energy sector became the new power base with which any reform policy had to reckon.

Lacking an adequate institutional framework, and given the changes in economic relations, the 'transitional' state had a hard time resisting the economic and political pressures of its raw-materials producers and accordingly the democratic politicians and institutions were taken hostage. The federal government was unable to control the provinces and even the federal bureaucracy - in particular the former branch ministries in the energy sector. At the same time, however, the government became financially dependent upon the energy producing regions and firms. After the loans-for-shares

agreement, which did help the re-election of Yeltsin in 1996, the financial difficulties of the state, of course, had still not been solved. Ever since the government has tried to regain control over the state revenues by imposing a wide variety of taxes, which were subsequently difficult to collect, in part because power political considerations time and again interfere with budgetary considerations.

The financial crisis that broke out in August 1998 heralded another sell-out of remaining state assets in the energy industry. With foreign investors unwilling to invest and to take further risks, Russia's new oligarchs will further extend their control over the economy (cf. Karthukov 1998a: 267). This lowers the prospect for a re-establishment of the state's control to an absolute minimum.

From the above it can be inferred that the relatively large weight of the energy sector in the economy makes it rather difficult for Russia to proceed on the path to a modern society. Governments without access to readily available natural resources may show much more inclination to substantial economic and political reform. Indeed, it is the only way out of the political and economic slump, if only because Western credit suppliers require effective reforms in the absence of other securities, such as their participation in energy resources exploitation. This suggests that, before entering into the discussion of whether and how states are able to adjust themselves to internationalization and globalization, we first have to address the issue of internal legitimization and institutionalization.

Our analysis has underlined the problems for countries like Russia (but also for the OPEC member states and other raw-materials producers) to establish adequate democratic political institutions and to coordinate their economies. Interest groups associated with the exploitation of these raw materials have both the motivation and the means to stay in power or, at best, if they wish to, to share the power with a 'friendly' administration and a government of their choice (cf. Khartukov 1998a: 266). This situation suggests the continuation of the well-known vicious circle. The lack of adequate stable institutions, controlled by an effective state, impedes a development of alternative sources of economic and political power. Indeed, the weakness of the state is a disincentive for investment by national and international entrepreneurs. Without new investment and with weak competion, there is little hope that Russian firms will become competitive in the world market.

Consequently, the degree of integration by Russia into the international economy will remain limited. The low-income economy hardly offers a market for expensive imported products and will remain dependent on low-quality home-made, often bartered, goods. As a producer, Russia will remain a supplier of energy and raw materials to the world market. As long as world energy prices allow the backward Russian industry to cover its production costs and to invest in the development of oil and gas reserves, the impact of internationalization and globalization on the economy will be almost nil (cf. Khartukov 1998b: 22). Note that labour remains a negligible cost factor in the oil and gas sector. The revenues will continue to be seized by a small elite and spent on luxury, the sustenance of (semi-private) repressive organizations, and on sustaining the corrupt administrative system. The state, in such circumstances, will be rather immune to the consequences of internationalization.

For a defence of the shock therapy see Aslund (1995) and (Sachs 1994ed.). (.'or the gradualist approach see: Murrell (1995), McKinnon (1991) and Goldman (1991, 1994).

2 Our emphasis on *path dependency* is, of course, more in line with the gradualist approach than with shock therapy.

3 In the spring of 1992, the price of oil in Russia was only one per cent of the world-market price. In January 1995, the Russian oil price was still a third of the world price.

4 Export of Russian gas is constrained because, unlike in the oil sector, there is no international market for gas. Cas trade takes place through pipelines with a fixed destination and is organized by means of long-term supply contracts with specific Western European importers. These importers - which until recently controlled regional, mutually recognized supply monopolies - have based their purchases of Russian gas on their own requirements in order to control supply - and thus lower - prices. As the European market grows steadily but slowly, while Russian gas has to compete with Norwegian and Algerian gas, only limited extra amounts of gas can be sold to Europe.

5 Several varying estimates of these discrepancies exist (cf. EIA 1997; Gray 1998a,b). All estimates agree, however, on the enormous gap between the market value of the assets and the budgetary receipls.

9

European Tripartism: Convergence in Topics, Persistent Divergence in Decision Making

Hans Slomp

1 Introduction

Does globalization enforce a development towards one European model of labour relations, or do national variations persist? In this comparison of peak-level contacts and, in particular, recent tripartite social pacts, the thesis of convergence versus divergence is the main topic. However, the focus is on convergence and divergence in *international patterns* of industrial relations rather than *national models*. The question here is not so much one of diverging developments in countries that used to have similar systems of labour relations, and common trends in countries with different types of labour relations, but one of convergence or divergence between groups of nations with similar traditions of industrial relations.

The discussion focuses on convergence and divergence in tripartism, and in particular in the role of the state in tripartite negotiations and agreements. The chapter starts with a short theoretical discussion of the impact of globalization on labour relations, followed by a systematic survey of recent developments in tripartism and state activities in the three international types of labour relations that will be distinguished.

2 The Challenge: Globalization, Flexibility and Decentralization

'Nations now seem to have lost control of a large part of their economy to the global "bulldozer" that is intent on building a new world order on the ruins of the once powerful national economies' (Drache 1996: 31). This statement aptly summarizes the alleged impact of globalization upon national autonomy in social and economic policy-making, whether made by national governments, or by employers, associations and trade unions.

The impact of globalization is twofold. First, the production process and the input of labour have to be adapted to conditions of global competition. Increasing capital mobility enables companies to move quickly from one location to another, both within and among nations. Sectors in which local, regional, or national markets used to predominate are losing the protection offered by national and sector 'frontiers'. Globalization marks the 'crisis of the nationally constituted territorial rules and regulations' (O'Tuathail *et al* 1998: 3). All enterprises are now subject to global competition. National actors have become global players. However, it is not only national borders that are disappearing. Companies that have already operated on the world market and did not need national protection are also affected by globalization. They have to adapt their production to rapid changes in world-market conditions. Methods used to facilitate overnight adaptations are lean production, which allows instant response to shifts in demand, subcontracting, which shifts some of the burden of increasing flexibility to the subcontractors, and increasing flexibility in the input of labour, by means of extended operating hours, for instance. It is no longer enterprise size and power (domination of the market), but the speed with which changes are introduced, that decides company success (cf. Sverke 1997). From shot-putters, focusing on weight, enterprises have become long-distance runners, obsessed with speed and losing weight.

The second change is a consequence of this increasing mobility and flexibility in production and labour input in response to globalization. Labour flexibility within the firm requires a shift of decision-making on labour conditions from levels outside the enterprise to within the enterprise or even at shop-floor level. State rules and sector agreements that regulate labour conditions impede flexibility in labour input; they were introduced for that very purpose by the trade unions and national governments. Although employers have almost permanently complained about the con-

straint these measures pose to flexibility and national competIlIveness, globalization and the need for instant flexibility now seem to lend increasing weight to their arguments. Many forms of labour protection by means of national and sector rules, such as a maximum of daily or weekly working hours, a ban on night work or on Sunday work, are now regarded as obsolete and as impediments to the twenty-four hour economy. Labour protection has become an 'institutional rigidity' that has to be dismantled. 'Supra-enterprise' rules are to be replaced by negotiations between management and the enterprise workforce to guarantee flexible adaptation of labour conditions to the requirements of the world market. This change implies an 'organized decentralization' of collective bargaining from national and sector level to that of the enterprise. Decentralization might also be 'unorganized', however, when the unions are totally shunted off, and collective bargaining is supplanted by unilateral employer decision-making with respect to labour conditions (cf. Traxler 1996).

Generally, employers are regarded as the main agents of change in labour relations by bringing about flexibility in labour input and enforcing decentralization of decision-making on labour conditions. They try to reduce the impact of sector and national rules or even to circumvent such rules. 110wever, in doing so, employers act under the strong pressure of globalization and the need to achieve more flexibility in production and the allocation of labour (cf. Thelen 1998). The trade unions are considered to be the main victims of the employers' drive towards enterprise-level contacts and the company efforts to do away with any 'third party interference' in their company. The trade unions had already suffered membership losses since the oil crises of the 1970s, due to the decline of traditional industries, and the shift from manual to clerical work. Decentralization affects trade union efforts of national or sector solidarity in the form of wage uniformity, one of the overriding trade union concerns during the twentieth century. This loss of traditional goals results in even greater membership losses (cf. Western 1997).

The role of the state in industrial relations is probably at stake most of all in the process of national adaptation to the new world order. Drache's opening lines of this section in particular point to the loss of state power over the national economies (although he himself refutes that thesis). Globalization also removes 'the basis of political authority, legitimacy and accountability away from national governments, towards the increasingly transnational and global markets' (Gill 1997: 13). Deregulation has

become the rule, albeit sometimes accompanied by a temporary growth in the body of rules in order to implement deregulation. Not only labour legislation is increasingly regarded as an impediment to flexibility, this also applies to more indirect forms of state involvement in industrial relations, such as declaring bargaining results generally binding for a sector as a whole, including non-members of the bargaining organizations. Since there is hardly any latitude left for national rules on labour conditions, the role of the state in tripartite national negotiations has also come to an end. If national governments retain any role at all in shaping national economic and social conditions, which some observers doubt, it is a very limited one (cf. Locke *er al.* 1995). In Western Europe, globalization has reduced the state's role in yet another way, by its pressure in the direction of privatization. (The European Union's role in this and in other developments is not discussed here.) This form of deregulation has reduced the opportunities to use the public sector as a means to introduce new ventures in industrial relations or to serve as a model of wage restraint.

The loss of function of the nation state, the decline of trade union influence, the growing power of 'capital' due to globalization, flexibility and decentralization, have prompted pessimistic visions with respect to the effects of convergence in industrial relations. National differences disappear in the course of a downward trend, a 'race to the bottom' in labour conditions. One of the most prominent protagonists of this pessimism is Streeck, referring to the fate of the Gerrnan *soziale Marktwirtschaft* (cf. Streeck 1996a). Labour standards will be lowered, labour conditions will deteriorate, and the old de-industrializing nations of Europe will gradually have to adapt to the standards and the conditions of the newly industrializing nations in the Pacific. In this gloomy picture, the world market has (finally) broken its chains, forged by the nation states and the trade unions.

3 The Response: Globalization, Training and Tripartism

The pessimism that prevailed in the previous Section is not shared by all. It has prompted a lot of research and essays on the strength of the Western European economies and the continued influence of trade unions and national governments in shaping national market conditions. National governments do not forge chains, they create preconditions for successful markets, and to some extent this also applies to trade unions.

Against the downward trend in European labour conditions, the optimists put forward a crucial advantage of the European labour force when compared to that in most of East Asia: its level of training. As an alternative to a low pay strategy, as practised in the USA and Great Britain, some point to the emphasis on vocational training in continental Europe. Training leads to more worker interest and a more innovative and creative attitude towards work, and it stimulates higher productivity, as a precondition of high wages and a strategy of European survival. While receiving hardly any attention until the 1990s, vocational training has become a prominent theme in industrial-relations literature over the last five years. This is also one of the fields in which national governments and trade unions actively shape national market conditions. By raising the level of employee skills, state and union efforts in vocational training contribute to labour flexibility and to high labour standards.

Without denying the trend towards decentralization and trade union decline, some concentrate on the persistence of tripartism (cf. Berger and Compston forthcoming). In a number of Western European nations, tripartite pacts have been concluded, with the general goal of increasing labour flexibility and reducing unemployment by means of stimulating investment in jobs, and preferably part-time jobs. These tripartite agreements, and failed attempts in that direction, show that flexibility and globalization not only lead to decentralization but also to an expansion of efforts to construct national frameworks for the decentralizing industrial relations. The tripartite agreements are attributed to the trade unions' willingness to comply with greater flexibility in working time, in exchange for greater employer commitment to create new jobs. The government's role differs between the nations involved, but its main aim is to reduce unemployment by promoting flexibility. In order to reach that goal the government has either put pressure upon the social partners to engage in central level talks, has initiated the talks, or has only acted as a mediator.

Lately, the thesis of decentralization in general has been questioned. It seemed to rely too heavily upon evidence from countries in which bargaining was already highly decentralized and the role of the state was limited, as in the United States and Great Britain. Deregulation is not even a Europe-wide phenomenon, as is borne out in international comparisons (cf. Wallerstein *et al.* 1997). While relatively decentralized systems have decentralized still further, tripartism and state involvement are still prevalent in countries with a tradition of tripartite agreements. This difference points to

a trend of divergence rather than convergence in labour relations (cf. Thelen 1998).

4 Tripartism: Convergence or Divergence?

Here [attempt to shed some light on the issue of national autonomy in the field of industrial relations, by looking at recent efforts at tripartism, with a special focus on the role of the nation state.

The first question [address is whether the tripartite pacts that have been concluded in the course of the 1990s are mere 'agents of deregulation', or expressions of autonomous national policy-making. This question deals with the contents of tripartite agreements. Are they aimed at wage restraint or more flexibility in labour input as forms of adaptations to world market conditions? Or is their main purpose to reallocate work as a means to reduce unemployment without paying much attention to the effects of this step upon labour flexibility? [n that case, the measures are taken irrespective of globalization or even contrary to the requirements of globalization. The tripartite agreements then point to autonomous national tripartite action in shaping national labour conditions.

The second question deals with the nature of decision-making within the limits of national autonomy. It is about the autonomy of the state in its contacts with employers and trade unions. This question deals with the form of the tripartite agreements. Are national governments able and willing to carry through reforms within the framework of tripartite agreements, even when facing employer and/or trade union opposition? [n the event that the national government is willing to impose its own measures if agreement cannot be reached, the subject of the measures remains a political issue, with the possibility of political conflict, including (employer) non-compliance and political strikes. In that case the issues concerned are not 'depoliticized', and full responsibility remains with the national government. Such state initiatives point to ample room for autonomous state action.

The answers to these two questions tell us something about national tripartite autonomy *vis-li-vis* globalization, and the autonomy of the national government *vis-a-vis* employers and trade unions. (Of course, different kinds of autonomy are involved here.) They provide the basis for an answer to the third and most basic question, on the degree of convergence in labour rela-

tions. Do the changes, if any, in national autonomy and in the autonomy of the state in its contacts with employers and trade unions result in convergence of national industrial-relations systems in Western Europe?

4.1 THE THREE EUROPEAN PATTERNS OF LABOUR RELATIONS

The three European patterns of industrial relations distinguished here are the British, the Gerrnanic European, and the Latin European ones. In the British model, the enterprise is the main meeting point between ernployers and trade unions; sector bargaining is not very widespread and national negotiations are absent. In this model, decentralized and informal bargaining and conflict prevail. The core of the Germanic pattern consists of collective bargaining at sector level. Germany excepted, national-level talks are also a normal feature of labour relations and they provide frameworks for the sector agreements. Enterprise-level bargaining is limited by the sector agreements. Compared with the other models, conflict is relatively rare in the German pattern. The Latin type combines collective bargaining and conflict at various levels, intermingled with political conflict about labour conditions. Frequent deadlocks in the contacts between employers' associations and trade unions are 'solved' by seeking state support, which transforms labour conditions into political issues. Tripartism and national government involvement have differed strongly along the lines of the three patterns (cf. Slomp 1996).

In the British Isles, tripartism used to be a marginal phenomenon, if practised at all, and state intervention in industrial relations (other than in internal trade union affairs) has been rare. The high degree of division and differentiation within the trade union movement and the decentralization of labour relations have reinforced the rather strict demarcation line between labour relations on the one hand and politics on the other. This long tradition of separation was interrupted in Great Britain by Thatcher's attack upon the trade unions, but has since been restored. Such a strict demarcation line does not constitute a suitable precondition for nationwide tripartite talks.

In Germanic Europe, the preconditions for tripartism exist in the form of centralized organizations. Social democratic trade unions prevail, in which power is concentrated at national or sector level. All smaller Germanic nations have their traditions of tripartism. In Scandinavia and the Alpine Countries, the national government fulfils a minor role, in the Low Coun-

tries the government occupies a prominent if not a dominant place. The literature on corporatism, concertation and tripartism has almost completely focused on the smaller Germanic nations, with Austria as the brightest jewel in the crown. In all these nations, consensus-seeking is at the heart of the national-level contacts. In Germany, efforts of tripartism were scarce until the 1990s. The only example was the short-lived *Konzertierte Aktion* of the 1960s. This difference between Germany and the smaller Germanic nations is due to the weakness of the national peak organizations in Germany, and to the general rejection of any kind of direct government interference in labour relations in that country.

In Latin Europe, including France, the existence of communist trade unions and the hostile attitude of employers towards any form of trade unionism has not been conducive to collective bargaining, let alone negotiations at national level. Moreover, trade unions and employers appreciate spontaneous action more than in Germanic Europe, and this does not allow for strict guidelines for sector-level union bargaining or for enterprise bargaining. In all Latin European nations, tripartite meetings have been held, but not on a regular basis. The national government is more involved in labour relations as a target of trade union action than as a partner in tripartism. Trade unions and employers alike attempt to get government support for their position in labour relations, if need be by means of political strikes or other action. The national governments themselves do not count on consensus, but try to carry through state measures in spite of employer or trade union opposition during tripartite meetings.

4.2 TRIPARTISM IN THE SECOND HALF OF THE 1990S

4.2.1 The British Isles

In Great Britain the absence of tripartism continued under the Conservative governments of the last two decades. In 1992, even the last form of tripartite talks, albeit highly specialized, within the framework of the tripartite National Economic Development Council, was abolished. The Labour government has yet to undo this policy.

In contrast, Ireland has followed a different course. Despite the fact that labour relations showed a number of similarities to those in Great Britain, such as the high degree of differentiation within the trade union movement and shop-floor bargaining, a number of tripartite agreements or 'understandings' had already been concluded during the 1970s. The contacts were

renewed in 1987 and have intensified. Wage restraint has been the major subject covered in the four national agreements that have been concluded since then. The latest agreement, 'Partnership 2000', concluded in 1997, has introduced something new in Western Europe, the extension of tripartism to 'Quatropartism', with four parties involved. In addition to the national government, employers and trade unions, a number of social organizations have also taken part, including the movement of the unemployed, the 'National Women's Council', and organizations engaged in social work. Their participation should help to prevent social exclusion of the unemployed and intensify national cooperation in a society of 'partnership'. A Monitoring Committee checks the observation of the agreements (cf. Thomas forthcoming). The degree and nature of government involvement, aimed at wage restraint, can be characterized as active and consensus-oriented.

4.2.2 Germanic Europe

In Germany, both the Christian democratic Chancellor Kohl and his social democratic successor Schr6der have attempted to establish a *Bilndnis filr Arbeit* (Alliance for Work). Both efforts have failed. In the smaller Germanic nations, developments vary but in general tripartism continues.

The impression that tripartism is in decline has probably become popular due to the wide interest in Swedish labour relations. In the late 1980s, the Swedish employers' confederation gave up central-level negotiations in order to put an end to the alleged inflexibility of the Swedish economy (and to the trade unions' power). Since that time the talks have not been resumed. Despite short-lived bipartite talks, with occasional government participation, on industrial relations reform, the Swedish government has refrained from efforts to revive tripartism.

In the other Scandinavian countries, national-level talks have fared better. In Norway, the national government participated in central-level negotiations in 1993 and 1994, but the outcome was a bipartite pact, as is usual in that country. In 1999, the three partners issued a common report on wage moderation, as one of the steps in preparing a new two-year central agreement. (Only a small *cadre* organization stayed aloof.) Government involvement was limited but consensus-oriented, aimed at adaptation to international conditions through wage restraint. (cf. EIRR 1999: 303). In Finland, employers' associations and trade union confederations concluded a series of bipartite pacts, the latest one in 1997. In fact, these bipartite pacts had a tripartite character, since they involved government concessions in the tax

system to compensate for wage restraint. The negotiations did not take long and all organizations were content with the agreement. The government's role may be characterized as active and consensus-seeking, aimed at wage restraint. In Denmark, tripartism has focused on employment policies. A new 'Tripartite Forum' and new tripartite committees were set up in 1998, intended to promote a more active labour market policy. Governments have voiced critical comments on the slowness of tripartite decision-making but they have not given up tripartism. Wage moderation has not been a major topic of the talks. The government was mainly concerned with increasing labour flexibility. Its role may be characterized as active and consensus-seeking.

The Low Countries have also gone their own separate ways. While the Netherlands has become the international model of tripartism and concertation, the Belgians have been less successful in organizing central talks. The main ingredients of the Dutch 'Polder Model' are wage restraint and increasing labour market flexibility in the form of part-time jobs (cf. Visser and Hemerijck 1997). During the first half of the 1990s the relationship between the social partners and the national government was rather contentious, in particular concerning cuts in work disability benefits. In the second half of the decade, there was hardly any difference in priorities among the social partners themselves and between them and the government. The social partners helped to solve disagreements within the government, and the government facilitated collective bargaining by promising measures to compensate for trade union or employer concessions. One of the highlights of this system of concertation was the bipartite agreement 'Flexibility and Security' in 1996, which became the basis of labour legislation that extended job security for part-timers, while shortening the long dismissal procedure for full-timers (cf. Slomp forthcoming). Flexibility, then, was the main purpose. The govenment's role was consensus-oriented.

In Belgium, the social partners have, without much success, tried to revive the tradition of central 'interprofessional' pacts that were concluded during the 1960s. The main bone of contention has been the compensation that the employers and the national government offered in exchange for moderation in trade unions' wage demands. In 1996, the parties were close to an agreement but the socialist trade union confederation (the second largest after the Catholic one) refused to sign it. The government then once again imposed wage restraint. At last a new intersectoral agreement was concluded at the end of 1998 under the threat of further state intervention.

It contained flexible margins for sector and enterprise collective bargaining, and also provided for the creation of large state funds to subsidize new jobs. Due to the state's obligations involved in the agreement, the government's role was active, and more consensual than before, but certainly less consensual than in Scandinavia orthe Netherlands (cf. EIRR 1999: 301).

The Alpine countries have been most stable as regards social partnership and tripartism. The Austrian *Sozialpartner* concluded an agreement in 1992 concerning the continuation of social partnership and compromise. They have lived up to the spirit of the agreement, although both the employers and the trade unions have become a little less compromising. That change in their relations has allowed the government to assume a more active role in deciding on the agenda of tripartism. An example of this growing state initiative is the 1997 law on working time, which was negotiated between the confederations, but under strong government pressure (cf. Kittel and Talos 1998). The purpose was more flexibility in working time. Despite the pressure it put on the unions, the government role was still a relatively consensual one. Swiss developments are harder to evaluate, since Swiss concertation has always been highly informal. The style of governance in the field of labour conditions continues to be highly consensus-oriented.

4.2.3 Latin Europe

In France, the national government has organized a number of tripartite conferences during the 1990s. At the end of 1995, the Caullist government tried to terminate a series of strikes and other protest actions by means of tripartite meetings but the conference remained without result. In 1997, the socialist government convened another conference, this time to deal with the 35-hour working week. Despite the fact that the employers furiously opposed any shortening of the working week, the government published its draft legislation shortly after the conference was closed. The bill had probably already been prepared before the conference, but it was not used as the basis for discussion. The French government went its own way, without adapting its proposals to the outcome of the tripartite talks. Since then, the law has come into force but it has remained a bone of contention. Employers have demanded a postponement of the deadline contained in the law. Interestingly, they were joined by the major trade union confederation, the socialist CFDT, which argued in favour of more room for sector and enterprise bargaining. Autonomous state action continues to be characteristic of French labour relations, with the government not much concerned about consensus.

In Spain, the economic reforms that were carried through by the socialist government during the 1980s also provoked a number of nationwide strikes and a decrease in tripartite contacts. The employers were only interested in tripartism if it would end the extensive dismissal protection, which was a remnant of the Franco regime. This employer interest was met by two agreements (1994 and 1997). Other tripartite agreements, concluded with the new conservative government in 1997, dealt with employment and collective bargaining. The agreements offered a combination of labour flexibility and employment security. Several of the subjects were later covered by social legislation. In 1998, the relations between the government and the trade unions deteriorated, when the government refused to include a reduction in working time in its employment policies. However, at the end of that year a new pact was signed after protracted negotiations. The pact stopped short of tripartism, since the employers' confederation left the bargaining table halfway through the negotiations and refused to sign. This shows that the government, aiming at a better allocation of work rather than adaptation to international conditions, was more interested in trade union acquiescence than in consensus. In contrast to the previous decades, the 1990s were a decade of tripartite pacts in Portugal. Two agreements, in 1990 and 1996, reduced the working week. The pacts were not completely tripartite, however, because the largest trade union confederation, dominated by communists, refused to sign, despite the fact that it had participated in the negotiations. The absence of one trade union confederation reveals that the Portuguese government was just as determined to reach consensus as its Spanish counterpart.

Italy has the longest tradition of tripartism in Latin Europe. The deep crisis in the political system, which completely reshaped the Italian political landscape in the early 1990s, offered the trade unions ample opportunity to influence the shaping of social and economic policies. A tripartite agreement in 1992 sealed the fate of the famous *scala mobile*, the automatic indexation of wages, which had been an important issue in many a political strike. A second agreement, in 1993, changed the system of collective bargaining. Henceforth wage negotiations would be a tripartite responsibility and would take place within the limits that would be set by the government. This change was also a major government victory, deemed necessary in order to secure Italy's admission to the EMU. A new pact was signed in 1998, which dealt with the reduction of working hours. During the negotiations, which were interrupted by a government breakdown, the new govern-

ment gave up its effort to discuss a change in the collective bargaining system, under pressure form the major trade union confederation (cf. EJRR 1999: 302). The developments are an indication of the government's initiating and consensual role, seeking adaptation to international conditions by means of wage restraint and working-time reduction.

In Greece, a tradition of bipartite national agreements has been established during the 1990s, with four two-year agreements. The government has also announced plans to introduce part-time work throughout the public sector and to change the national system of collective bargaining, in spite of trade union announcements of political strikes against these proposals (EIRR 1998: 291). The government takes the initiative but it is not concerned with consensus in its search for more working-time flexibility.

4.3 TRIPARTISM AND GOVERNMENT INVOLVEMENT: CONVERGENCE OR DIVERGENCE?

As this survey shows, Ireland is the most conspicuous newcomer to the club of tripartite nations. Tripartism in that country has now been in existence for more than ten years, after a few shortlived experiments during the 1970s. It is no longer the British Isles that form an exception; Great Britain now stands alone. The Irish case is all the more interesting since the structure of its trade unionism and employers' association, which mirrors the British one, would seem to forbid active central-level activities. In spite of the absence of these institutional preconditions, the country has become an innovator in tripartism. Except for Sweden, all countries with a tradition of corporatism continued tripartite contacts during the second half of the 1990s. Until 1998, Belgium seemed to become a second exception, despite the many attempts in that country to restore tripartism. In Germany, the 1990s have seen the most strenuous efforts to implant tripartism since the 1960s but so far without success. In Latin Europe, there seems to be a true tripartism fever, which leaves no country unaffected. As in previous decades, Italy is the champion of tripartism. Even Portugal has joined the movement towards tripartism and concertation. Formerly, the communist-dominated trade union confederation was able to sabotage any kind of tripartite agreement by calling protest strikes. Now its protest is confined to a refusal to sign. France also paid lip service to the principle of tripartism, with more tripartite conferences than in any previous decade.

Turning to the question concerning the contents of tripartism (wage restraint and working-time flexibility versus reallocation of work), rnost of the agreements deal with working-time flexibility and/or with wage rnoderation, as strategies of adaptation to the world market. Working-time flexibility prevails in Denmark, the Netherlands, Austria, Spain and Greece; wage moderation in Ireland, Norway, Finland, Belgium and Italy. Only in two countries, France and Portugal, has the main aim been to introduce general working-time reduction (referring to full-time working) in order to reduce unemployment. Even taking into account these two countries, there is no clear difference in the topics of tripartism between Germanic and Latin Europe. The subjects that tripartism deals with do not point to great national autonomy. Coping with globalization seems to be the overriding concern. While wage moderation is a traditional subject of tripartite agreements in Europe (sometimes hiding some kind of statutory wage control), working-time flexibility is a new one. With the exception of France and Portugal, all of Western Europe has adopted a well-tried method or experiments with a new course to face the consequences of globalization.

With respect to the question concerning the nature of government involvement in tripartism as a criterion of state autonomy, the three models of industrial relations show more variation. In the smaller Germanic nations, government involvement is still compromise-oriented. Governments do not 'force a breakthrough' in tripartite consultation by means of threats. They only help to find a compromise by offering state compensation in return for employer or trade union concessions. In these countries, the government's main function in tripartism is to widen the range of 'exchange' subjects. If their involvement does not lead to any result, no agreement is forced upon the social partners. Governments are not willing to jeopardize their position *vis-à-vis* both parties by siding with one or the other. Agreement counts more than result, or maybe even better: the main result should be agreement. Belgium is an exception in the sense that, in the event of disagreement, the national government has often imposed 'package deals' that did not meet with strong employer or trade union resistance. Even Germany follows the rule of state 'neutrality', since the government has refrained from imposing a bilateral *Bundnis für Arbei!.*

In Latin Europe, tripartism has become popular, but not in the same form as in Germanic Europe. Only in Italy have tripartite pacts been concluded in a surprisingly fast sequence, which were applauded by all participants. In the other countries, governments have ignored opposition from

either trade unions or employers. France is an extreme example in this respect, with a government that had its proposals ready before the tripartite conference, but did not discuss them during the meeting. Except for Italy, tripartism in all Latin countries leaves the impression of serving as a pretext for governments to implement state measures. Results count, not agreement. In the nature of state involvement, then, the difference between the two continental models persists notwithstanding globalization, with Ireland now joining the continental Germanic nations.

This difference between the two continental models does not refute the more active role of the national government in both the Germanic and the Latin model. In almost all cases the employers have, at most, expressed lukewarm support for tripartism. They have frequently spoken out in favour of decentralization but have been reluctant to give up sector bargaining and central talks. The unions are willing to accept both wage moderation and flexibility in labour conditions, but they demand compensation in the form of reduction in working hours and more security for part-time workers. It is the national government that is most interested in tripartism. Governments are aware of the pressure of globalization and most anxious to maintain the national economy's competitiveness by means of more flexibility. Almost everywhere, it is the government that exercises strong initiative in tripartism and, to some extent, decides on the agenda. During the tripartite meetings it is also the national government that most impatiently awaits prompt results. Growing state initiative and lack of patience point in the direction of more state pressure to introduce reforms in labour conditions and labour relations, as indicated by government impatience in Austria, Belgium, Denmark, Greece, Italy and Spain. However, only in Latin Europe does the government not even wait for the outcome of tripartite talks and introduces flexibility or wage moderation, anyway.

5 Conclusion: Persisting Divergence in European Tripartism

Globalization and the need for more labour flexibility have not resulted in less government activity in the field of labour conditions. On the contrary, they have motivated national governments to display more initiative in calling for tripartite agreements. The growing popularity of tripartism is an indication of convergence in European labour relations. Tripartism has persisted in countries in which it existed, and expanded to countries without a

tradition of such national-level contacts. Only a *few* countries stay aloof notably Great Britain and Germany. The conclusion that European labour relations are converging is reinforced by the great similarities in *the* topics of the tripartite talks: wage moderation and working-time flexibility. These common *themes* seem to reaffirm the fact that the spread of tripartism, and the convergence of labour relations on this specific point, is due to globalization.

However, the spread of tripartism and the common topics addressed do not permit a general conclusion of convergence of different European types of labour relations as a consequence of globalization. In the nature of government involvement in tripartism and, accordingly, also in the nature of tripartism, the variations between the Germanic and the Latin models are as great as ever. Government intentions behind tripartite meetings *differ,* and so do the results. In Latin Europe, national governments take autonomous action in *order* to prepare the national economies for international competition, in Germanic Europe their action is confined to encouraging employer/trade union compromise. The consensus-orientation of the Germanic governments has not been affected by the urgency to introduce *more* labour flexibility, and neither has the way in which Latin governments proceed with tripartism. Although tripartism may look similar throughout Western Europe, it continues to *hide* two different forms of decision-making: government-initiated and consensus-oriented in Germanic Europe, government-imposed and result-oriented in Latin Europe. Globalization has, as yet, not bridged that gap.

10

Global Sisterhood and Political Change: the Unhappy 'Marriage' of Women's Movements and Nation States

Canny Roggeband and Mieke VeTloo

1 Introduction

Global sisterhood is perhaps not the most common example to highlight the consequences of globalization, yet - as this chapter will show - it provides an interesting analysis of the relationship between the national and the global level, and consequently for an answer to the question of the importance of the nation state in a context of ongoing globalization. Global sisterhood, as a major concept in the history of the women's movement that accentuates the common ground on which the global women's movement is founded, has had very material consequences. The similarities between women's movements across countries, not only at the level of their problem definitions, but also in their strategic choices are striking. The concept facilitated international diffusion. This can be seen as the cause of striking similarities between women's movements in countries that are very different indeed. In view of the existing political science literature on social movements, this common ground and these similarities are hard to understand. It seems that reality is at odds here with theories that link the rise and fall of social movements sometimes exclusively to characteristics and **actions of nation slates.**

The basic assumption of the central role of the state for social movements poses a fundamental problem in a context of global diffusion of problem definitions and strategies. The question that we will emphasize in

this chapter is: how did global sisterhood affect the role of the state as a dominant counterpart for the movement? Our answer will be based on theoretical considerations and on empirical findings. Theoretically, we concentrate on establishing the circumstances under which social movements can be affected by national political contexts. Empirically, we analyze two social movements which show significant similarities whilst developing in very different political contexts: the Dutch and the Spanish women's movements against sexual violence.

2 The State and Social Movements

Most authors on social movements stress the connection between the state and social movements. In fact, many authors have related the development of national social movements to the rise of the modern state (cf. Tilly 1984; Tarrow 1994; Marks and McAdam 1993). By introducing the concept of governing at the mandate of the people, the modern democratic state has legitimated the rise of a public civic culture. As Tarrow says: 'by producing policies intended for large populations, and standardising the procedures for citizens to use in their relations with authorities, states provided targets for mobilization and cognitive frameworks in which challenging groups could compare the situations to more favoured constituencies and find allies' (Tarrow 1994: 66).

Even if one tries to define a social movement, the state often takes up a central position, as in Tilly's definition of social movements as a sustained series of interactions between a challenging group and the state (cf. Tilly 1984). The connection is complex though, as the state has multiple roles to play with respect to social movements. The nation state is seen 'simultaneously as a target, sponsor and antagonist for social movements as well as the organizer of the political system and the arbiter of victory' (Craig Jenkins and Klandermans 1995: 3).

In political science literature, the relationship between nation states and social movements does not hold centre stage. Studies on politics tend to accentuate the representational system, while studies on social movements concentrate on the movements themselves, rather than their interaction with the state. There is, however, one major exception. Since the 1980s, the Political Process Approach (PPA) has emphasized the relevance of the state for social movements, linking 'the mobilization of social movements close-

ly to conventional politics in the parliamentary and extraparliamentary arenas of a given country' (Kriesi *et al.* 1995: xii; cf. also Craig lenkins and Klandermans 1995). According to the PPA there exists a 'marriage' between social movements and the state.

Following Eisinger (1973), Kriesi *et al.* present a model for the political context of mobilization of social movements, the so-called political opportunities structure. According to the PPA, four characteristics of the (national) political context determine the chances of facilitation, repression or reform with respect to the rise and fall of social movements. First, there is the existing configuration of political cleavages. In countries where there are 'old' cleavages, newly arising social movements will run the risk of getting split up between these cleavages. The women's movement in Belgium, for instance, automatically divided along the old language lines. This considerably weakened the movement. The chances of success for social movements will be higher if there are no strong established cleavages. Second, the formal institutional structures (the parliamentary arena, the administrative arena, and the direct democracy arena) are important. The characteristics of these arenas define the degree of openness of a state and its strength. If the state is weak and/or has multiple possibilities for access, there are more chances of facilitation. The third element consists of the prevailing informal strategies towards challengers of the state (characterized by exclusion of integration). If the state has a tradition of inclusive strategies, opportunities for movements are more favourable. Finally, there are the differences in power between the political parties and the resulting chances of alliances with those parties. For social movements, the position of the Left is considered to be most important. If the Left is in opposition and strong, possibilities of alliances and facilitation are judged to be most favourable. If the parties at the Left are in power there is a chance of reform that may abolish the need for a social movement. If Left parties are part of a coalition government it is possible that they will not be able to facilitate social movements.

So far the PPA has been used in a large number of comparative studies, which focus almost exclusively on the explanation of differences in social movements in countries with stable and established democracies. According to Kriesi *et al.* (1995: 248), the theoretical framework of the PPA is not already antiquated in the light of the process of globalization, but will only need some extension: it should suffice to include 'supranational political opportunities' in addition to the existing national opportunities. As we argue in this chapter, the potential shift of political opportunities to a higher level is but one of the problems facing the PPA.

3 The Impact of Nation States on Social Movements: Theoretical Considerations

Are social movements indeed 'married' to the nation state, and if so, to what extent? firstly, social movements can only be 'married' to a nation state to the extent that they define the issues that they address as national issues and/or if they choose organizational structures that follow national lines. Social movements can have other options, depending on their goals. In reality, some movements partly define the issues they address as national issues, while others emphasize the importance of the market or of primary relationships. Secondly, social movements can be 'married' to the nation state to the extent that they define the issues they address as issues that ask for political change by means of national political actors. The range of issues and strategies of social movements can involve a wider scope. The changes they try to accomplish need not only concern the traditional issues regulated by nation states. Therefore, social movements often aim at a mix of political, cultural, social and economic change. The PPA fails to acknowledge the importance of movements aiming at cultural change, and cannot develop a theoretical analysis of the impact of the political opportunity structure on social movements of this type. Thirdly, the extent to which social movements are 'married' to a national political context is related to their perspective of the state. Primitive analyses of the state were in the habit of noting that there were problems out there in society, and that the role of the state was to develop policies to solve these problems. However, the state cannot be seen as - or only as - a neutral institution to solve societal problems. It also has to be seen as part of the problem (cf. Outshoorn 1987). If a movement defines the state as part of the problem, then the state can be a target or an antagonist, but never an easy ally or a sponsor of the movement. In general, social movements can only be 'married' to the nation state if they envision the state as a part of the solution, and not as part of the problem. Finally, the importance of the national political context is dependent on the power of the nation state compared to lower or higher levels of political regulation. The more the state transfers its competencies to a supranational or regional level, the more this level can replace the state in its role as a counterpart for social movements.

4 The Impact of Nation States on Women's Movements: an Empirical Perspective!

The Dutch and the Spanish states are very different indeed. A comparison between the political systems of the Netherlands and Spain reveals a large divergence in those characteristics of the states that, at least according to the PPA, determine the mobilization potential of social movements. The Netherlands has a long and stable democratic tradition, whereas Spain has had democratic rule only since 1975, when the authoritarian Franco regime collapsed. The Franco dictatorship denied citizens elementary freedoms, such as the freedom to meet and form associations. This explains the absence in Spain of a civic society tradition and the emergence of social movements before 1975. In contrast, the Netherlands has a strong tradition of civic society with a large number of civic organizations and interest groups.

Spain and the Netherlands also differ on the element of cleavages. In the Netherlands the traditional class and religious cleavages had been pacified by a system of 'pillarization', which created space for new social movements to mobilize. In Spain, the traditional regional cleavage re-emerged when the highly centralized Franco-regime broke down. Regionalism became a paramount political issue in contemporary Spain, limiting the space for other 'new' political demands by social movements. The conditions for the emergence of new social movements and their demands were thus very different between the two countries, leaving far less space for new political demands in Spain than in the Netherlands.

If we compare other characteristics of the (national) political context mentioned in the rrA, we find more important differences. The formal institutional structure of the Netherlands permits many possibilities for access for social movements, because of its open electoral system, relatively heterogeneous coalitions and a strong functional decentralization, where interest groups are incorporated in the policy-making process. In Spain, however, the access of social movements has remained limited because of the closed character of the public administration, even if the high degree of decentralization results in more points of access. Even the 'Institute for Women's Affairs' *(Instituto de la Mujer),* created by the government in response to feminist demands, remains a very closed institute (Valiente 1995). The position of the parliament is constitutionally weak, and its

weakness was further exacerbated between 1982 and 1993 by the lack of a strong or effective opposition. Between 1982 and 1989 the socialist party ruled by an absolute majority.

The prevailing informal strategies of the authorities towards new social movements in both countries reflect the differences in their respective political history. The Netherlands sought to resolve religious conflicts in the past by applying integrative strategies, resulting in a 'pillarized structure' or 'consociational democracy' (cf Lijphart 1969). The new social movements that emerged in the 1960s also met with favourable informal strategies of integration and facilitation (cf. Kriesi *et al.* 1995: 112; Duyvendak *et al. 1992:* 52). In Spain, in contrast, political authorities have essentially continued the tradition of exclusion established during the dictatorship, by adopting a statist and non-cooperative policy style with low levels of political and social participation of civil organizations (Colomer 1996: 196).

The last difference between the two countries, relevant according to the PPA, concerns the position of the Left. In Spain, the Socialist Party (PSOE), which gained an absolute majority in 1982, could afford to neglect the demands of social movements, wbile other Left parties (Communists, Greens, etc.) faced major internal crises. Both factors resulted in what Heywood (1995: 184) calls 'the crisis of representation' for new social movements. This situation of exclusion has changed somewhat since the early 1990s. With the loss of the PSOE's strong position in the 1993 elections, parliament was able to start regaining some of the initiative it had lost during the preceding fifteen years. **In** the Netherlands, the political landscape has been more diverse, providing social movements with better opportunities for finding allies. The Dutch social democrats (PvdA) have been receptive to new social movements since the early 1970s. A PvdA-dominated government created favourable opportunities for social movements. When the PvdA was forced back in opposition into 1977, the link between the party and new social movements became even stronger. During the first half of the 1980s the strategy of the PvdA with respect to new social movements was one of strong facilitation, which continued during the short participation in government from September 1981 to May 1982. During the second half of the 1980s, the PvdA's links with new social movements were weakened or sometimes even severed as a result of a new party strategy designed to regain acceptability as a coalition partner.

Summarizing our findings, the political opportunities for the Dutch women's movement against sexual violence were generally more favourable

than for their Spanish counterparts. Because of these differences one would, according to the PPA, expect to find important differences between the Dutch and Spanish women's movements. Research on two branches of the women's movement against sexual violence, however, reveals striking similarities.

5 The Feminist Movement against Sexual Violence in the Netherlands and Spain

5. t DOMESTIC VIOLENCE IN THE NETHERLANDS

The Dutch women's movement against domestic violence emerged in 1974, as a clear example of the international transfer of movement strategies. A group of women working at a Youth Advice Centre was dissatisfied with the way traditional services treated women's problems. Soon the group decided 10 focus on violence against women: at that time a very central issue in the United States' women's movement. After reading a newspaper article about Ihe recently opened Chiswick shelter for battered women in London, the theme of wife beating emerged. In the spring of 1974, the Dutch women visited the London initiative, and a few months later they opened a similar shelter-service in Amsterdam under the expressive name: 'Don't touch my body' *(Blijf van mijn lijj).*

The shelter was set up without any direct government facilitation. They 'squatted' in an old orphanage and furnished it with flea-market furniture. The project was run by volunteers. Later, the group found out that residents of the refuge were entitled to social security benefits, making it possible to ask them for a financial contribution. Apart from providing shelter, the group wanted to capture the public's interest with respecI to the issue of wife beating. Wife beating was considered a non-existent problem in the eyes of the traditional political institutions and the public. Within a few days the shelter was filled with women and children escaping from beatings or other forms of abuse by husbands or boyfriends. This made clear that the problem was a real one and was widespread. Very soon, 'Don't touch my body' became a name that everybody had heard of. The Amsterdam shelter served as a model for an expanding movement. In 1982, 18 shelters existed in the Netherlands and three years laler, in 1985, the movement reached a peak with 23 shelters operating under the name and according to the principles of 'Don't touch my body'.

Autonomy has been an important theme in the movement for battered women, at the individual as well as the institutional level. The state was seen as an important threat to this autonomy. Therefore, the movement adopted a separatist, independent strategy. The groups defined wife beating as a structural and political problem, involving social and political change. Shelters were seen as an escape from violence, providing women with a remedy largely independent of a patriarchal state. However, at the end of the 1970s various shelters lacked the appropriate resources due to the high number of women seeking help, and decided to apply for state subsidies. This caused great internal conflicts, as many activists feared that state funding would endanger their feminist principles. llowever, for many shelters the choice was between closing down or applying for a subsidy. With the help of Leftist parties the shelter-services successfully negotiated a specific regulation, leaving the feminist principles of the shelters (self-help, voluntary staff and a collectivist organization model) intact.

In 1985, this agreement was threatened by a proposal of the government to decentralize the financial responsibility for the shelters. The shelters protested against this decision, because they feared 'political arbitrariness' of local and regional authorities, which might lead to the closure of some shelters. In the movement's ideology violence against women should be considered an issue of national importance, and therefore the responsibility of the central government. It took a while before the national authorities agreed. In November 1985, a massive national action was organized and two weeks later the socialists, christian democrats and new left parties proposed a motion to postpone decentralization. As a result of political pressure the government decided to reconsider its plans.

However, this decision hardly felt like a victory, as the decentralization plans had not been completely withdrawn. Moreover, most groups struggled with internal problems: many activists and volunteers had left the organization out of discontent with the growing grip of the state on the shelters. At the same time, it became more and more difficult to attract volunteers. Therefore, in most of the shelters it was decided to professionalize. By the end of the 1980s most shelters had been transformed into professional organizations trying to hold on to their feminist principles of self-help and a collectivist style of organization. The result was a rather hybrid type of organization, more and more dependent on state funding. In December 1993, the (christian democratic and socialist) government again announced the decentralization of the shelters. This time protests were

weak. In January 1994, the financial responsibility for the shelters was transferred 10 the regional authorities, forcing some shelters to merge with other (non-feminist) services for battered women.

5.2 DOMESTIC VIOLENCE IN SPAIN

Even if the Spanish movement against domestic violence started to mobilize almost a decade later than their Dutch counterparts, they chose the same model. In the 1980s Crup I'Alba in Barcelona, a group of professional women (among them social workers, psychologists and lawyers), like their Dutch counterparts, planned to open a refuge modelled upon the pioneer shelter in Chiswick. In 1982 they applied for a subsidy to start a shelter for battered women. However, the local government in Barcelona granted only a small subsidy to set up a pilot-project. According to the local authorities the need for such a service and the size of the problem had first to be examined. The group used the local funding to create an information and assistance service for battered women instead of a shelter. Despite the promises of the local authorities of Barcelona, the group had to wait four more years before they were finally able to realize their original shelter-project. In the intervening years, initiatives for shelter-services by other groups in various parts of the country were supported.

The first Spanish shelter for battered women was opened in Madrid in 1984. It was initiated by various groups, including the 'Commission for the Investigation of Wife-Beating', a group operating at national level that mainly aimed at raising public awareness and placing the issue on the political agenda. Soon after, more shelters were opened, and at the beginning of 1990, 37 shelters existed.

In contrast with the Dutch case, the shelters were created with funding from regional and local governments. This meant an early contact with the (decentralized) state limiting the available options for the movement. Like their Dutch counterparts, Spanish feminists feared cooptation, but it was simply impossible to create a shelter without government aid. The opposition against state funding was not only weak for pragmatic reasons, it also reflected a change in the global feminist vision of the state in the 1980s. Whereas in the 1970s radical feminism envisioned the state as an important part of the problem (cf. Hanmer 1978), in the 1980s activists gradually turned to the state for solutions. Deficiencies in the criminal justice system and a lack of police response caused large problems for victims and resulted

in a demand for institutional, political change. The Spanish women's movement saw wife beating as a structural and political problem and therefore a state responsibility.

The shelters were organized non-hierarchically, with a collectivist style of working and decision-making. In most cases the shelters did not provide therapeutic assistance; self-help was their basic principle. For the paid Spanish workers, the economic independence of women was an important feminist goal. State subsidies and professional workers created a movement with fewer accents on activism. In the middle of the 1980s the issue of wife beating entered the political agenda, due to the lobbying efforts of the women's movement, in particular the 'Commission for the Investigation of Wife-Beating', which had close ties with the ruling Socialist Party. The Senate commissioned a special group to study the phenomenon. lt consulted relevant literature and international policy documents on violence against women, collected data on the incidence of wife beating in Spain and held interviews with professionals. In its final report, published in 1989, the group recommended measures to prevent battering, and adopted one of the central demands of the women's movement, the inclusion of wife beating in the Penal Code. After an intensive campaign by the women's movement, the Penal Code was changed in November 1989. The new Code included battering as a crime, although the juridical description of the crime remained rather vague.

From the early 1990s the Spanish (socialist) governments became more actively involved in the creation of shelter-services by providing subsidies. As a result, the number of shelters increased enormously. The financial responsibility for the refuges is in the hands of the regional and local authorities, which has led to large differences in available resources between the shelter-services in different autonomous regions. These regional differences block cooperation between the regions. Several initiatives have been taken to overcome this. In 1987, a network and a 'Refuge Coordinator' were established, funded by a small subsidy from the 'Women's Institute'. One important aim of the cooperation network was to stimulate exchange and cooperation between the shelters and to develop common criteria and a model for the shelters. In addition, the network aimed to be a political pressure group. The main demand was to formulate central regulations and criteria for the shelters, in order to diminish the alarming regional differences in resources between the shelters. However, the government did not respond. In addition, the battered women's movement showed its concern

about the 'symbolism' of most government actions over the last five years, the lack of personal and material resources and the lack of a vision on how to provide assistance to the victims of ill treatment. Up until the end of the 1990s, the movement did not succeed in convincing the government of the need to formulate a national policy to combat violence against women.

5.3 THE DUTCH AND SPANISH MOVEMENTS ON DOMESTIC VIOLENCE COMPARED

When we compare both movements, we see similarities as well as differences. The most striking similarities are the definition of the problem and the choice of the basic strategy (shelters). The similarities in the definition of the problem and the choice of strategy can easily be understood as the result of a process of globalization, of international diffusion of information between women's movements. At the same time, the role of political opportunities at national level also is clearly *visible.* In fact, for almost all differences that have been found, the state is the explaining factor.

First of all, the timing of both movements is different, Spain being almost a decade later than the Netherlands. Here, the national political context is the most logical explanation. In Spain, democracy had to develop before social movements could. Another difference is found in the relationship between the women's movement and the state. In the Netherlands, the state was seen as part of the problem for a long time, which caused strong frictions between the movement and the authorities. In Spain, the state was seen as part of the solution, resulting in an early engagement with the state. This difference can be explained, partly at least, by the difference in timing. Feminist interpretations of the role of the state changed over time. Earlier global analyses presented patriarchy as a total institution, of which the state was a part, ensuring women's oppression both in the private and public sphere. Accordingly, the state was seen as part of the problem. By the early 1980s, analyses had become more subtle, and it was agreed that the state could also he an ally in the fight against patriarchy. Next to this, it is also clear that in Spain, in 1984, there were hardly any alternatives for an alliance with the state, as there was not yet a civil society of any importance, whereas the women's movement in the Netherlands could afford to be more radical, because of its greater access to possible allies and resources outside the state. During the 1980s the Dutch movement became increasingly *involved* with the state, which gradually resulted in a more assimilated

and moderate movement. However, the feminist component of the services still remains, specifically in the definition of the problem.

A last set of differences concerns the various levels of political regulation. In the Netherlands, the national level is dominant and most visible in attempts by the government to force cooperation between local organizations. Later on, the state decentralized its responsibilities. In Spain the national and regional levels have a distinct role. With respect to attempts to change the legal code the national level is dominant, but as far as the facilitation of the movement is concerned, the regional level is all important.

5.4 SEXUAL HARASSMENT IN THE NETHERLANDS

The roots of the Dutch movement against sexual harassment are American, yet, in its further development, the Dutch state has played an important role. The issue of sexual harassment was raised in 1980 in a particular initiative by two feminists who decided to copy an American survey on sexual harassment, 10 provoke a discussion on the issue in the Netherlands. As in the US, the survey was placed in a popular women's magazine and attracted a lot of attention and reactions. The initiators then contacted the women's department of the largest trade union, FNV, to ask for cooperation. The trade union women reacted positively, as the issue of sexual harassment had already been discussed at various times during their team meetings. This cooperation was the start of a working group on 'unwanted sexual intimacies in the workplace' (the Dutch equivalent of sexual harassment). The main aim of the group was to make the problem visible, to prevent sexual harassment and to offer support to the victims. They defined sexual harassment as one of the dimensions of the unequal power relations between men and women. The group started to look for political access right from the start, and demanded a legal framework to prevent and combat sexual harassment. Iledy d'Ancona, a former feminist activist, who became state secretary for women's affairs in 1981, supported this claim. She incorporated the 'new' issue in her plans for an integral policy to combat sexual violence against women. The working group's recommendations for this policy were adopted in the policy document already commissioned by d'Ancona's predecessor. One of these recommendations was to start a national 'complaints office'. In 1984 the working group received state funding to create this office. The complaints office, which chose the activist name 'Hands Off' *(Handen Thuis),* started as a service for victims but after a few years devel-

oped into a consultancy office for labour organizations. Tbe complaints office was a highly innovative project, which gave the Netherlands the status of a pioneer within the European lInion. The Dutch government also commissioned an extensive study on sexual harassment (Projectgroep Vrouwenarbeid, 1986). The authors of this study made a comprehensive analysis of the mechanisms of sexual harassment, which resulted in a more thoughtful vision on the relation between gender/power-relations and the incidence of sexual harassment.

In 1984, d'Ancona was appointed *rapporteur* for the European Union on sexual harassment. In addition, the Dutch government started to put on pressure at Ell-level to make sexual harassment an Ell-policy issue, and to conduct an investigation into the issue of sexual harassment. This study, by Michael Rubinstein, revealed that policies to combat sexual harassment were largely absent in the Ell-member states, and recommended regulations to prevent sexual harassment. The Commission, in response, produced a Code of Practice, with more symbolic than legal value (Collins 1996: 27). Despite the Dutch government's pressure for policies at EU-level, at national level no steps were taken to formulate specific regulations to prevent sexual harassment. In 1991, the state subsidy of 'Hands Off was even cancelled as the Dutch government saw possibilities for a commercial service that indeed proved to be able to operate successfully. In 1994, the Dutch government finally came up with a specific law to prevent sexual harassment. **In** this law sexual harassment is defined as a problem of labour conditions. According to the law, employers have the duty to protect their workers against sexual harassment. The law has had some effect, as more than 50 per cent of the collective labour agreements in 1998 contained a paragraph on sexual harassment.

5.5 SEXUAL HARASSMENT IN SPAIN

The roots of the Spanish movement are American too, but here the diffusion route was longer. The impetus came from discussions within the International Federation of Trade lInions, which edited a guide on sexual harassment in 1986. This guide, translated into various languages including Spanish, helped the Spanish women's movement to put pressure on their trade unions to put the issue of sexual harassment on the agenda. In 1987, women within the trade union lICD initiated a survey on the incidence of sexual harassment in the workplace. They mainly aimed at consciousness-raising both

within and outside the union, putting the emphasis on problem visibility, prevention and legal action. This resulted in several internal circulars and information brochures for union members and the wider public.

The Spanish women's movement defined sexual harassment as a dimension of the unequal power-relations between men and women, basing themselves upon the trade union guide and feminist literature from the US. Inspired by the American feminist theorist Catherine MacKinnon, they made a clear distinction between sexual blackmail and sexual harassment, and decided to put a stronger emphasis on the struggle against sexual blackmail (by superiors) than on sexual harassment (by colleagues). They also feared that the second issue would not be taken seriously in a cultural context where friendly touching and giving compliments about one's looks is considered as having a positive cultural value. Moreover, they judged the American discussions and regulations as exaggerated and puritan, likely to be ridiculed in the Spanish context.

Spain was remarkably fast in introducing specific regulation against sexual harassment. This can be explained by two factors. First, the connection of the issue of sexual harassment with labour-relations made it easier to define it as a political issue, as the ruling PSOE put strong emphasis on economic policies and framed equal rights policy mainly in terms of the redistribution of work. Second, an important impetus for this initiative came from the EU-Ievel. The study by Rubinstein (1987) revealed that Spain was one of the few Ell-members without any policy to combat sexual harassment. A reform of the 'Workers Statute' in 1989 offered an easy possibility to introduce specific regulation on sexual harassment. A new paragraph was introduced to ensure respect for a person's intimacy and dignity, including protection against verbal or physical insults of a sexual nature. This legal measure was defended by the ruling Socialist Party by indicating initiatives to combat sexual harassment in other economically and politically 'more developed' countries (cf. Valiente 1995: 217). However, the new regulation had more symbolic than legal value, for no sanctions are introduced against employers who do not properly protect their employees against sexual harassment. Finally, in 1995, with the reform of the Penal Code, sexual harassment perpetrated by superiors was introduced as a criminal offence.

The trade unions have remained a target for the Spanish women's movement. To some extent trade union women have been able to press for the introduction of the issue of sexual harassment in the negotiations on collective labour agreements. The results, however, have been meagre. In 1997

only 30 per cent of all collective labour agreements made any reference to the problem of sexual harassment. Also, the trade unions did not develop any specific services for complaints by victims or advice to labour organizations. In reaction to this, a special organization was initiated in 1998 to treat complaints on sexual harassment and to provide psychological and legal assistance to the victims of sexual harassment.

5.6 THE DUTCH AND SPANISH MOVEMENTS ON SEXUAL HARASSMENT COMPARED

Comparing both movements, again some similarities are striking. First of all, the basic problem of definition is the same, due to the use of the same (American) references. This similarity is the result of a diffusion process in which Dutch problem definitions and strategies also played a role. With respect to feminist issues, the Netherlands had a strong influence on the European Union, while the latter had a strong influence on Spain. In the Netherlands, the state secretary for emancipation affairs had taken the first steps to develop a policy on sexual violence against women, and she transferred the experiences of the Netherlands to the European Union when she was chosen as *rapporteur* to the European Parliament. She was strongly backed by the Dutch government, which relished the opportunity to be seen as a pioneer in matters of equality policies. Spain proved to be sensitive to European Union pressure in these matters, because the country did not want to be considered as backward. Moreover, the Spanish move towards the European Union made it possible for the movement to present European documents as a model for Spain. The European Union acted as an alliance partner by asking the Spanish government to comply with European agreements in this matter. [n this case, both diffusion processes and the international political context were more important than the national political opportunity structure.

Nevertheless, the state has been an important actor in both countries. The issue of sexual harassment was rapidly adopted as a policy issue. The fact that the issue of sexual harassment was defined as a labour issue made it easier to connect it to 'traditional' politics and redefine it as a political issue. However, the strategies chosen varied. Whereas the Dutch state adopted the integrative strategy of subsidizing a women's movement initiative, the Spanish state opted for (symbolic) regulation of sexual harassment in the 'Workers Statute'. These rapid successes caused demobilization and

deradicalization. As a result, in both countries these branches of the movement remained rather weak.

In both countries, the women's movement made use of the trade unions to gain easier access to the political system. In the Netherlands the discussion on sexual harassment was started by an autonomous group, which formed an alliance with the trade unions at an early stage. In Spain there was no independent group, as the whole issue had been brought forward by the trade unions. Support from the Left was also manifest. The PSOE put strong emphasis on economic policies and the 'Europeanization' of Spain, and this facilitated the introduction of sexual harassment on the political agenda.

In the course of time, a difference arose with regard to the definition of the very problem. In Spain, Spanish 'culture' was the base for a choice to make a distinction between two types of sexual harassment, resulting in differentiated claims and demands on the state, whereas in the Netherlands no such distinction was made.

6 Conclusions

The women's movement against sexual violence framed its issue as a global one. Therefore it is interesting to see where the nation state entered the picture. The striking similarities between the movement in both Spain and the Netherlands can be traced to international diffusion processes. The concept of global sisterhood - the idea that women face the same problems everywhere and therefore should fight women's oppression together - served as a powerful tool for the diffusion of ideas and development of strategies.

Although in both countries the women's movement started with an international impetus and saw itself as part of a global project, after a certain time in both countries the movement became more and more 'contextualized' and more involved with the nation state. Strategic choices and organizational structures of the women's movement against sexual violence were partly made to fit the national political opportunity structure, but the movement continued to be strongly influenced by feminist ideology. However, the manner in which the activists framed the issues continued to influence their stance towards the state and the strategies they adopted in relation to it. Despite state pressures for conformity, feminist groups tried to remain as close as possible to their original ideological commitments.

In the Netherlands, the combination of a global problem definition, a negative perspective on the state and the availability of independent resources resulted in a movement that was, at first, very autonomous. Strategic choices at that time were hardly influenced by the state. The rise of the movement against domestic violence in the Netherlands, for instance, was largely independent of direct opportunities provided by the state. The movement against domestic violence chose to pursue their double goal of assisting victims and changing public opinion without any direct appeal to the state. The movement was facilitated by non-state actors and made use of resources indirectly provided by the welfare state (social security benefits). Elements of political culture were also important: the Dutch policy of tolerance towards 'squatting' facilitated the use of squatting as a strategy for shelters. Quite soon, however, the movement became more and more involved with the state for two main reasons. First, as the demand for services was growing and resources became scarce, the movement decided to turn to the state for additional resources. Second, feminist perspectives of the state became more subtle, and legal transformation became a third goal. This resulted in a process of growing state dependency and state influence.

Spain entered the stage at a time when global feminist perspectives of the state no longer blocked alliances with the state. As independent resources were almost non-existent, this resulted in an early dependency on the state, especially at regional level. This also explains the later emergence of a Spanish movement: resources for social movements were not available until the victory of the PSOE in 1982. In Spain, national political opportunities seem to have been decisive for the timing of the emergence of the women's movement. The state was the important facilitator for the movement against domestic violence, but trade unions and the EU were the most important allies for the movement against sexual harassment. Diffusion still played an important role when EU-policies were used as a lever for changes at national level. The global definition of the problem was, however, mitigated by cultural differences in Spain, when the Spanish movement against sexual harassment decided to put stronger emphasis on sexual blackmail than on other forms of harassment.

A major victory for both movements has been the recognition of sexual violence as a political and social problem. The vision of sexual violence as a political, and not a private problem, has become the dominant and widely accepted perspective. Public opinion has changed, and the call on the state to accept its responsibility for protecting its citizens against sexual violence

has been successful. The shelters, as a strategy for assisting the victims of domestic violence, have now become regular state-subsidized services. The existence and level of state funding for the movement's programmes are evidence of concessions won, but the requirements of the state in return limit this success. The state has been challenged, but in taking up the challenge and responding to it, the state has not been weakened. On the contrary, the state has strengthened its position by enlarging the scope of its responsibility towards the private sphere.

The story of this political success, however, transcends the dynamics of the nation state. Although, as far as the adaptation of legal codes and procedures is concerned, the classic elements of the political opportunity structure are clearly dominant - the element that seems to be most important here is the support from the Left - the contextual differences were not limited to the four elements distinguished by the PPA. The concept of political opportunity structure should be extended, at national level, to incorporate institutionalized interest groups such as trade unions, and by the level and quality of welfare-state provisions. As far as the supranational level is concerned, the PPA should include international organizations such as the United Nations and the European Union, as these turned out to play an important role in facilitating social movements.

The result of this study shows that, even in the case of global diffusion of problem definitions and movement strategies, the nation state did not lose its potential as an important counterpart for social movements. Moreover, our findings lead to the paradoxical conclusion that the women's movement, by challenging the state to make sexual violence against women a political problem, actually strengthened the state by enlarging its responsibility to protect its citizens, even in the sphere of primary relationships.

A comparison between feminist movements in Spain and the Netherlands should allow for an investigation of the connection between social movements and the state, because of the existence of important similarities between these movements in Spain and the Netherlands in combination with important differences in the structure of political opportunities as defined by the PPA.

11

Conclusion: Developing the Research Agenda

Kees van Kersbergen, Robert H. *Lieshour and Grahame Lock*

We have already glimpsed, in the various contributions to this volume, a selected sample of the questions that must be dealt with in any serious consideration of the theme of internationalization or globalization in its relation to the topic of change in the form and function of the nation state. Our own hypothetical point of departure was that 'the nation state is a historical phenomenon that is enduring yet variable'. This hypothesis is still in the process of being investigated and tested.

The authors represented in the volume are generally critical of the 'globalization thesis', in particular insofar as this thesis presupposes or implies the future irrelevance of the nation state as a unit of governance. The claim, for example, that the construction of the European Union is in effect subverting the sovereignty of its member states is subjected to a number of critical counter-arguments. But this debate will, of course, not be settled by the publication of this book: much more work remains to be done, both theoretical or analytical and empirical.

The conclusions to be drawn from an investigation of recent developments in the international system are, of course, always dependent on the theory applied in the analysis. *Hout* and *Lieshout,* for instance, present a study that takes account of this need to develop an adequate theoretical framework for making sense of recent changes. But what framework is required to make sense of future changes? Will the same approach suffice or do the changes in political reality demand a reorientation in theoretical

approach? The authors issue a warning in this connection: although it is impossible to guarantee that developments in the field will follow a particular line, it would be unwise to suppose that the future will differ structurally from the order which we know. After all, the Westphalian state system, which has long dominated international politics, does not at present face a serious challenge, in the sense that there are still no obvious alternatives; that is to say, no institutional entities as 'effective and efficient' as the state[1]

Van Kersbergen, too, is concerned with the impact of internationalization and European integration on the nation state and particularly, again, on the latter's alleged loss of sovereignty. For him, the nation state remains a central player in the international power game, including and indeed especially in situations where the degree of cooperation at an international level is increasing. Also at the national level the state remains a powerful actor. In short, the 'powerless state' is a myth. Future research might begin to look into the question of what the origins and functions of this myth are, and whether changing political circumstances at the national, European and global level will necessitate its ideological reworking.

What is at stake in these fields of research is not just the reliability of any attempt to predict the fate of the nation state in an internationalizing or globalizing world, but the question of the theoretical instruments to be used in any such project. *Lock* in his contribution claims that the revolutions of 1989-91 – which resulted firstly in the overthrow of the communist regimes established in central and eastern Europe after the Second World War and secondly in the collapse of communism in the Soviet Union itself - spelled the end of the period of political modernity; that is to say, of the applicability of the central categories of specifically modern politics. From now on, it will no longer be possible to speak of political change in terms of the old vocabulary, that is to say, of the vocabulary which in essence has been in use since the French Revolution.

Wissenburg's essay on the prospect of a politics - in *casu* a liberal-democratic politics - without the state may be viewed as one attempt to explore one of the conceptual shapes that the national and/or international politics of the twenty-first century might take and to pose the question of how we are to evaluate what would be an unprecedented situation. His approach, however, can be broadened to include other possible regime forms and their many variants, and thus many divergent scenarios.

It has been obvious for a long time that nation states are not the only substantial actors in the international field. *Reinalda* discusses other institutional players with a key role in this domain, citing their function as an important source of political change. The future research agenda for any student of the process of internationalization will involve a study of the possible development of such non-state organizations, in their relation to the nation state, as well as of their changing role in what, to many, looks like an increasingly and irreversibly complex and interdependent politico-economic world.

Thought experiments alone are insufficient for carrying out analyses of the future of the nation state. Detailed empirical studies are required, for example, of specific cases in which the nation state runs up against obstacles to its autonomous functioning. The European Union presents an interesting example here, one in which such obstacles are only a function of a freely willed delegation of policy-making powers, whereby - even if in particular cases European policy seems to contradict the interest of a given nation state - the overall functioning of the Union provides benefits which apparently more than compensate for these specific frustrations.

Since the beginnings of the modern labour movement, the latter has stood, as one of its founding principles, for a certain internationalism. In the early days of European unification, the latter was interpreted by some national labour movements as an instance of the 'wrong' kind of internationalism: one which benefited capital, to the detriment of the working classes. This standpoint inspired much opposition to the European Community, as it was then known, for example in the United Kingdom. Thus, paradoxically, some labour movements came to stress precisely their national orientation[2] It now looks as if, not just with the passage of time but with the thoroughgoing transformation of the labour movement itself (both of the trade unions and of the social-democratic and socialist parties), this hostility has largely disappeared, to be replaced in some cases by a hope that a united Europe can, in fact, play the role of a tool for the realization of - much modified - social-democratic values.

Haverland analyzed the impact of the European integration process on the political autonomy of the nation states by means of a case study of the issue of waste packaging. In this connection he also makes use of the counterfactual approach, asking what would have happened in the field in question if the European integration process had not taken place. This is a basic feature of the historical method and can, as Haverland shows, be usefully ap-

plied by political scientists, too. Another notion introduced by the author, which will surely be of application in future research, is that of 'political cost': the question is, as he puts it, not just whether the nation state will retain its formal autonomy, but how politically costly it can be for such a state to challenge particular integration policies.

To return for a moment to the labour movement, *Slomp's* investigation concerns the fate of tripartism (linking trades unions, employers and governments) in a number of European nation states. It is tempting to interpret the growing popularity of tripartism as a sign of globalization-induced convergence, but this temptation should be resisted because national traditions in labour relations persist. Besides, this convergence has not led to a diminished role of the government. On the contrary, European governments now play a more active role than ever before.

Something similar seems to hold in respect of the so-called new social movements - in this case the women's movements against domestic violence and sexual harassment - as *Roggeband* and *Verloo* note. Here, too, it seems clear from a detailed study of developments in recent years that the national context – what is called the 'national political opportunity structure' - remains of central importance in determining the success or failure of such movements. 'Global sisterhood' may be a source of inspiration, but only with the help of the state can it be translated into concrete action. These authors, too, point in their contribution to questions which must concern future researchers aiming to discover how to cash out the real significance of the much-touted internationalization of political processes.

The reader will have noted that this volume is concerned not only with the phenomenon of the nation states presently belonging to the European Union, but with other states too, and with the world-system as a whole. A chapter is devoted to Russia and the forms of political change characterizing that country in the first decade following the fall of the communist regime. The authors, *Weenink* and *Correlje,* concentrate, for obvious reasons, on the role of the energy sector in sponsoring and sometimes determining the direction of political change, in a country in which most other economic sectors have been reduced to relative destitution and insignificance. The question here, around which much future study will revolve, is that of the very cohesion of the Russian state and the relation of the state apparatus to other, internal and external forces.

As the introduction to this volume makes clear, the Nijmegen research group has felt itself obliged, consequent on the research results already

obtained, to swim to a certain extent 'against the current'. But what of the future research agenda? In part, of course, this agenda will be determined by developing events, which are impossible to predict in their detail and often even in their general line. One of the tasks of political science is, in any case, to develop a new vocabulary which will make it possible to come to terms with political changes of new kinds. But where is this new vocabulary to be found? Perhaps, as so often in the sciences, in the product of conflictual discussions between existing, rival systems of thought. In this respect European political scientists, though admittedly relatively underfunded, may have an advantage over their American colleagues, who live and work in a relatively monotonic political culture of their own, as compared with the unstable but culturally rich gamut of political systems still characteristic of the European continent.

There are also thinkers who, in their attempt to make sense of the new, propose to return to and draw illumination from the example of the old. Let us quote in this connection one example, an article by Denis Duclos. His piece represents just one example, and a particularly pronounced one, of a fairly widespread tendency in normative commentary on globalization. Duclos argues in a study of the 'cosmocracy', which he calls a 'new planetary class', that the best way to grasp the sense of the developing political situation in the world is to compare it structurally to the situation in the last period of the Roman Empire (see Duclos 1997). He writes that 'a metamorphosis of liberalism into authoritarianism has been on the agenda since 1989. A structure of oppression and hierarchy has been emerging, analogous to that of the ancient empires. We are moving to a form of regime whose aim is, as it was long ago, to establish its hegemony by way of the exaltation of the fantasies of the powerful, by means of the oppression of free citizens and the suppression of the indigent peoples'. In the name of reason, he adds, the elites are steering society towards the 'triple reef of suffering, narcissism and madness'. These, he notes, are features of elite rule readily to be found in late antiquity.

Duclos' analysis is evidently one which contains strong evaluative elements. In this book it is argued that the dawning century will be characterized, at least initially, by the lack of real institutional alternatives to the domination of 'Westernism'. This in no way implies the irrelevance of the nation state as a figure of political organization and action. This is true not just at the international level but also at the domestic level: for instance, the diminution of the influence of the labour movement in most Western

states, at least in Western Europe, means - as Duclos puts it - that as soon as late capitalism felt itself free of any serious opposition, it began to carry out a redistribution of riches in its favour. We know that, in the ancient world, the obligation on the economic elites to support the city by their liturgies died out around the end of the third century. Something analogous, Duclos claims, is true of the post-1989 Western world. 'Privatization' and a new 'value-system', which stresses, among other things, the obligation of the poor to make a 'contribution' to society and thus to earn their own living, means that the post-Second World War political settlement, and especially one of its principal components, the welfare state, is in the process of decomposition or rather of deliberate deconstruction.

Duclos' claims - whatever their intrinsic interest - are of relevance insofar as they represent a tendency about which the Nijmegen research group is particularly sceptical. His article illustrates, moreover, the difficulty, in the present state of reflection, of producing a research agenda which, if it is more than a fairly banal extrapolation of present trends, is not an apocalyptic denunciation of a relatively ill-defined danger. Globalization itself, as we know, is indeed a normatively charged concept.

Scholte (1997) writes that the argument to the effect that the logic of contemporary economic development is making the state redundant is hardly new. He cites in this connection the work of Naisbits (1994), Ohmae (1995) and Reich (1991), comparing it with early twentieth century forecasts proposed by Marxists on the one hand and liberal internationalists on the other, as well as with the 1970s functionalist theories of international integration. He notes that there is much resistance to the globalization thesis, for instance from writers like Hirst and Thompson (1996), as well as Krasner (1993) and Mann (1993). It is interesting that his classification of pro- and anti-globalization theories cannot avoid assigning a prominent place to normatively critical accounts of the phenomenon of globalization. These claim for example that under the regime of globalizing capitalism, a supplementing or supplanting of the old territorial nation-state system is taking place, to the profit of governance agencies that operate 'without adequate democratic control'. In other words, the debate on internationalization, globalization and the nation state is, in essence, a politically contentious one. But this is perhaps an inevitable state of affairs.

Any research agenda concerning the themes of this debate will have to clarify the relation between internationalization and globalization. These two concepts, though closely linked, have rather different theoretical back-

grounds and senses. Internationalization denotes a tendency for cross-border interactions - in the economic, but also in the political, legal, cultural and other spheres - to proliferate. These interactions concern trade, investment, finance et cetera, but also labour mobility and, more generally, communication links of the most varied kinds. Hout and Lieshout note that the 'international system' is fundamentally a states system; thus we might roughly distinguish between internationalization theories, which can admit the assigning of the principal explanatory role to the state, and globalization theories, which resist this approach.

There is nothing new about internationalization as a process, though it may be argued that it is unprecedented in its quantitative extension, but internationalization, as we have just noted, does not necessarily imply globalization. For instance, the free movement of labour within the European Union constitutes a form of internationalization, but the borders of the European Union remain in principle - with some well-known exceptions - closed to immigration from the rest of the world, and especially from the Third World. The European Union itself is an international but not a global institution. Moreover, even within this Union and within that group of states which have ratified the Schengen Agreement, national frontiers retain many of their classical characteristics. Each member state of the European Union has, for instance, its own national legal system, its own law books, its own courts and claims sole jurisdiction over its own territory.

In one sense of the term 'globalization' it is precisely the phenomenon of supraterritoriality that is claimed to define the novel aspects of the emerging world system. Whether or not one sympathizes with such claims, the question of territory and borders remains a fascinating topic in its own right. Barry Smith, for instance, comments that 'when national borders in the modern sense first began to be established in early modern Europe, non-contiguous and perforated nations were commonplace' (Smith 1997b). The currently dominant conception of the nation, however, is one in which its borders must by preference 'guarantee contiguity and simple connectedness' as well as reflecting features such as cultural and linguistic unity and topography. It is sometimes claimed that nations have 'natural' borders: that a nation is a 'natural whole'. In this connection, too, an interesting comparison with the Roman Empire can be made. In this case, however, it is a matter not of a similarity but of a difference, for the Roman Empire was characterized not so much by 'border lines' as by 'border lands' - the *limes*. Indeed, the peoples that attacked Rome, the centre of the Empire, were often inhabitants

of such border lands: that is to say, at one and the same time members of the Empire and yet strangers to its dominant culture. Today it is these border lands that have been 'de-territorialized', the minority cultures having now moved in some cases to the slum suburbs of the cities, in other cases to the very centres of the Western rnetropolises.

The interpretation of a border or frontier as a line is arguably modern.[3] In this modern conception borders are a matter of 'geometry' and more specifically of Napoleonic geometry. 'Hand in hand with the French cadastral ideal of fixed linear external frontiers', writes Smith, 'is the idea of compactness and convexity, an idea according to which the natural shape of a nation is a continuous, broadly spherical (in the French case hexagonal) bubble' (Smith 1997a: 397). One question, therefore, is whether the processes of internationalization or globalization are now generating a different concept of the border or frontier. It is not obvious that this is the case. What seems to be happening (but future research will need to look into this matter more carefully) is not so much that the concept of border or frontier is being redefined, as that in certain - but only in certain - respects, national borders are becoming irrelevant. It is, for example, often noted that, with the rise of the internet, of satellite television and the like, communication across borders becomes child's play. Yet this claim, even if correct, is in a sense misleading: for communications received and sent are still subject to national law, even if it is often difficult in practice to control them. If the nation state and global society are to be understood as rivals, as some commentators suppose, then we ought to be looking for particular kinds of evidence of the consequences of such processes (for example, proof that power is shifting away from the former to the latter). If, on the other hand, we understand that the nation-state system is already not just an international phenomenon but the principal pillar of the global society, we shall be looking for very different things, in particular for information on changes in the ways in which the nation states interact with and support a global system of which they are, in fact, part[4]

It is indeed true, to take another example, that it is relatively easy and has become easier for capital to globalize its production and marketing operations. Thus, for instance, it is possible for a multinational or transnational corporation so to organize its operations in these domains of its activiry that it 'makes profits' only in those states in which taxation is low, but the very fact that it needs to engage in such tax-avoidance schemes is witness to the continuing authority of the nation state and its tax laws.

Moreover, even if there now exists something like 'transborder' production, this by no means implies that the labour supply functions in the same transnational mode. As certain commentators have pointed out, frontier controls - whether national or European Union controls - not only continue to operate in respect to the regulation of labour mobility but are in some cases becoming stricter, much stricter than the controls on the movement of capital. These developments are sometimes interpreted as one source of an increasing power of capital in its relation to labour: another claim of normative significance and a matter of some relevance for future research.

A matter which remains to be investigated is that of the consequences of internationalization and/or globalization for democracy and its institutions. Wissenburg examines in his contribution some aspects of this question. Again, there are optimistic and pessimistic speculations as to the likely outcome of present trends. Crudely, the pessimistic argument claims that democratic institutions function principally at the level of a well-defined cultural sphere like the nation state (or below it, that of the regions and cities). Thus, if the influence of such nation states really is diminishing, to the benefit of other, often global decision-making institutional levels, citizen input into the decision-making process will become ever more limited: the 'big' decisions are taken at a 'higher' level, whether these decisions involve economic, financial, political, technological, ecological or other matters.

Global society, one might say, looks from a certain point of view like a *civil society* which is able to operate largely outside of the control of the nation state or any equivalent of it. From this point of view, global society is the realization of the nightmare about which Hegel wrote in his *Philosophy of Right.* In the absence of a 'state in the proper sense', he argues, society would be nothing more than a 'soulless community', in which every 'substantial link' between the members is lacking - to put the point in Hegel's own terminology. Such a sociery would lack any *Sittlichkeit,* that is, any ethicallife proper to itself.

Some thinkers consider that it is indeed high time that such 'national ethical life' was eliminated as a factor in social existence. Paul Treanor, who is no friend of the European Union presently in course of construction, writes that, in principle, 'Europe can be a state of a new type, without identity or culture, and specifically non-national'; it can 'reject the nationalist idea of using territory for the transmission of culture'. This, he adds, is a quite different vision from the liberal democratic notion of a 'European

constitutional citizenship'. Liberal constitutionalism, like classic nationalism, requires a certain loyalty from its citizens – this indeed was, if in another political context, precisely Hegel's pointS – whereas the kind of Europe that Treanor anticipates is 'without identity or culture' and can therefore 'simply dispense with the loyalty of its inhabitants. They are not citizens. They need not feel any emotional attachment to the state, any commitment' (Treanor 1997a).

It is, however, not clear what such a development would mean for the inhabitant of this kind of Europe. Addressing such a potential inhabitant, Treanor tells him: 'You will lose almost all the social structures which give meaning to your lives'. In the process, he adds, national borders will disappear. But, he concludes, since on the one hand 'almost evetyone has reason to oppose any transition from the present order', and given on the other hand that this order 'cannot continue for ever', the consequences are, he predicts, likely to be dramatic and probably violent.

Treanor's wide-ranging speculations, like Scholte's more sober analysis and Duclos' normative evaluations, are diverse examples of attempts to write a research agenda for the study of an internationalizing and globalizing world and the future role of the nation state within it. This is a fascinating task and one which will actively concern the Nijmegen research group, further pursuing the lines of investigation presented in this volume. As Alexander Zinoviev remarks in a recent article, we are now living through the beginnings of a new epoch in world social and political histoty. This, he adds, is an enthralling object of study for social scientists: for 'never was the situation in the world as complicated and interesting as it is today' (Zinoviev 1999c: 65). We can only agree.

Cf. Treanor 1997b, par. 5.3: 'There is at present one clear example of a competing world order: theocratic religious universalism. IButl a complete alternative world order is unlikely to control any territory within the world order it rejects... As long as there are nations, there will be no caliphate... Structurally, nationalism excludes other entities from state status. Nationalism is a blocking world order: it excludes other worlds'. We need, of course, here to distinguish claims about the nation state and its future from claims about the state form: theoretically, states of a type different from the nation state are possible, and indeed have been realized in the past: for example in the case of certain dynastic states in which any national principle of unity was, if not absent, a subordinate element.

2 This was not, in fact, a new development. The history of the labour movement in Europe is a contradictory histOly of resistance to and yet integration into the structures of the nation state. The positions taken by the various socialist parties at the outbreak of the First World War - support for the national war efforts, in contradiction with many internationalist and pacifist declarations - is a well-known and dramatic illustration of the ambivalence in question.

3 Smith here cites Whittaker, who writes: 'the very idea of a frontier as a line on a map is modern' - and French (Whittaker 1994).

4 er. Treanor 1997b, par. 4.1: '[AnI opposition recurrent in theory on nations is that between the national and the globaL The nation-state and national culture are being eroded by global communication - it is often said... [But] nation-states are still here... There is no erosion of the national by the global... Nationalism is 100% global: a world order cannot logically be further globalized'.

5 In paragraph 267 of his *Philosophy of Right* (Hegel 1967 [1821]), where he stresses the importance of the political sentiment or patriotism of the individual subject, which can only develop and come to fruition in a community - the state - united by culture, tradition, religion and moral values.

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