The End of the Old Order ?
Globalization and the Prospects
for World Order

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In reflecting upon the prospects for world order, in the concluding chapter of *The Twenty Years Crisis* , E. H. Carr advised that 'few things are permanent in history; and it would be rash to assume that the territorial unit of power is one of them'.[1] Based upon his observation that world order was being reshaped by the contradictory imperatives of progressive economic integration and a 'recrudescence of disintegrating tendencies', Carr concluded with a confident prediction that 'the concept of sovereignty is likely to become in the future even more blurred and indistinct than it is at present'.[2] Yet his devastating critique of inter-war idealism delivers a powerful rebuff to the hubris of those who seek to construct a new world order on the foundations of nineteenth-century liberal thought. Whilst Carr celebrated the importance of normative and utopian thinking in international relations, he grounded this in a sophisticated appreciation of the routines of power politics and the historical possibilities for international political change. Although a convinced sceptic of the Enlightenment vision of a universal human community and the inevitability of a 'harmony of interests', Carr nevertheless believed that 'it is unlikely that the future units of power will take much account of formal sovereignty'.[3] Indeed, he even went so far as to argue that 'any project of international order which takes these formal units [sovereign states] as its basis seems likely to prove unreal'.[4] In surveying the prospects for world order at the end of the twentieth century, such observations appear remarkably prescient, especially in relation to the contemporary debate concerning globalization and the condition of the modern nation-state.

Any assessment of the prospects for world order must begin with some understanding of how the powerful historical forces of integration and disintegration, which Carr identified over sixty years ago, are articulated today and how they shape modern political life. It is in this context that the current discussion of globalization takes on a special importance. For at the core of this is an inquiry into whether globalization is transforming the nature of modern political community and thus reconstituting the foundations—empirical and normative—of world order. World order, in this context, is understood to embrace more than simply the ordering of relations between states and to include, as Bull conceived it, the ordering of relations

[1] E. H. Carr, *The Twenty Years' Crisis 1919–1939* (London, 1981), p. 229.
[2] Ibid., p. 230.
[3] Ibid., p. 231.
[4] Ibid.

between the world's peoples.[5] In the sections that follow, this paper will examine critically the globalization thesis, giving particular attention to what it reveals about the changing conditions of political community and the prospects for world order. This involves an examination of the existing organization, and the future possibilities, of political community as the fundamental building block of world order. The inquiry would be pursued within the spirit of Carr's dictum that 'mature thought combines purpose with observation and analysis'.[6]

Contemporary globalization: what's new?

Globalization refers to an historical process which transforms the spatial organization of social relations and transactions, generating transcontinental or interregional networks of interaction and the exercise of power.[7] It is possible to identify for analytical purposes different historical forms of globalization, from the epoch of world discovery in the early modern period to the present era of the neo-liberal global project. These can be characterized by distinctive spatio-temporal and organizational attributes. Thus to talk of globalization is to acknowledge that, over the *longue durée*, there have been distinctive historical forms of globalization which have been associated with quite different kinds of historical world order. Although contemporary globalization shares much in common with past phases it is nevertheless distinguished by unique spatio-temporal and organizational attributes; that is, by distinctive measures of the extensity, intensity, velocity and impact of global flows, alongside distinctive patterns of institutionalization, modes of contestation, stratification and reproduction. Moreover, since contemporary processes of globalization and regionalization articulate overlapping networks and constellations of power which cut across territorial and political boundaries, they present a unique challenge to a world order designed in accordance with the Westphalian principle of sovereign, exclusive rule over a bounded territory.

Of course, the character and significance of this challenge is hotly debated. For some, referred to here as the hyperglobalizers, these developments lead to the demise of sovereign statehood and undermine a world order constructed upon the basis of Westphalian norms.[8] Amongst those of a more sceptical mind, globalization is conceived as the great myth of our times; accordingly, the proposition that it prefigures the emergence of a new, less state-centric world order is dismissed.[9] By comparison, others argue that contemporary globalization is reconstituting or

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[5] See H. Bull, *The Anarchical Society* (London, 1977), p. 22.

[6] Carr, *The Twenty Years' Crisis 1919–1939*, p. 20.

[7] For a more extended discussion of this definition, see the Introduction in Held and McGrew, *et al.*, *Global Transformations: Politics, Economics and Culture* (Cambridge, 1999).

[8] See, for instance, K. Ohmae, *The End of the Nation State* (New York, 1995); H. V. Perlmutter, 'On the Rocky Road to the First Global Civilzation', *Human Relations*, 44: 1 (1991), pp. 902–6; J. Gray, *False Dawn* (London, 1998).

[9] On the sceptical position see, for instance, C. Brown, 'International Political Theory and the Idea of World Community', in K. Booth and S. Smith (eds.), *International Relations Theory Today* (Cambridge, 1995), pp. 90–109; S. Krasner, 'Compromising Westphalia', *International Security*, 20: 3 (1995), pp. 115–151; P. Hirst and G. Thompson, *Globalization in Question,* (Cambridge, 1996); P. Hirst, 'The Global Economy—Myths and Realities', *International Affairs*, 73 (3 July, 1997), pp. 409–26.

transforming the power, functions and authority of the nation-state.[10] For these transformationalists, globalization is associated with the emergence of a post-Westphalian world order in which the institutions of sovereign statehood and political community are being reformed and reconstituted. In this post-Westphalian order, there is marked shift towards heterarchy—a divided authority system—in which states seek to share the tasks of governance with a complex array of institutions, public and private, local, regional, transnational and global, representing the emergence of 'overlapping communities of fate'.

This in not the place to review the claims, counter-claims and historical evidence relating to these competing accounts; that has been accomplished elsewhere.[11] Rather the central task is to examine the particular pattern of contemporary globalization in what Carr conceived as the key domains of power—the military, economic and the political.[12] This exercise is a prelude to assessing the central normative, institutional, and intellectual challenges which contemporary patterns of globalization present to the organizing principles of existing world order; namely, sovereign statehood and political community.[13] On the basis of such an assessment a taxonomy of the possible future shapes of world order will be developed.

Military globalization

Over the last century globalization in the military domain has been visible in, amongst other things, the geo-political rivalry and imperialism of the great powers (above all, from the scramble for Africa circa 1890s to the Cold War), the evolution of international alliance systems and international security structures (from the Concert of Europe to the North Atlantic Treaty Organization—NATO), the emergence of a world trade in arms together with the worldwide diffusion of military

[10] See, in particular, A. Giddens, *The Consequences of Modernity* (Cambridge, 1990); D. J. Elkins, *Beyond Sovereignty: Territory and Political Economy in the Twenty First Century* (Toronto, 1995); D. Held, *Democracy and Global Order* (Cambridge, 1995); R. O. Keohane and H. V. Milner (eds.), *Internationalization and Domestic Politics* (Cambridge, 1996); D. Goldblatt, D. Held, *et al.*, 'Economic Globalization and the Nation-state: Shifting Balances of Power', *Alternatives*, 22: 3 (1997), pp. 269–85; B. Jessop, 'Capitalism and its Future: Remarks on Regulation, Government and Governance', *Review of International Political Economy*, 4: 3 (1997), pp. 561–82; M. Mann, 'Has Globalization ended the Rise and Rise of the Nation-state?', *Review of International Political Economy*, 4: 3 (1997), pp. 472–96; J. Rosenau, *Along the Domestic–Foreign Frontier* (Cambridge, 1997).
[11] See Held and McGrew, *et al.*, *Global Transformations*.
[12] See Carr, *The Twenty Years' Crisis 1919–1939*, ch. 8.
[13] The concept of sovereignty lodges a distinctive claim to the rightful exercise of political power over a circumscribed realm. It seeks to specify the political authority within a community which has the right to determine the framework of rules, regulations and policies within a given territory and to govern accordingly. However, in thinking about the impact of globalization upon the modern nation-state, one needs to distinguish the claim to sovereignty—the entitlement to rule over a bounded territory—from state autonomy—the actual power the nation-state possesses to articulate and achieve policy goals independently. In effect, state autonomy refers to the capacity of state representatives, managers and agencies to articulate and pursue their policy preferences even though these may on occasion clash with the dictates of domestic and international social forces and conditions. Moreover, to the extent that modern nation-states are democratic, sovereignty and autonomy are assumed to be embedded within, and congruent with, the territorially organized framework of liberal democratic government: 'the rulers'—elected representatives—are accountable to 'the ruled'—the citizenry—within a delimited territory. There is, in effect, a 'national community of fate', whereby membership of the political community is defined in terms of the peoples within the territorial borders of the nation-state. See Held and McGrew, *et al.*, *Global Transformations*, the Introduction, for a fuller analysis of these terms.

technologies, and the institutionalization of global regimes with jurisdiction over military and security affairs, for example, the international nuclear non-proliferation regime. Indeed, it is possible to argue that all states are now enmeshed, albeit to varying degrees, in a world military order. This world military order is highly stratified, highly institutionalized, and shaped by a relatively autonomous arms dynamic. It is stratified in that there is broadly a first tier (with superpower status), second tier (middle-ranking powers) and third tier (developing military powers); and it is institutionalized in that military–diplomatic and multilateral arrangements define regularized patterns of interaction. Military globalization can be conceived initially as a process which embodies the growing extensity and intensity of military relations amongst the political units of the world system. Understood as such, it reflects both the expanding network of worldwide military ties and relations alongside the impact of key military technological innovations (e.g. steamships to reconnaissance satellites) which, over time, have reconstituted the world into an increasingly unified geo-strategic space. Historically, this process of time–space compression has brought centres of military power into closer proximity and potential conflict, as the capability to project enormous destructive power across vast distances has proliferated. Simultaneously, military decision and reaction times have shrunk with the consequence that permanent military machines, along with their permanent preparation for war, have become an integral feature of modern social life.

With the end of the Cold War the pattern of global military and security relations has been further transformed. In some respects, the structure of world military power at the end of the twentieth century reflects a return to a traditional pattern of multipolar power politics, but, in other respects, especially in relation to the sole military superpower status of the US, it is historically unique. As the Cold War has ended and the foreign military presence of the US and Russia has contracted (by quite spectacular proportions) the reassertion of regional and local patterns of inter-state rivalry has been intense. One consequence of this is the visible tendency towards 'the decentralization of the international security system'—the fragment-ation of the world into relatively discrete (but not entirely self-contained) regional security complexes.[14] This is evident, amongst other cases, in the resurgence of nationalist conflicts and tensions in Europe and the Balkans, in the Indo-Pakistan rivalry in South Asia, and in the rivalry over the South China seas in Southeast Asia. As the overlay of Cold War conflict has been removed, a significant external restraint upon regional conflicts (whose origins often predate even the age of the European empire) has disappeared. In some cases, such as South East Asia, the consequences to date have been relatively benign but in many regions rivalries and tensions have escalated. This 'regionalization' of international security represents an important distinguishing feature of the post-Cold War world military and security order.

One interpretation of this altering military landscape is that the global security and military order is undergoing a process of 'structural bifurcation'; that is, fragmentation into two largely separate systems, each with different standards, rules of conduct and inter-state behaviour.[15] The likely implications and costs of (conven-

[14] B. Buzan, *People, States and Fear* (Brighton, 1991), p. 208.
[15] J. M. Goldeier and M. McFail, 'A Tale of Two Worlds: Core and Periphery in the Post-Cold War Era', *International Organization*, 46: 2 (1992), pp. 467–91.

tional or nuclear) war among advanced industrial states, argues Mueller among others, are now so overwhelming that major war has become obsolete: it would be counterproductive either as a mechanism for resolving interstate conflict or as a mechanism for transforming the international status quo.[16] In contradistinction to this, states in the periphery (i.e. states in the developing world) operate within a system in which political instability, militarism and state expansion remain endemic, and in which there is no effective deterrent to war as a rational instrument of state policy. Accordingly, patterns of international military and security relations are diverging radically as the post-Cold War world order becomes increasingly bifurcated.

These processes of fragmentation and regionalization, however, can be counterposed to powerful centripetal forces reinforcing the unified character of the world military order. Four factors in particular deserve mention in this respect:

- First, in most global regions there is a gradual shift taking place towards cooperative defence or cooperative security arrangements. The desire to avoid inter-state conflict, the enormous costs, technological requirements and domestic burdens of defence are together contributing to the historic strengthening, rather than weakening, of multilateral and collective defence arrangements as well as international military cooperation and coordination. The end of the Cold War has not witnessed the demise of NATO, as many predicted in 1990, but rather its expanding role and significance. In many of the world's key regions, multilateral frameworks for security and defence cooperation are beginning to emerge alongside existing bilateral arrangements. These, like the ASEAN Regional Forum (ARF) in Asia–Pacific, may be at a very early stage of development and beset by all kinds of rivalries, but historically they represent a significant institutionalization of military and security relations. Moreover, many of these arrangements are becoming less regionally specific as the US has strengthened its global engagements (e.g. NATO and ARF). At the global level too, the peacekeeping activities of the UN and its more general collective security functions have become more visible, although not necessarily more effective. These developments reflect a realization that, with the end of the Cold War, and against the background of recent military technological change, 'the capacity of the state to defend territorial boundaries against armed attack' may have considerably weakened.[17] Certainly, many states now recognize that national security can no longer be achieved simply through unilateral actions alone.

- Second, the rising density of financial, trade and economic connections between states has expanded the potential vulnerability of most states to political or economic instability in distant parts of the globe. Accordingly, many states, not simply the world's major powers, remain acutely sensitive (if not vulnerable) to security and military developments in other regions. Such sensitivities may be highly selective, and certainly not all parts of the globe are perceived as of comparable strategic importance. Nevertheless, as the 1990 Gulf crisis demonstrated, military developments in strategically critical regions continue to be of global significance. Regionalization and globalization of military/security relations are by no means contradictory processes but may be mutually reinforcing.

- Third, threats to national security are becoming both more diffuse and no longer simply military in character.[18] The proliferation of weapons of mass destruction poses a potential threat to all states. But proliferation is in part a product of the diffusion of industrial and

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[16] J. Mueller, *Retreat from Doomsday: The Obsolescence of Major War* (New York, 1989).

[17] J. A. Camilleri and J. Falk, *The End of Sovereignty: The Politics of a Shrinking and Fragmented World* (Brighton, 1992), p. 152.

[18] See B. Buzan, O. Waever, *et al.*, *Security: A New Framework for Analysis* (Boulder, CO, 1998).

technological knowledge as well as hardware. Preventing proliferation is thus a classic collective action problem in that it demands world wide action. Similarly, environmental, economic, narcotics, terrorist, cultural, criminal and other threats to national security cannot be resolved solely through either military or national means. Accordingly, there is a continuing demand for global mechanisms of co-ordination and co-operation to deal with the expanding penumbra of security threats.

- Fourth, in the global states system the military security of all nations is significantly influenced by systemic factors. Indeed, the structure of power and the actions of the great powers remain dominant influences upon the military postures of each other and of all other states. At one level this is simply because the great powers set the standards, be it in military technology or force levels, against which all other states ultimately calibrate their defence capability. Thus, US defence policy has more wide-ranging global effects than does that of Kiribati. How the great powers act or react affects the security of all the world's regions.

These points suggest that the contemporary geo-political order, far from simply fragmenting, remains beset by problems of global strategic interconnectedness. The lack of any serious global political and military rivalries of the kind represented by the Cold War, or the New Imperialism of the 1890s, should not be read as a process of military deglobalization. Despite the ending of Cold War rivalry there has not been a detectable return to earlier forms of national military autarky; nor has the world broken up into discrete regional security complexes. Globalization and regionalization in the military domain appear to be mutually reinforcing rather than mutually exclusive processes. Moreover, there are growing (financial, technological, industrial and political) pressures on states to engage in multilateral cooperative efforts to achieve the rationalization of their defence industrial base. This is contributing to the (admittedly slow) de-nationalization of defence industries in most advanced states, and to a globalization of defence production.[19]

The transnationalization of the defence industrial base represents a distinctive new stage in the organization of defence production and procurement akin to (but on a very different scale from) the global restructuring of industrial production.[20] It is also reinforced by the fact that many of the most critical defence technologies are produced in those very civil industrial sectors, such as electronics or optics, which have been subject to increasing globalization. These developments have quite profound, although not necessarily completely novel, implications for the orthodox approach to defence–industrial organization, which traditionally has privileged— alongside national strategies of defence and procurement—the national defence industrial base as the necessary underpinning to an 'autonomous' national defence capability. Both the regionalization and the globalization of the defence–industrial sector compromise such autonomy in a fairly direct way since they make the acquisition (and crucially the use) of arms and weapons systems (not to mention defence industrial policy) potentially subject to the decisions and actions of other authorities or corporations beyond the scope of national jurisdiction.

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[19] See R. A. Bitzinger, 'The Globalization of the Arms Industry', *International Security*, 19: 2 (1994), pp. 170–98.

[20] See Bitzinger, ibid.; A. Moravcsik, 'The European Armaments Industry at the Crossroads', *Survival*, 33 (1991), pp. 65–85; H. Wulf and E. Skons, 'The Internationalization of the Arms Industry', *American Annals of Political and Social Science*, 535 (Sept., 1994), pp. 43–57.

In some contexts, however, such regionalization and globalization may be exploited to enhance defence industrial and military autonomy. Sweden, for instance, by engaging in collaborative and licensing arrangements with both American and European aerospace defence contractors, has been able to sustain a highly advanced defence industrial capability which it might otherwise have been unable to support. Japan, too, has reduced its military dependence on the US by exploiting an intensely competitive world market in military technology transfer and licensing. In the realm of defence production and procurement, globalization and regionalization by no means automatically prefigure the demise of a national defence industrial base, but they do alter the strategies and policies which governments have to pursue in order to sustain it as well as the patterns of industrial winners and losers. In the case of European states, the consolidation of 'national champions', through government-supported (but not necessarily initiated) mergers and acquisitions, has complemented the emergence of 'European champions' to compete in the global and regional arms market with their American rivals. Autonomy is, thus, sought through a changing mix of internationalization and nationalization. This in itself represents a significant departure from orthodox notions of military autonomy defined and pursued in essentially national terms.

In the contemporary era of declining defence procurement budgets, the internationalization of defence production provides one solution to the maintenance of a 'national' defence industrial capacity. Accordingly, this is not simply a process which is confined to Europe, or the trans-Atlantic region, where it is most evident, but is a part of a secular trend in defence industrial restructuring.[21] This is largely because, for many big defence companies, 'internationalization is one strategy of consolidation for long-term survival in the market'.[22] Restructuring of the national defence industrial base unfolds alongside a global restructuring of defence production. In varying degrees, all countries engaged in defence production are gradually being touched by these twin developments. As a consequence, in parallel to many political phenomena, the distinction between the 'foreign' and 'domestic' is breaking down. Indeed, the enormous complexity of cross-border intercorporate and production networks involves a 'shift away from traditional, single-country patterns of weapons production towards more transnational development and manufacture of arms'.[23] Global sourcing of defence production, as in the commercial sector, is a growing practice as cost containment becomes more critical. For industrializing states with an indigenous defence production capability, global sourcing remains essential to meeting defence interests.[24] But this is also supplemented by other forms of collaboration, sometimes with the governments of other developing countries or advanced states, in the development or production of 'indigenous' military systems. In the post-Cold War era, the global diffusion of military-technology and defence industrial capacity are becoming closely associated with a transnationalization of defence production.

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[21] Ibid.

[22] E. Skons, 'Western Europe: Internationalization of the Arms Industry', in H. Wulf (ed.), *Arms Industry Limited* (Oxford 1993), p. 160.

[23] R. A. Bitzinger, *The Globalization of Arms Production: Defense Markets in Transition* (Washington DC, Defense Budget Project, 1993), p. 3.

[24] M. Brzoska and T. Ohlson, 'Arms Production in the Third World', in M. Brzoska and T. Ohlson (eds.), *Arms Production in the Third World* (Oxford, 1986), p. 285.

The spread of both defence industrial capability and military technology is facilitated by the increasingly central role acquired by commercial (civil) technologies (and civil technological innovation) in the development and manufacture of advanced weapons systems. The military technological revolution (MTR) of the late twentieth century is a product of the 'information age'. The same technologies which are revolutionizing aspects of everyday life, from the supermarket checkout to personal communications, are transforming the logistics of war and the modern battlefield which, as the 1991 Gulf War demonstrated, is now 'constructed' as 'a blizzard of electronic blips' rather than simply a 'storm of steel'.[25] Strategic technologies are today largely dual-use technologies. Dual-use technologies, by definition, are commercial technologies and the industries that produce them are considerably more globalized than the defence industrial sector. As a result, most dual-use technologies are intensively traded across the globe whilst the capability to produce them is actively dispersed through the operations of transnational corporations. According to Carus, the result is that an 'increasingly large number of countries have access to many of the technologies needed to exploit the military technological revolution'.[26] This in turn is transforming the stratification of military-technological power within the global system.

Military power has been fundamental to the evolution and the institutional form of the modern sovereign, territorial nation-state. The independent capacity to defend national territorial space by military means is at the heart of the modern conception of the institution of sovereign statehood. But, as discussed here, contemporary military globalization poses quite profound questions about the meaning and practice of state sovereignty and autonomy. For in the contemporary age, the traditionally presumed correspondence between the spatial organization of military power and the territorial nation-state appears to be changing.

The doctrine of national security remains one of the essential defining principles of modern statehood. The autonomous capacity of the modern state to defend the nation against external threats is a crucial (and to some the essential) ingredient of traditional conceptions of sovereignty. For if a state does not have the capacity to secure its territory and protect its people then its very *raison d'être* can be called into question. National security has, therefore, been understood traditionally in primarily military terms as the acquisition, deployment and use of military force to achieve national goals. Without such a capacity the very essence of the institution of modern statehood would be decidedly altered.

Of course, the ideology of modern statehood has not always been replicated in the political practices of states. But in the military domain, above all others, modern states have always sought to maintain their independence. However, in the contemporary era, military globalization and patterns of national enmeshment in the world military order have prompted a serious rethinking about the idea and the practice of national security. Although the discourse of national security dominates political and popular debate about military matters, it acts more as a simplified representation or legitimating device than a reflection of the actual behaviour of states. For many states the strategy for achieving 'national security' has become almost indistinguishable from an international security strategy. This is evident

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[25] M. van Creveld, *Technology and War: From 2000 BC to the* Present (New York, 1989), p. 282.
[26] W. S. Carus, 'Military Technology and the Arms Trade', *AAPSS* 535 (Sept. 1994), pp. 163–74.

amongst Western states which collectively constitute a 'security community' within which military force plays no active role in the relations between member states.[27]

Within this 'security community' national defence and the exercise of military force are decided within an institutionalized alliance system (NATO) in which collective discussion and multilateral diplomacy complement existing national mechanisms of security policy. The development and pursuit of national security goals are, therefore, inseparable, in most key respects, from the development and pursuit of alliance security. National security and alliance security can be conceived as mutually constituted.[28] Even for states such as France, which has historically sought to pursue a highly autonomous defence posture, or Sweden, which retains a declared policy of neutrality, post-war national security policy effectively has always been shaped (and in the post-Cold War context increasingly so) by the functioning of this broader 'security community'.[29] Moreover, for the United States, membership of NATO represents an historic shift in national security posture away from autarky, isolationism, and the avoidance of external military commitments.[30] For the US, along with other members of the Western 'security community', the practice of cooperative security is redefining the traditional agenda of national security.

The widening agenda of security, combined with the institutionalization of cooperative defence (and security) and the global regulation of military power, through arms control and other regimes, has contributed to a broadening of defence and security politics. The notion that the politics of defence and security issues are coterminous with national political space is belied by such diverse phenomena as the existence of global campaigns to ban landmines or to establish an International Criminal Court for crimes against humanity, and defence contractors within NATO and Europe lobbying for changes in defence industrial policy or government regulations on both sides of the Atlantic or in the East. Political activity focused on 'national security' matters is no longer simply a domestic affair. Accordingly, there can be little doubt that contemporary military globalization has significant implications for the sovereignty, autonomy and politics of modern states. Although states are differentially enmeshed in the world military order and retain differential capacities to mediate military globalization, the institution of modern sovereign statehood is subject to powerful transformative forces. This thesis is also supported by a consideration of global economic processes.

Economic globalization

Today all countries are engaged in international trade and nearly all trade significant proportions of their national income. Around twenty per cent of world output is traded and a much larger proportion is potentially subject to international com-

[27] K. Deutsch and S. A. Burrell, *Political Community and the North Atlantic Area* (Princeton, 1957).

[28] See S. Weber, 'Shaping the Postwar Balance of Power: Multilateralism in NATO', in J. G. Ruggie (ed.), *Multilateralism Matters* (New York, 1993), pp. 233–92.

[29] See, in particular, R. H. Ullman, 'The Covert French Connection', *Foreign Policy* 75: 3 (1989), pp. 3–33; Commission on Neutrality Policy, *Had There Been a War—Preparations for the Reception of Military Assistance 1949–69* (Stockholm, Statens offenliga utredningar, 1994).

[30] This point is emphasized by Ruggie; see J. G. Ruggie, *Winning the Peace: America and World Order in the New Era* (New York, 1996), p. 43.

petition: trade has now reached unprecedented levels, both absolutely and in proportion to world output. If, in the past, trade sometimes formed an enclave largely isolated from the rest of the national economy, it is now an integral part of the structure of national production in all modern states.[31]

The historical evidence, at both the world and country levels, shows higher levels of trade today than ever before, including during the classical Gold Standard period. The post-war growth of trade, at rates above those previously recorded, has been related to a liberalization of international trade relations that is unprecedented in the modern epoch. The contemporary world trading system is defined by both an intensive network of trading relations embracing virtually all economies and evolving global markets for many goods and some services. This shift towards global markets has been facilitated by the existence of worldwide transport and communications infrastructures, the promotion of global trade liberalization through the institutionalization of a world trade system, and the internationalization of production. National markets are increasingly enmeshed with one another as intra-industry trade has expanded and global competition transcends national borders, impacting directly on local economies. In these respects individual firms are confronted by a potential global marketplace whilst they simultaneously face direct competition from foreign firms in their own domestic markets. The stratification of the global trading system also reflects these developments as a new international division of labour emerges associated with the evolution of global markets. To talk of North and South is to misrepresent contemporary patterns of stratification in respect of trade. For whilst a hierarchy of trading power remains, the North–South geographical divide has given way to a more complex structure of trade relations. Despite the historical concentration of trade amongst OECD states, global trade patterns have shifted during the contemporary era such that North and South, in this context, are becoming increasingly empty categories.[32] The composition of global trade is shifting too as trade in services becomes more intense. In all these respects, the world trading system is undergoing a profound transformation. An extensive and intensive network of trading relations operates, creating the conditions for functioning global markets, the domestic impacts of which extend well beyond the traded sector into the economy as a whole. While institutionalized trading arrangements have evolved, they have tended to reinforce the trend towards freer trade—as the evolution of the World Trade Organization (WTO) indicates.

From its inception the nation-state has used protection to raise revenues, manage balance of payments difficulties and promote domestic industry. By the late twentieth century institutional constraints, as well as economic costs, have severely limited the scope for national protectionism. Today, not only tariffs and quota restrictions, but also policies supporting domestic industry and even domestic laws with respect to business competition and safety standards, are subject to growing international scrutiny and regulation. In addition, the historical experience of achieving economic development through protection, though mixed, is now a much-diminished policy option, as the East Asian crisis of 1997–8 demonstrated.

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[31] For more detailed statistical evidence on all aspects of economic globalization discussed here, see Held and McGrew, *et al, Global Transformations*, chs. 3–5. We would like to acknowledge our debt to our co-author, Jonathan Perraton, for helping clarify many of the points made in the section below.

[32] See A. Hoogvelt, *Globalisation and the Postcolonial World: The New Political Economy of Development* (London, 1997).

Autarchy, or 'delinking', too is off the political agenda. Recent enthusiasm for human capital policies—education and training—reflects not only academic and political interest in the potential of these measures for ameliorating some of the adverse consequences of global free trade, but also concerted pressures to foreclose other policy options. In these respects, the contemporary globalization of trade has transformed state autonomy and induced shifts in state policy. Furthermore, the global regulation of trade, by bodies such as the WTO, implies a significant renegotiation of the Westphalian notion of state sovereignty.

The explosive growth of global financial activity since the 1980s and the complexity of global financial markets has also transformed the management of national economies. Whilst global financial markets play a key role in the world-wide allocation of capital, they do so in a manner which has significant implications for national autonomy. Contemporary global finance is marked by both high intensity and relatively high volatility in exchange rates, interest rates and other financial asset prices. As a result, national macroeconomic policy is vulnerable to changes in global financial conditions. Speculative flows can have immediate and dramatic domestic economic consequences, as evident in the aftermath of the East Asian currency turmoil of 1997. Contemporary financial globalization has altered the costs and benefits associated with different national macroeconomic policy options, and has made some options—for example, pursuing expansionary demand management without due regard to exchange rate consequences—prohibitively expensive. These shifting costs and benefits, moreover, vary between countries and over time in a manner that is not entirely predictable. Besides these policy impacts, contemporary patterns of financial globalization also have significant institutional, distributional and structural consequences for nation-states.

Cross-border financial flows transform systemic risk in-so-far as financial difficulties faced by a single or several institutions in one country can have a major knock-on effect on the rest of the global financial sector. This was evident in the East Asian financial crisis of 1997 as the collapse of the Thai currency rippled through foreign exchange markets leading to precipitate falls in currency values across the region and affecting currency values in other emerging markets. Stock markets too were affected by the rush of short-term capital flows out of these economies. In a 'wired world' high levels of enmeshment between national markets mean that disturbances in one very rapidly spill over into others.

The existence of systemic risks produces contradictory imperatives. On the one hand, the desire on behalf of financial institutions, both public and private, to avoid a major international financial crisis produces a demand for more extensive and more intensive international regulation of world finance. Thus, in the wake of the 1997 East Asian financial crisis, the annual IMF/World Bank summit meeting in 1998 agreed to more effective international surveillance mechanisms and greater transparency in the release of financial information in an attempt to prevent such a crisis in the future. On the other hand, it is not in the interests of any state or financial institution to abide by more stringent regulatory standards than its potential competitors. The consequence is that regulatory instruments to manage systemic risks often fall far short of those necessary to deal with them effectively. The absence of any substantive attempts, following the East Asian crisis, to regulate short-term capital flows at an international level is indicative of this problem. Given the volatile nature of global financial markets, and the instantaneous diffusion of

financial information between the world's major financial centres, systemic risks continue to pose a permanent threat to the functioning of the entire global financial system which no government by itself can either resolve or insulate its economy from.

The increased salience of systemic risk is, in addition, strongly associated with a structural shift in the balance of power between governments (and international agencies) and markets—more accurately, between public and private authority in the global financial system.[33] Although there is a tendency to exaggerate the power of global financial markets, ignoring the centrality of state power in sustaining their effective operation (especially in times of crisis), there is much compelling evidence to suggest that contemporary financial globalization is a market, rather than a state, driven phenomenon. Reinforced by financial liberalization, the shift towards markets and private financial institutions as the 'authoritative actors' in the global financial system poses serious questions about the nature of state power and economic sovereignty. As Germain observes, 'states have allowed private monetary agents, organized through markets, to dominate the decisions of who is granted access to credit (finance) and on what terms. The international organization of credit has been transformed . . . from a quasi-public to a nearly fully private one'.[34] In this new context the autonomy and even sovereignty of states become, in certain respects, problematic.

Compared with the era of the classical Gold Standard, or that of Bretton Woods, contemporary financial globalization has many distinctive attributes. Chief amongst these is the sheer magnitude, complexity and speed of financial transactions and flows. More currencies, more diverse and complex financial assets are traded more frequently, at greater speed, and in substantially greater volumes than in any previous historical epoch. The sheer magnitude of capital movements, relative to either global or national output and trade, is unique. All this relies upon a highly institutionalized infrastructure such that 24 hour real-time cross-border financial trading constitutes an evolving global financial market which generates significant systemic risks. Contemporary financial globalization represents a distinctive new stage in the organization and management of credit and money in the world economy; it is transforming the conditions under which the immediate and long-term prosperity of states and peoples across the globe is determined.

Aside from global finance, perhaps the commonest image of economic globalization is that of the multinational corporation (MNC): huge corporate empires which straddle the globe with annual turnovers matching the entire GNP of many nations. In 1996 there were 44,000 MNCs worldwide with 280,000 foreign subsidiaries and global sales of almost $7trillion.[35] Today, transnational production 'outweighs exports as the dominant mode of servicing foreign markets'.[36] A small number of MNCs dominate world markets for oil, minerals, foods and other agricultural products, whilst a hundred or so play a leading role in the globalization of manufacturing production and services. Together, the 100 largest MNCs control about 20

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[33] See, for instance, A. Walters, *World Power and World Money* (Brighton, 1993); R. Germain, *The International Organization of Credit* (Cambridge, 1997); L. W. Pauly, *Who Elected the Bankers?* (New York, 1997).

[34] Germain, ibid., p. 163.

[35] UNCTAD, *1997 World Investment Report* (Geneva, 1997), p. 1.

[36] Ibid.

per cent of global foreign assets, employ 6 million workers worldwide, and account for almost 30 per cent of total world sales of all MNCs.[37] But the growth of MNCs does not tell the whole story about the globalization of production. Advances in communications technology and the infrastructural conditions which have facilitated the evolution of global financial markets and global trade have also contributed to an internationalization of production amongst small- and medium-sized enterprises (SMEs), at least within the most advanced economies in the world. SMEs are being integrated into production and distribution networks in which the manufacturing or distribution of goods and services is globalized.

By comparison with earlier epochs of business globalization, the contemporary phase is both more extensive and intensive as measured in terms of FDI, numbers and size of MNCs, subsidiaries, etc. Production capacity is now dispersed among an unprecedented number of countries across the globe. Whilst there has been a significant expansion of international production in the last three decades it has also become more institutionalized, as strategic alliances, sub-contracting, joint ventures and other forms of contractual arrangements regularize inter-firm networks and arrangements. Such arrangements have been facilitated by the liberalization of controls on FDI, capital movements and other restrictive measures on financial flows. In some respects, this is a return to the more 'open' investment climate of the turn of the century, although freed from the constraints of imperial priorities and policies. This freedom from imperial constraint is reflected in changing patterns of stratification as more FDI flows to NIEs and developing countries, in the organization of global production which is encouraging a new global division of labour, and in the internationalization of business within developing countries which is becoming a more visible feature of the global political economy.

MNCs are the linchpins of the contemporary world economy. Around 44,000 MNCs account for 25–33 per cent of world output and 70 per cent of world trade.[38] Despite regional concentrations of production, transnational business networks span the three core regions of the world economy, linking the fortunes of disparate communities and nations in complex webs of interconnectedness. MNCs are not simply 'national firms with international operations', nor are they 'footloose corporations', which wander the globe in search of maximum profits. Rather, MNCs play a much more central role in the operation of the world economy than in the past and they figure prominently in organizing extensive and intensive transnational networks of coordinated production and distribution that are historically unique. MNCs and global production networks are critical to the organization, location and distribution of productive power in the contemporary world economy.

Despite some obvious continuities with the past, such as the lasting traces of imperial ties on European FDI and MNCs, the contemporary globalization of business and production has transformed 'what goods and services are produced, how, where and by whom'.[39] Of course, multinational production still only accounts for a minority of total world production. Nevertheless, its growing significance has profound implications for the economic autonomy and sovereignty of nation-states,

[37] Ibid., p. 8.
[38] See S. Strange, *The Retreat of the State* (Cambridge, 1996); J. Perraton, *et al.*, 'The Globalization of Economic Activity', *New Political Economy*, 2: 2 (1997), pp. 257–77 and UNCTAD, ibid.
[39] Strange, ibid., p. 44.

although this is mediated by national patterns of enmeshment in global production networks.

Political globalization

Economic globalization has not occurred in a political vacuum, although it is too often interpreted as if it has. Alongside processes of global economic transformation there have been parallel but distinct political changes, referred to here as 'political globalization', by which we understand the shifting reach of political power, authority and forms of rule. The distinctive historical form of this in the contemporary period is captured by the notion of 'global politics'—the increasingly extensive or 'stretched' form of political relations and political activity. Political decisions and actions in one part of the world can rapidly acquire world-wide ramifications. Sites of political action and/or decision-making can become linked through rapid communications into complex networks of decision-making and political interaction. Associated with this 'stretching' is a frequent 'deepening' impact of global political processes such that, unlike in ancient or modern empires, 'action at a distance' permeates with greater intensity the social conditions and cognitive worlds of specific places or policy communities. As a consequence, developments at the global level—whether economic, social or environmental—can frequently acquire almost instantaneous local consequences and vice versa.

The idea of 'global politics' challenges the traditional distinctions between the domestic/international, inside/outside, territorial/non-territorial politics, as embedded in conventional conceptions of 'the political'.[40] It also highlights the richness and complexity of the interconnections which transcend states and societies in the global order. Although governments and states remain, of course, powerful actors, they now share the global arena with an array of other agencies and organizations.[41] The state is confronted by an enormous number of intergovernmental organizations (IGOs), international agencies and regimes which operate across different spatial reaches, and by quasi-supranational institutions, like the European Union. Non-state actors or transnational bodies, such as multinational corporations, transnational pressure groups, transnational professional associations, social movements and so on, also participate intensively in global politics. So too do many subnational actors and national pressure groups, whose activities often spill over into the international arena. Global politics today, moreover, is anchored not just in traditional geopolitical concerns, but also in a large diversity of economic, social and ecological questions. Pollution, drugs, human rights and terrorism are amongst an increasing number of transnational policy issues which cut across territorial jurisdictions and existing political alignments, and which require international co-operation for their effective resolution. Defence and security issues no longer dominate the global agenda or even the political agendas of many national govern-

[40] See R. B. J. Walker, *Inside/Outside* (Cambridge, 1994).
[41] For a detailed explication of this point, with supporting documentary evidence, see Held and McGrew, *et al.*, *Global Transformations*, chs. 1, 2, and 8.

ments. These developments, accordingly, challenge the conventional Westphalian (and realist) principles of world political order.

Nations, peoples and organizations are linked by many new forms of communication and media which range in and across borders. The revolution in micro-electronics, in information technology and in computers has established virtually instantaneous world-wide links which, when combined with the technologies of the telephone, television, cable, satellite and jet transportation, have dramatically altered the nature of political communication. These new forms of communication enable individuals and groups to 'overcome' geographical boundaries which once might have prevented contact; and they create access to a range of social and political experiences with which the individual or group may never have had an opportunity to engage directly.[42] The intimate connection between 'physical setting', 'social situation' and politics which has distinguished most political associations from pre-modern to modern times has been ruptured; the new communication systems create new experiences, new modes of understanding and new frames of political reference independently of direct contact with particular peoples or issues. At the same time, unequal access to these new modes of communication has created novel patterns of political inclusion and exclusion in global politics.

The development of new communication systems generates a world in which the particularities of place and individuality are constantly represented and re-interpreted by regional and global communication networks. But the relevance of these systems goes far beyond this, for they are fundamental to the possibility of organizing political action and exercising political power across vast distances.[43] For example, the expansion of international and transnational organizations, the extension of international rules and legal mechanisms—their construction and monitoring—have all received an impetus from the new communication systems and all depend on them as a means to further their aims. The present era of global politics marks a shift towards a system of multilayered global and regional governance. Although it by no means replaces the sedimentation of political rule into state structures, this system is marked by the internationalization and trans-nationalization of politics, the development of regional and global organizations and institutions, and the emergence of regional and global law.

States are increasingly enmeshed in novel forms of international legal and juridical regimes. As Crawford and Marks remark, 'international law, with its enlarging normative scope, extending writ and growing institutionalization, exemplifies the phenomenon of globalization'.[44] Increasingly aspects of international law are acquiring a cosmopolitan form. By cosmopolitan law, or global law, or global humanitarian law, is meant here a domain of law different in kind from the law of states and the law made between one state and another for the mutual enhancement of their geopolitical interests. Cosmopolitan law refers to those elements of law—albeit created by states—which create powers and constraints, and rights and duties, which transcend the claims of nation-states and which have far-reaching national consequences. Elements of such laws define and seek to protect

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[42] See A. Giddens, *Modernity and Self-Identity* (Cambridge, 1991), pp. 84–5.
[43] See R. Deibert, *Parchment, Printing and Hypermedia* (New York, 1997).
[44] See J. Crawford and S. Marks, 'The Global Democracy Deficit. An Essay in International Law and its Limits', in D. Archibugi, D. Held and M. Köhler (eds.), *Re-imagining Political Community* (Cambridge, 1998), p. 82.

basic humanitarian values which can come into conflict, and sometimes contradiction, with national laws. These values set down basic standards or boundaries which no political agent, whether a representative of a government or state, should, in principle, be able to cross.[45]

Human rights regimes and human rights law, for example, sit uneasily with the idea of accepting state sovereignty alone as the sole principle for the organization of relations within and between political communities. They can be thought of as an element of an emerging cosmopolitan legal framework, along with the law of war, the law governing war crimes and environmental law (for example, the Convention on the Law of the Sea and elements of the Rio Declaration on Environment and Development). Together, these domains of law constitute a developing set of standards and constraints which bear upon and qualify the notion of an untrammelled principle of state sovereignty. While commitment to these standards often remains weak, they signal a change affecting the concept of legitimate state power. For the rules of war, laws governing crimes against humanity, the innovations in legal thinking concerning the use of resources and human rights regimes all mark out a shift in the direction of the subject and scope of international law. Opinion has shifted against the doctrine that international law must be a law 'between states only and exclusively'. At issue is the emergence of a vast body of rules, quasi-rules and legal changes which are beginning to alter the basis of coexistence and cooperation in the global order. The legal innovations referred to challenge the idea that the supreme normative principle of the political organization of humankind can and should remain simply that of sovereign statehood. Most recently, proposals put forward for the establishment of an International Criminal Court add further testimony to the gradual shift toward a 'universal constitutional order'.[46] The new legal frameworks aim to curtail and to delimit state sovereignty, and set basic standards and values for the treatment of all, during war and peace. Of course, this body of law is by no means subscribed to systematically; but it points to the development of a post-Westphalian order—setting down a new regulatory framework for the conduct of relations among political communities.

At the end of the second millennium, political communities and civilizations can no longer be characterized simply as 'discrete worlds'; they are enmeshed and entrenched in complex structures of overlapping forces, relations and movements. Clearly, these are often structured by inequality and hierarchy. But even the most powerful among them—including, the most powerful nation-states—do not remain unaffected by the changing conditions and processes of regional and global entrenchment. A few points can be emphasized to clarify further the changing relations between political globalization and modern nation-states. All indicate an increase in the extensiveness, intensity, velocity and impact of political globalization, and all suggest important questions about the evolving character of the democratic political community in particular.

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[45] See Held, *Democracy and Global Order*, chs. 5–6.
[46] See J. Crawford, 'Prospects for an International Criminal Court', in M. D. A. Freeman and R. Halson (eds.), *Current Legal Problems 1995*, 48, pt. 2, collected papers (Oxford, 1995); J. Dugard, 'Obstacles in the way of an International Criminal Court', *Cambridge Law Journal*, 56 (1997); M. Weller, 'The Reality of the Emerging Universal Constitutional Order: Putting the Pieces Together', *Cambridge Review of International Affairs* (Winter/Spring, 1997).

Today the locus of effective political power can no longer be assumed to be national governments—effective power is shared and bartered by diverse forces and agencies at national, regional and international levels. Furthermore, the idea of a political community of fate—of a self-determining collectivity—can no longer meaningfully be located within the boundaries of a single nation-state alone. Some of the most fundamental forces and processes which determine the nature of life-chances within and across political communities are now beyond the reach of individual nation-states. The late twentieth century political world is marked by a significant series of new types of 'boundary problem'. In the past, of course, nation-states principally resolved their differences over boundary matters by pursuing reasons of state backed by diplomatic initiatives and, ultimately, by coercive means. But this power logic is singularly inadequate and inappropriate to resolve the many complex issues, from economic regulation to resource depletion and environmental degradation, which engender—at seemingly ever greater speeds –an intermeshing of 'national fortunes'. In a world where powerful states make decisions not just for their peoples but for others as well, and where transnational actors and forces cut across the boundaries of national communities in diverse ways, the questions of who should be accountable to whom, and on what basis, do not easily resolve themselves. Political space for the development and pursuit of effective government and the accountability of power is no longer coterminous with a delimited political territory. Contemporary forms of political globalization involve a complex deterritorialization and re-territorialization of political authority.[47]

Giving a shape to prospective world orders

Virtually all nation-states have gradually become enmeshed in and functionally part of a larger pattern of global transformations and global flows.[48] Transnational networks and relations have developed across virtually all areas of human activity. Goods, capital, people, knowledge, communications and weapons, as well as crime, pollutants, fashions and beliefs, rapidly move across territorial boundaries . Far from this being a world of 'discrete civilizations', or simply an international society of states, it has become a fundamentally interconnected global order, marked by intense patterns of interaction as well as by evident structures of power, hierarchy and unevenness.

Contemporary globalization is associated with a transformation of state power as the roles and functions of states are re-articulated, reconstituted and re-embedded at the intersection of globalizing and regionalizing networks and systems. The meta-phors of the loss, diminution or erosion of state power can misrepresent this recon-figuration. Indeed, such a language involves a failure to conceptualize adequately the nature of power and its complex manifestations since it represents a crude zero-sum view of power. The latter conception is particularly unhelpful in attempting to understand the apparently contradictory position of states under conditions of contemporary globalization. For whilst globalization is engendering, for instance, a

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[47] See, in particular, J. Rosenau, *Along the Domestic–Foreign Frontier* (Cambridge, 1997).
[48] T. Nierop, *Systems and Regions in Global Politics* (London, 1994), p. 171.

reconfiguration of state–market relations in the economic domain, states and international public authorities are deeply implicated in this very process. Economic globalization by no means necessarily translates into a diminution of state power; rather, it is transforming the conditions under which state power is exercised. In other domains, such as the military, states have adopted a more activist posture, whilst in the political domain they have been central to the explosive growth and institutionalization of regional and global governance. These are not developments which can be explained convincingly in the language of the decline, erosion or loss of state power *per se*. For such metaphors (mistakenly) presume that state power was much greater in previous epochs; and, as Mann reminds us, on almost every conceivable measure states, especially in the developed world, are far more powerful than their antecedents.[49] But so too are the demands placed upon them. The apparent simultaneous weakening and expansion of the power of states under conditions of contemporary globalization is symptomatic of an underlying structural transformation. This is nowhere so evident as in respect of state sovereignty and autonomy, which constitute the very ideological foundations of the modern state.

There are many good reasons for doubting the theoretical and empirical basis of claims that states are being eclipsed by contemporary patterns of globalization. The position taken in this article is critical both of hyperglobalizers and of sceptics. We would emphasize that while regional and global interaction networks are strengthening, they have multiple and variable impacts across diverse locales. Moreover, it is not part of our argument that national sovereignty today, even in regions with intensive overlapping and divided authority structures, has been wholly subverted—such a view would radically misstate our position. But it is part of our argument that there are significant areas and regions marked by criss-crossing loyalties, conflicting interpretations of human rights and duties, interconnected legal and authority structures, etc., which displace notions of sovereignty as an illimitable, indivisible and exclusive form of public power. Patterns of regional and global change are transforming the nature and context of political action, creating a system of multiple power centres and overlapping spheres of authority.

Neither the sovereignty nor the autonomy of states is simply diminished by such processes. Indeed, any assessment of the cumulative impacts of globalization must acknowledge their highly differentiated character since particular types of impact—whether decisional, institutional, distributional or structural—are not experienced uniformly by all states. Globalization is by no means an homogenizing force. The impact of globalization is mediated significantly by a state's position in global political, military and economic hierarchies; its domestic economic and political structures; the institutional pattern of domestic politics; and specific government as well as societal strategies for contesting, managing or ameliorating globalizing imperatives.[50] The ongoing transformation of the Westphalian regime of sovereignty and autonomy has differential consequences for different states.

Whilst for many hyperglobalizers contemporary globalization is associated with new limits to politics and the erosion of state power, the argument developed here is critical of such political fatalism. For contemporary globalization has not only

[49] See Mann, 'Has Globalization Ended the Rise and Rise of the Nation-state?'.
[50] See A. Hurrell and N. Woods, 'Globalization and Inequality', *Millennium*, 24:3 (1995), pp. 447–70; R. O. Keohane and H. V. Milner (eds.), *Internationalization and Domestic Politics* (Cambridge, 1996); Jessop, 'Capitalism and its Future'; Mann, 'Has Globalization Ended the Rise and Rise of the Nation-state?'.

triggered or reinforced the significant politicization of a growing array of issue-areas, it has also been accompanied by an extraordinary growth of institutionalized arenas and networks of political mobilization, surveillance, decision-making and regulatory activity which transcend national political jurisdictions. This has expanded enormously the capacity for, and scope of, political activity and the exercise of political authority. In this respect, globalization is not, nor has it ever been, beyond regulation and control. Globalization does not prefigure the 'end of politics' so much as its continuation by new means. Yet, this is not to overlook the profound intellectual, institutional and normative challenge which it presents to the existing organization of political communities.

At the heart of this lies a growth in transborder political issues and problems which erode clearcut distinctions between domestic and foreign affairs, internal political issues and external questions, the sovereign concerns of the nation-state and international considerations. In all major areas of government policy, the enmeshment of national political communities in regional and global processes involves them in intensive issues of transboundary coordination and control. Political space for the development and pursuit of effective government and the accountability of political power is no longer coterminous with a delimited national territory. The growth of transboundary problems creates what was earlier referred to as 'overlapping communities of fate'; that is, a state of affairs in which the fortune and prospects of individual political communities are increasingly bound together.[51] Political communities are locked into a diversity of processes and structures which range in and through them, linking and fragmenting them into complex constellations. Moreover, national communities themselves by no means make and determine decisions and policies exclusively for themselves when they decide on such issues as the regulation of sexuality, health and the environment; national governments by no means simply determine what is right or appropriate exclusively for their own citizens.

These issues are most apparent in Europe, where the development of the European Union has created intensive discussion about the future of sovereignty and autonomy within individual nation-states. But the issues are important not just for Europe and the West, but for countries in other parts of the world, for example, Japan and South Korea. These countries must recognize new emerging problems, for instance, problems concerning AIDS, migration and new challenges to peace, security and economic prosperity, which spill over the boundaries of nation-states. In addition, the communities of East Asia are developing within the context of growing interconnectedness across the world's major regions. This interconnectedness is marked in a whole range of areas from the environment, human rights, trade and finance, to issues of international crime. There are emerging overlapping communities of fate generating common problems within and across the East Asian region. In other words, East Asia, as recent developments have demonstrated, is necessarily part of a more global order and is locked into a diversity of sites of power which shape and determine its collective fortunes.

The idea of government or of the state, democratic or otherwise, can no longer be simply defended as an idea suitable to a particular closed political community or nation-state. The system of national political communities persists of course; but it

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[51] See Held, *Democracy and the Global Order*; *Models of Democracy*, second edition (Cambridge, 1996); and Archibugi, Held and Köhler, *Re-imagining Political Community*.

is articulated and re-articulated today with complex economic, organizational, administrative, legal and cultural processes and structures which limit and check its efficacy. If these processes and structures are not acknowledged and brought into the political process they will tend to bypass or circumvent the traditional mechanisms of political accountability and regulation. In other words, we must recognize that political power is being repositioned, recontextualized and, to a degree, transformed by the growing importance of other less territorially based power systems. Political power is now sandwiched in more complex power systems which have become more salient over time relative to state power.

Accordingly, we are compelled to recognize that the extensity, intensity and impact of a broad range of issues (economic, political or environmental) raise questions about where those issues are most appropriately addressed. If the most powerful geo-political forces are not to settle many pressing matters simply in terms of their own objectives and by virtue of their power, then existing institutions and mechanisms of accountability need to be reconsidered. Such a reconsideration is an essential part of political inquiry, as Carr understood it. Political analysis, he wrote, 'must be based on a recognition of the interdependence of theory and practice, which can be attained only through a combination of utopia and reality'.[52] Thus, he always sought to link substantive inquiry into power with normative reflection on its desirable form. Pursuing this dual focus, we explore below recent approaches to the reconsideration of the proper nature and form of political power in the face of contemporary globalization. Indeed, it is possible to identify four leading schools of thought—the neo-liberal, liberal-reformist, radical and cosmopolitan—which together contribute a taxonomy of prospective world orders.

For the advocates of a neo-liberal world order, globalization today defines a new epoch in human history in which 'traditional nation-states have become unnatural, even impossible business units in a global economy'.[53] Such a view privileges an economic logic and affirms the emergence of a single global market alongside the principle of global competition as the harbingers of human progress. The neo-liberals celebrate the fact that economic globalization is bringing about a denation-alization of economies through the establishment of transnational networks of production, trade and finance. In this 'borderless' economy, national governments are relegated to little more than transmission belts for global market forces. As Strange interprets this view, 'where states were once the masters of markets, now it is the market, which, on many critical issues, is the master over the governments of states... the declining authority of states is reflected in a growing diffusion of authority to other institutions and associations, and to local and regional bodies'.[54]

For the elites and 'knowledge workers' in this new global economy tacit trans-national 'class' allegiances have evolved, cemented by an ideological attachment to a neo-liberal economic orthodoxy. Even amongst the marginalized and dispossessed the world-wide diffusion of a consumerist ideology also imposes a new sense of identity, displacing traditional cultures and ways of life. The global spread of Western liberal democracy further reinforces the sense of an emerging civilization defined by universal standards of economic and political organization. This civilization is replete with mechanisms of global governance, whether it be the IMF

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[52] Carr, *The Twenty Years'Crisis*, p. 13. See also his remarks on realism and utopianism on p. 10.
[53] Ohmae, *The End of the Nation State*, p. 5.
[54] Strange, *The Retreat of the State*, p. 4.

or the disciplines of the world market, such that states and peoples are increasingly the subjects of a plurality of new public and private, global and regional, authorities. Accordingly, globalization is considered by many neo-liberals as the harbinger of the first truly 'global civilization'.[55] This represents a radically new world order; one which its advocates argue prefigures the demise of the nation-state and the liberation of peoples to pursue their interests unencumbered from the dictates of the stifling bureaucracy and the power politics of states. Economic power and political power, in this view, are becoming effectively denationalized and diffused such that nation-states are increasingly becoming 'a transitional mode of organization for managing economic affairs'.[56] For neo-liberals this is to be welcomed since it represents nothing less than the fundamental reconfiguration of world order to fit with the aspirations of peoples rather than states.

Rooted in what Carr referred to as the 'harmony of interests' between states—as opposed to a world shaped by global competition and global markets—liberal-reformism considers that political necessity will bring about a more cooperative world order. Avoiding global ecological crisis and managing the pervasive social, economic and political dislocation arising from contemporary processes of economic globalization 'will require the articulation of a collaborative ethos based upon the principles of consultation, transparency, and accountability. . . . There is no alternative to working together and using collective power to create a better world'.[57] In key respects, liberal-reformism is a normative theory which seeks to recast elements of world order. In essence, its contemporary advocates, such as the Commission on Global Governance, aim to construct a more democratic world in which states are more accountable to peoples. In late 1995 the Commission published its report, *Our Global Neighbourhood*.[58] The report recognizes the profound political impact of globalization: 'The shortening of distance, the multiplying of links, the deepening of interdependence: all these factors, and their interplay, have been transforming the world into a neighbourhood'.[59]

To achieve a more secure, just and democratic world order the report proposes a multifaceted strategy of international institutional reform and the nurturing of a new global civic ethic. Central to its proposals is a reformed United Nations system buttressed by the strengthening, or creation, of regional forms of international governance, such as the EU. Through the establishment of a Peoples' Assembly and a Forum of [Global] Civil Society, both associated with the UN General Assembly, the world's peoples are to be represented directly and indirectly in the institutions of global governance. Moreover, the Commission proposes that individuals and groups be given a right of petition to the UN through a Council of Petitions, which will recommend action to the appropriate agency. Combined with the deeper entrenchment of a common set of global rights and responsibilities the aim is to strengthen notions of global citizenship. An Economic Security Council is proposed to coordinate global economic governance, making it more open and accountable. Democratic forms of governance within states are to be nurtured and strengthened through international support mechanisms whilst the principles of sovereignty and

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[55] See Perlmutter, 'On the Rocky Road to the First Global Civilization'.
[56] Ohmae, *The End of the Nation State*, p. 149.
[57] Commission of Global Governance, *Our Global Neighbourhood* (Oxford, 1995), pp. 2 and 5.
[58] Ibid.
[59] Ibid., p. 43.

non-intervention are to be adapted 'in ways that recognize the need to balance the rights of states with the rights of people, and the interests of nations with the interests of the global neighbourhood'.[60] Binding all these reforms together is a commitment to the nurturing of a new global civic ethic based upon 'core values that all humanity could uphold: respect for life, liberty, justice and equity, mutual respect, caring, and integrity',[61] central to this global civic ethic is the principle of participation in governance at all levels from the local to the global.

Richard Falk has referred to the Commission as the 'last of the great liberal commissions'.[62] Given their faith in progress and human rationality, liberal-reformists, since the last century, have argued that creating a peaceful and democratic world order is far from a utopian project but, on the contrary, a necessity in a world of growing interdependence. As a normative theory of world order, it is concerned with how to reform the system of states with the aim of abolishing power politics and war. In the twentieth century, liberal-reformist ideology has played a critical role in the design of international institutions, specifically under US hegemony, in the aftermath of both the First and Second world wars. The creation of the League of Nations, and a 'world safe for democracy', was effused with such ideology, as was the establishment of the UN system. In the context of the post-Cold War New World Order, liberal-reformist ideas have acquired renewed vitality but have been adapted to fit 'new times'. Whilst still remaining faithful to the liberal political ideal—'to subject the rule of arbitrary power . . . to the rule of law within global society'[63]—contemporary thinking, as reflected in the Commission's report, is decidedly reformist rather than radical. Reformist in this context refers to incremental adaptation of the institutions and practices of world order, as opposed to their reconstruction. As expressed by Keohane, this is a normative vision of 'voluntary pluralism under conditions of maximum transparency'—a harking back to Woodrow Wilson's notion of open covenants openly arrived at.[64] It is reformist also in the sense that it gives 'peoples' a voice in global governance whilst not challenging the primacy of states and the most powerful states at that. Thus, the accountability and legitimacy of institutions of global governance are ensured 'not only by chains of official responsibility but by the requirement of transparency. Official actions, negotiated amongst state representatives in international organiz-ations, will be subject to scrutiny by transnational networks'.[65]

While liberal-reformism emphasizes the necessary adaptation of core organiz-ations in the existing world order, contemporary advocates of the 'radical project' stress the creation of *alternative* mechanisms of governance based upon civic republican principles: that is, inclusive, deliberative and self-governing communities in which the public good is to the fore.[66] The 'radical republican project' is concerned to establish the necessary conditions which will empower people to take control of

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[60] Ibid., p. 337.

[61] Ibid., p. 336.

[62] R. Falk, 'Liberalism at the Global Level: The Last of the Independent Commissions?', *Millennium*, 24: 3 (1995), pp. 563–78.

[63] Commission on Global Governance, *Our Global Neighboughood*, p. 5.

[64] R. Keohane, 'International Institutions: Can Interdependence Work?', *Foreign Policy* (Spring, 1998), pp. 82–96.

[65] Ibid.

[66] cf. Burnheim, *Is Democracy Possible?* (Cambridge, 1985); R. B. J. Walker, *One World, Many Worlds* (Boulder, CO., 1988); R. Falk, *On Humane Governance* (Cambridge, 1995).

their own lives and to create communities based upon ideas of equality, the common good, and harmony with the natural environment. For many radical republicans the agents of change are to be found in existing (critical) social movements, such as the environmental, women's and peace movements, which challenge the authority of states and international agencies as well as orthodox definitions of the 'political'. Through a politics of resistance and empowerment these new social movements are conceived as playing a crucial role in creating a new world order in a manner similar to the role of the (old) social movements, such as organized labour, in the struggle for national democracy. These new social movements are engaged in mobilizing transnational communities of resistance and solidarity against impending global ecological, economic and security crises. Underlying these projects is an attachment to the achievement of social and economic equality, the establishment of the necessary conditions for self-development, and the creation of self-governing political structures. Encouraging and developing in citizens a sense of simultaneous belonging to overlapping (local and global) communities is central to the politics of new social movements as well as to the search for new models and forms of social, political and economic organization consonant with the republican principle of self-government. The radical republican model is a 'bottom up' vision of civilizing world order. It represents a normative theory of 'humane governance' which is grounded in the existence of a multiplicity of 'communities of fate' and social movements, as opposed to the individualism and appeals to rational self-interest of neo-liberalism and liberal-reformism.

The cosmopolitan project, finally, attempts to specify the principles and the institutional arrangements for making accountable those sites and forms of power which presently operate beyond the scope of democratic control.[67] It argues that in the millennium ahead each citizen of a state will have to learn to become a 'cosmopolitan citizen' as well: that is, a person capable of mediating between national traditions, communities of fate and alternative forms of life. Citizenship in a democratic polity of the future, it is argued, is likely to involve a growing mediating role: a role which encompasses dialogue with the traditions and discourses of others with the aim of expanding the horizons of one's own framework of meaning and prejudice, and increasing the scope of mutual understanding. Political agents who can 'reason from the point-of-view of others' will be better equipped to resolve, and resolve fairly, the new and challenging transboundary issues and processes that create overlapping communities of fate. In addition, the cosmopolitan project contends that, if many contemporary forms of power are to become accountable and if many of the complex issues that effect us all—locally, nationally, regionally and globally—are to be democratically regulated, people will have to have access to, and membership in, *diverse* political communities. Put differently, a democratic political community for the new millennium necessarily describes a world where citizens enjoy multiple citizenships. Faced with overlapping communities of fate they need to be not only citizens of their own communities, but also of the wider regions in which they live, and of the wider global order. Institutions will certainly need to develop that reflect the multiple issues, questions and problems that link people together regardless of the particular nation-states in which they were born or brought up.

[67] See Held, *Democracy and the Global Order*; A. Linklater, *The Transformation of Political Community* (Cambridge, 1998); Archibugi, Held and Köhler, *Re-imagining Political Community*.

With this in mind, advocates of the cosmopolitan position maintain that the reform of world order needs to be rethought as a 'double-sided process'. By a double-sided process—or process of double democratization—is meant not just the deepening of democracy within a national community, involving the democratization of states and civil societies over time, but also the extension of democratic forms and processes across territorial borders. Democracy for the new millennium must allow cosmopolitan citizens to gain access to, mediate between, and render accountable, the social, economic and political processes and flows which cut across and transform their traditional community boundaries. The core of this project involves re-conceiving legitimate political activity in a manner which disconnects it from its traditional anchor in fixed borders and delimited territories and, instead, articulates it as an attribute of basic democratic arrangements or basic democratic law which can, in principle, be entrenched and drawn upon in diverse self-regulating associations—from cities and subnational regions, to nation-states, regions and wider global networks. It is clear that the process of disconnection has already begun as political authority and legitimate forms of governance are diffused 'below', 'above' and 'alongside' the nation-state. But the cosmopolitan project is in favour of a radical extension of this process so long as it is circumscribed and delimited by a commitment to a far-reaching cluster of democratic rights and duties. It proposes a series of short- and long-term measures in the conviction that, through a process of progressive, incremental change, geo-political forces will come to be socialized into democratic agencies and practices.[68]

Conclusion

It has been argued that the contemporary historical phase of globalization is transforming the very foundations of world order by reconstituting traditional forms of sovereign statehood, political community and international political relations. But these transformative processes are neither historically inevitable nor by any means fully secure. As a result, the contemporary world order is best understood as a highly complex, contested and interconnected order in which the interstate system is increasingly embedded within evolving regional and global political networks. The latter are the basis in and through which political authority and mechanisms of governance are being articulated and re-articulated. To refer to the contemporary world order as a complex, contested, interconnected order is to acknowledge the 'messy appearances' which define global politics at the turn of the new millennium. Globalization involves a shift away from a purely state-centric politics to a new more complex form of multilayered global governance. There are multiple, overlapping political processes at work at the present historical conjuncture.

In reflecting upon the inter-war years, Carr argued that the real lesson of this epoch of international crisis was 'the final and irrevocable breakdown of the conditions which made the nineteenth-century order possible'.[69] To seek to restore that order was, in Carr's judgement, a useless project. Yet, in certain respects, that

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[68] See Held, ibid., pt. III.
[69] Carr, *The Twenty Years Crisis*, p. 237.

was precisely what many of the architects of the post-war order sought to achieve and in so doing unleashed a new, distinctive phase of globalization. At the close of the twentieth century there are strong reasons for believing that, under conditions of contemporary globalization, the old states order can never be fully restored or effectively realized. Paradoxically, the idealism of the contemporary epoch tends to be most in evidence amongst those strands of international political analysis which conceive of world order as an expression of eternal truths—whether couched in terms of power politics or of the market—but which have yet to come to terms with the transformative impacts of contemporary globalization. Today, in Carr's words, 'the old order cannot be restored, and a drastic change of outlook is unavoidable'.[70] Such changes of outlook are clearly delineated in the contest between neo-liberalism, liberal-reformism, radicalism and cosmopolitanism. Globalization is not, as some suggest, narrowing or foreclosing political discussion; on the contrary, it is reilluminating and reinvigorating the contemporary political terrain.

[70] Ibid.