The nation-state and the challenge of global capitalism

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ABSTRACT  With the end of the Cold War, economic policies (grounded in romantic conceptions of laissez-faire and validated by neoclassical economics) and political prescriptions (based on the idealisation of representative democracy and legitimated by liberal political science) have emerged as crucial elements in a powerful global discourse on development and modernity. This introductory article argues that a central weakness of the dominant development discourse that emerged after 1945 was the way in which (in the context of decolonisation and the consolidation of the nation-state system), the nation-state was enshrined as the key unit of analysis and praxis. Between the mid-1940s and the mid-1970s the dominant development discourse was grounded in the assumption that nation-states were homogenous and natural units of a wider international politico-economic order and that state-mediated national development could, should and would lead to economic, and eventually even political, outcomes beneficial to, or at least in the best interests of, virtually all citizens. In the post-1945 era the nation-state was presented as a constitutive element of capitalist (and socialist) modernity. However, in the late 1970s and early 1980s the emergent globalisation project reconfigured the role of the state and transformed the dominant idea of development. The state-guided national development projects that emerged, or were consolidated, between the 1940s and the 1970s were deeply contradictory even at their zenith, but they have now been increasingly challenged and/or dismantled in the context of the rise of the globalisation project. The article concludes, however, that globalisation also brings with it the promise that a growing array of progressive organisations can build, or are starting to build, the networks that will allow them to move beyond the limitations of the nation-state and the nation-state system, and to pursue democracy and development in the increasingly globalised political terrain of the post-cold war era.

In the post-cold war era neoliberal economic policies and an idealised conception of parliamentary democracy have emerged as central to a powerful global narrative on capitalism and development. This dominant neoliberal vision is intimately connected to the world-historical shift in power from nation-states to increasingly mobile types of capital and international financial institutions and organisations. This shift, to what has become known as the globalisation project

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(or neoliberal globalisation), also involves major technological changes that have dramatically altered production processes and increased the speed and scope with which information and ideas, as well as capital, move around the globe. At the same time, the rise of the globalisation project is closely linked to the pronounced increase in global levels of inequality. Despite this latter trend, throughout the 1990s the imposition and/or acceptance (reluctant or enthusiastic) of neoliberalism world-wide was represented not only as a victory for liberal capitalism but as a triumph for common-sense and reason that would (eventually) usher in a new era of prosperity (and even peace) centred on the economic and politico-military power of the USA.

George Bush’s election to the White House at the end of 2000, which coincided with the end of the North American economic boom of the 1990s, is represented by some observers as a turning point in the history of US-led globalisation as the world enters the second decade of the post-cold war era. For example, John Gray (who traces the globalisation project to the Clinton administration) has even suggested that Bush’s presidency signals the death of globalisation ‘as a political project’, something he regards as ‘a change for the better’. In contrast to Gray, however, it can be argued that the immediate origins of the globalisation project, as a politico-economic project, are to be found in the 1970s, not in the Clinton era. Furthermore, although the US-centred economic boom over which Clinton presided has ended, the changes to the global configuration of financial and corporate power over the past 30 years mean that, even if the US government was confronted with a sustained and widespread ‘national’ opposition to neoliberalism in the context, for example, of a dramatic reversal of fortune for the US economy, it would be unable to engineer a ‘reverse course’ globalisation project. In fact, boom-and-bust economic cycles have been central to the rise and uneven spread of globalisation since the 1970s.

Despite the Bush administration’s increased emphasis on the politico-military sphere, the dominant vision of a globalised future remains centred on, and the process of globalisation will continue in significant measure to be driven by, the USA. Serious grand challengers to the US-led globalisation project are not yet readily apparent, while earlier grand challengers (such as the state-socialism of the Soviet bloc and the East Asian developmental states centred on Japan) have been swept from the field. Of course, some observers still think that the European Union represents a future, and ostensibly social democratic, alternative to the dominant neoliberalism of the globalisation project. Others hope that a more radical challenge is foreshadowed by the demonstrations on the streets of Seattle during the Millennium Round of the World Trade Organization (WTO) in October 1999 and the subsequent protests that have occurred at the Summit of the Americas and various other international and regional trade and financial gatherings. The opposition to key elements of the WTO agenda by representatives from governments in Asia, Africa and Latin America probably had more to do with the ‘failure’ of the Seattle meeting than the street protests. Furthermore, the agenda of the various social movements, trade unions and NGOs is often in conflict with each other and with the concerns expressed by the governments of the erstwhile Third World. Nevertheless, the incipient ‘global democracy’ or ‘globalisation from below’ symbolised by Seattle (with all its contradictions and problems) is
one of the places to look for the ‘change for the better’ that, perversely, John Gray finds in Bush’s arrival in the Oval Office.

The ‘Battle for Seattle’ provoked considerable concern and/or derision on the part of advocates of globalisation. For example, Thomas Friedman, one of the most prominent exponents of the unalloyed benefits of globalisation-as-Americanisation, characterised the protesters at the Millennium Round of the WTO as a ‘crazy’ and ‘ridiculous’ group of ‘flat-earth advocates, protectionist trade unions and yuppies looking for their 1960’s fix’. In his influential book, The Lexus and the Olive Tree (which, as the title suggests, rests on the same dubious distinction between modernity and tradition that informed classical modernisation theory in the early cold-war era) Friedman argued that ‘America, at its best, is not just a country’, but ‘a spiritual value and role model’ for the rest of the world. According to Friedman, the post-cold war order is more complicated than the international system of the cold-war era. While the cold-war order, he says, was constructed ‘exclusively around nation-states’ and ‘balanced at the center by two superpowers’, the post-cold war age of globalisation is based on ‘three balances’. The first is the ‘traditional balance between nation-states’ in a wider ‘globalization system’ in which the USA has emerged as the ‘sole and dominant superpower’. The second balance is that ‘between nation-states and global markets’, while the third balance is the ‘newest of all’: the ‘balance between individuals and nation-states’.

Friedman’s book has been both widely celebrated and criticised. However, at least one key element of his approach has attracted limited attention. This is the way in which, like the dominant development discourse more generally, he ‘naturalises’ the nation-state and the nation-state system. He also fails to convey the way in which globalisation began before the end of the Cold War. Furthermore, Friedman celebrates rather than addresses the contradictions of a post-cold war era in which the profit-maximising consumption-orientated individual has become enshrined as the universal subject at the same time as citizens of nation-states continue to be mobilised by their leaders in the name of patriotism and nationalism, while those same leaders dismantle, or are increasingly encouraged to dismantle, the institutions that, at least in theory, underpinned the social and economic cohesion of the nation-state. Nor does he confront the social costs of globalisation. These are issues that at least some of the groups arrayed against the WTO in Seattle seek to understand and address. In particular, their focus on democratising the global political arena reflects an awareness of the growing limits on progressive change within the framework of specific nation-states and within the wider system of sovereign nation-states centred on the United Nations. It is clear that the WTO effectively seeks to further subordinate national governments and their citizens to an emergent global institutional framework that holds trade liberalisation, financial deregulation and privatisation as its only substantive goals. The medium-term implications of this process are not just the erosion of state sovereignty and the continued rolling back of state-guided national development (which had its ‘golden age’ between the 1940s and 1970s), but the increased marginalisation of nation-states in many parts of the world, and/or their reconfiguration as neoliberal states. For this reason the WTO, along with the IMF, the World Bank and the World Economic Forum, is seen as major sites for global
political activism and as potentially far more important than various national political arenas, or even the UN—the formal embodiment of the nation-state system.\textsuperscript{13}

This introductory article begins by tracing the origins of the nation-state system in relation to the wider history of capitalism and colonialism. It then looks at the way that, following the crisis of late-colonialism and the onset of decolonisation, the establishment of the UN and the deepening of the Cold War provided the context for the universalisation of the nation-state as the key agent of development.\textsuperscript{14} After 1945 the nation-state was widely presented and understood as a constitutive element of capitalist (and socialist) modernisation in what became known as the First, Second and Third Worlds. In this period a wide array of contradictory national development projects emerged and/or were consolidated in the wider context of the shifting rivalries of the Cold War. Regardless of the claims to liberty, freedom and democracy that accompanied the founding and consolidation of a growing number of nation-states after 1945, and the elaboration of a multitude of national development projects in what became known as the Third World, sovereignty lay, as elsewhere, with the states rather than with the people who inhabited the modern nations. At the same time, the reorientation of the political economy of the Cold War in the 1970s, and the strengthening of the globalisation project in the 1980s, transformed the role of states in the global political economy of the Cold War, with profound implications for what were widely known as the developing nations of the Third World, the state-socialist regimes of the Second World, as well as the developed nations of the First World. Serious internal contradictions, and the external pressures associated with globalisation, increasingly called the idea of state-guided national development into question world-wide, reconfiguring the role of the nation-state and altering the character of the nation-state system as it had been universalised after 1945. At the same time, the historical shortcomings of the nation-state as a vehicle for progress in many parts of the world means that its reconfiguration and/or decline represents an important opportunity. The post-cold war predicament, centred on the absence of systemic alternatives to US hegemony and neo liberalism, carries with it the promise that new and reconfigured social forces can move beyond the categories and practices of the nation-state system of the cold-war era to construct the global framework needed to meet the challenge of global capitalism.\textsuperscript{15}

\textbf{The making of the Third World: from colonies to developing nations}

\textit{Capitalism, colonialism and the rise of the nation-state system}

A naturalised and evolutionary conception of the history of capitalism and the rise of the nation-state system in Western Europe (and North America) is central to the dominant narrative on political and economic progress in the post-cold war era. The national trajectories of England and the USA in particular, are often implicitly assumed to be, or explicitly represented by supporters of neoliberalism as, models to be followed by the rest of the world. Alan Macfarlane, for example, has clearly implied that the English trajectory serves such a purpose. He argues
that between the 13th and the 18th centuries the English state ‘guaranteed peace through the control of feuding, taxes were light and justice was uniform and firmly administered’, providing the framework for the development of ‘competitive individualism’ which he represents as the key to capitalist development.\(^\text{16}\) Such an approach, however, gives insufficient weight to the wider social conflict and increasingly revolutionary politics that were central to the rise of capitalism and the emergence of the modern state system in Western Europe and North America. It also assumes the prior existence of, or fails to problematise, the nation. Modern territorial states, and then nation-states, emerged as an integral part of the rise of capitalism, and were a key element in the consolidation and reproduction of the social forces unleashed by mercantile and then industrial capitalism. The centralised—absolutist state forms that emerged in Western Europe in the early modern era transcended and mediated rival social forces, providing a partial solution to the social and political crises connected to the rise of capitalism.\(^\text{17}\) Over the course of the shift from dynastic sovereignty to territorial sovereignty and then to national sovereignty the state forms changed, but sovereignty remained grounded in the state.\(^\text{18}\) Furthermore, modern sovereignty, as it emerged in Western Europe, was grounded in an implicit ‘affirmation of the market’ as the basis of social, cultural and political life, ensuring that the sovereignty of the modern state was consolidated as ‘capitalist sovereignty’.\(^\text{19}\)

The rise of capitalism and the formation of sovereign states in Western Europe interacted directly with the history of European colonial expansion. Between 1415 and the 1770s European conquerors, traders, missionaries and settlers expanded overseas, aided by the growing political, naval and military power of the rising states of Europe. This period saw major territorial as well as commercial expansion in the Americas, but before the 19th century most of Asia and Africa were much less directly affected by the changes that were remaking the Americas. The Industrial Revolution, however, dramatically transformed the character of states in Europe and the pace, extent and form of European expansion. During the late 18th, and over the course of the 19th century, many of the modern states in Western Europe emerged, or were consolidated, as industrialising national—imperial states acquiring both the impetus and the capability to embark on a process of world-wide economic integration.\(^\text{20}\) By the end of this period, Germany and France in particular (as well as the USA and Japan) began successfully to challenge Britain’s primacy as the ‘workshop of the world’. After 1870 these increasingly powerful industrialised and imperial states sought to expand markets and access to raw materials through the annexation of territory. The so-called ‘New Imperialism’ involved an unprecedented scramble for empire in Africa, Asia and the Pacific between 1870 and 1914. During this period about one-quarter of the surface of the globe was distributed or redistributed as colonies among half-a-dozen imperial powers.\(^\text{21}\)

The era of the ‘New Imperialism’ was a turning point for the eventual emergence of the so-called developing nations after 1945. The inequities of wealth and income between what would become known as the First World and the Third World in the post-1945 era were grounded in the dramatic and unequal integration of untold millions of peasants in the Americas, Africa and particularly Asia (the Indian and Chinese peasantry representing ‘the big battalions of the
future Third World’) into the world economy by the late 19th century. The ‘New Imperialism’ reached its apogee on the eve of the First World War. However, within two decades of the end of the 1914–18 conflagration, the failure of Imperial Germany to attain a ‘place in the sun’ was revisited with even more ferocity as a new global battle for empire raged from the end of the 1930s until 1945. Hitler’s particularly violent, racist and genocidal effort to create a German colonial empire in Europe in the late 1930s and early 1940s was as grounded in previous European colonial activities in Asia, Africa and the Americas as it was in earlier attempts—by the Habsburgs (1519–1659) and Revolutionary France (1792–1815)—to dominate Europe. The rise of Hitler’s colonial project in Europe was connected to the wider crisis of colonialism that had afflicted the established European colonial powers as a result of economic depression, rising nationalist movements and the dramatic encroachment in Asia of an expanding Japanese empire. For example, the wider crisis of the 1930s eventually prompted British colonial officials to recast and redefine their civilising mission in an effort to retain their empire and their privileges. The 1930s was also a turning point for the US civilising mission, especially in the Caribbean and Latin America. A central goal articulated by the proponents of the Good Neighbor Policy (1933) was to substitute the outdated policy of ‘punishing’ Washington’s southern neighbours for ‘uncivilised behaviour’ with a Pan-American policy that emphasised a programme of hemispheric political and economic integration under US leadership, which increasingly assumed that Latin Americans could and should follow the road to national development charted by the United States. Meanwhile, Latin American economists and political leaders in countries such as Mexico, Chile, Brazil and Argentina also focused with increasing energy on state-directed national development and industrialisation strategies in the 1930s and 1940s.

Central to the British colonial reorientation in the 1930s then was a new awareness of the importance of economic development in the colonies. In Britain the discovery of the need for ‘colonial development’ was symbolised by the passage of the Colonial Development and Welfare Act of 1940. Ultimately the idea and practice of colonial development was part of an attempt by British and French colonial officials to stabilise the colonial order. In the late-colonial era the idea of development was increasingly used as a ‘framing device’ grounded in a series of policy interventions and metropolitan financial initiatives aimed explicitly at improving the standard of living in the colonies. In the 1940s the British government (and the French government after 1946) set out to use this new conception of development to revitalise colonialism in the face of a growing nationalist challenge in Asia and later Africa. However, the intrusive character of this newfound colonial developmentalism resulted in greater conflict, and nationalists and trade-union leaders in the colonies increasingly appropriated the language of state-guided development, escalating their demands for wages, social services and improved living standards as well as political power and national independence. Yet by linking their fortunes to the idea of development, the British and French colonial governments had effectively renounced their long-standing claim that the ‘backwardness’ of their colonial subjects was grounded in distinct and immutable cultures and/or insurmountable racial shortcomings. The idea of development that emerged in the 1940s assumed in theory that colonial subjects
could operate as modern, increasingly national, subjects in the same way as Europeans.  

**Decolonisation, the Cold War and the universalisation of the nation-state system**

Decolonisation, the Cold War and the universalisation of the nation-state system provided the immediate context for the consolidation of the idea and practice of development as national development after 1945. In Asia the Philippines became independent of the USA in 1946, the new nations of India and Pakistan came into being in South Asia in 1947, while the transfer of power in Burma occurred in 1948. Sukarno presided over the establishment of an independent Indonesia in 1945; however, the new government’s control of the former Netherlands East Indies was not achieved until 1949, by which time the war with the Dutch had run its course. British Malaya achieved independence in the late 1950s, a process that had resulted by the mid-1960s in the consolidation of the nation-states of Malaysia and Singapore. The French became embroiled in a major military effort to hold onto French Indochina between 1946 and 1954 against a determined national liberation movement led by Ho Chi Minh and the Vietnamese Communist Party. In fact, the First Indochina War (1946–54) and the Second Indochina War (1965–75) draw particular attention to the way in which the Cold War increasingly conditioned the overall direction of decolonisation and the elaboration of the nation-state system after 1945. This trend is also apparent in the establishment (on the administrative foundations laid by Japanese colonialism) of South Korea and Taiwan by the end of the 1940s. These truncated polities rapidly emerged as key allies/clients of the USA by the 1950s, while their cold war *Doppelgänger*, North Korea and the People’s Republic of China, entered into a complex triangle of alliance–client relationships with the USSR.

By the end of the 1950s a range of African colonies (beginning in 1957 with Ghana, formerly the Gold Coast) were also moving towards or had already achieved independence. In 1960 16 new nations in Africa joined the UN, including Nigeria, and the Republic of the Congo (formerly the Belgian Congo). Decolonisation in Africa culminated with the emergence of Angola, Mozambique and Guinea-Bissau out of the collapse of the Portuguese empire in 1974. The dynamics of the Cold War interacted particularly brutally with decolonisation and national liberation in southern Africa, facilitating the rise and consolidation after 1965 of the predatory dictatorship of Joseph Désiré Mobutu (Mobutu Sese Seko) in the Congo (renamed Zaire in 1971). Meanwhile, postcolonial Angola and Mozambique were riven by externally funded guerrilla insurgencies seeking to topple the nationalist–Marxist leadership of these new nation-states. These conflicts ground on into the post-cold war era. Part of this process, though they were distinct in important ways, were the paths taken in the settler colonies of southern Africa. Rhodesia gained a ‘second independence’ in 1980, becoming Zimbabwe, following the end of 15 years of direct rule by European settlers, and the cessation of a struggle that had been deeply enmeshed in the wider Cold War in the region. Meanwhile, the South African government withdrew from South-West Africa (Namibia) in 1990 and apartheid gave way to majority rule in South Africa itself in 1994. With the end of the Cold War, southern Africa can be seen
(as David Moore argues in this issue) to have entered an era in which the ‘contradictions of primitive accumulation, nation-state formation and democratisation’ have been ‘accelerated’. For Moore, post-Cold War Africa is undergoing a ‘process of primitive accumulation’ that may well be more violent and brutal than the era of European colonialism or the early stirrings of capitalism in Europe itself. In southern Africa the abject failure of the nation-state/national development project and the glaring shortcomings of the nation-state system, centred on the UN, are particularly stark.

This situation is linked to the profound contradiction between the way the nation-state was and is presented as a constitutive element of freedom, self-determination and modernisation that has united or will unite its inhabitants and carry them towards prosperity and progress and the actual history of state formation and nation building in southern Africa and elsewhere. Between the 1940s and 1960s the new nations in Asia and Africa grounded their legitimacy in, and built directly on, the contradictory foundations of the former colonial states and accepted the basic principles underpinning the political systems of the former colonisers. Under the post-1945 dispensation of the UN, self-determination and sovereignty are more or less exclusively the right of the state. The system of inter-state relations that prevailed before 1945 (a world divided primarily into emergent European nation-states, along with the USA and Japan, and their respective empires) is often characterised as the Westphalian System, named after the Peace Treaties of Westphalia of 1648. This is somewhat misleading, as the Westphalian system was centred on territorially sovereign but not national states and was increasingly displaced in the 19th century by a system centred on nationally sovereign polities or nation-states. Despite differing views on both the periodisation and on the key elements of the Westphalian system, both that system, and the late 19th- and early twentieth-century system of nation-states (if one accepts the distinction) are generally understood to have rested on the acknowledgment that sovereign states (whether dynastic, territorial or national) were subordinate to no other authority. Moreover, sovereign states were considered at least formally equal, at the same time as differences between them were regularly resolved by warfare. After 1945, by contrast, many of the proponents of the UN system envisioned a ‘community’ of nation-states with an equal vote in the General Assembly engaging in the collective and open regulation of international relations via the UN Charter and an array of UN conventions. However, in practice the post-1945 nation-state system and the UN built on rather than displaced the Westphalian System. Furthermore, despite the idea that sovereign nation-states were equal, powerful nation-states became more equal than weak nation-states. Ultimately, the progressive aspects of the nation-state were and are constrained not only by the particular way in which sovereignty was defined and consolidated, but by the complex legacies of the colonial era, the hierarchical character of the expanding nation-state system and the dynamics of the Cold War.

The Cold War and the nation-state system in the Bandung era

The Cold War order (increasingly framed in terms of the First World, the Second
World and the Third World) grounded the pursuit of a range of historically contingent, politically diverse and formally sovereign national development projects world-wide. During the heyday of the Cold War, in what has been called the Bandung Era (1950s–70s) there was considerable debate about whether the Western European, US, Soviet, Chinese or Japanese trajectories, or some combination, provided the best national development model to be followed by the developing nations. The dynamics of this debate can be clarified by looking at the event that gave its name to the era. The Bandung Conference, formally known as the Asian–African Conference, was held in Bandung, on the island of Java in Indonesia from 17 to 24 April 1955. It was attended by government representatives or nationalist leaders from 29 colonies or new nation-states in Asia and Africa. There were also observers from organisations representing African Americans and Greek Cypriots, as well as a delegation from the African National Congress. Sukarno, the Indonesian president, wanted the assembled representatives to stake out a non-aligned position in relation to the USA and its allies on the one hand and the Soviet bloc on the other. Jawaharlal Nehru, the prime minister of India and a major figure at the conference, was enthusiastic about such a project, as was the delegation representing the Chinese government, despite its alliance with the Soviet Union at that stage. The conference produced a declaration that emphasised the need for greater co-operation between the leadership of the emergent nation-states in what increasingly became known as the Third World.

Bandung regimes, such as India under Nehru (1947–64), Egypt under Gamal Abdel Nasser (1954–70), Indonesia under Sukarno (1945–65) and Ghana under Kwame Nkrumah (1957–66) anchored the wider effort ostensibly to steer national development in the Third World between the capitalism of the USA (and the First World) and the communism of the Soviet Union (and the Second World). By the 1950s, for example, India’s size and Nehru’s commitment to a combination of parliamentary democracy, economic planning and socialist principles had focused considerable world attention on the subcontinent as a laboratory for progressive national development. India’s credentials as a development model, and as a focal point for Third World unity, declined following Nehru’s death in May 1964 in the wider context of the country’s growing economic problems. Nevertheless, as Devleena Ghosh makes clear in this issue in ‘Water out of fire: novel women, national fictions and the legacy of Nehruvian developmentalism in India’, Nehru’s vision of development has cast a long shadow over Indian political, economic, social and cultural life. Meanwhile, as decolonisation gained speed in the early 1960s, the complex dynamics and conflicting goals of nationalist movements in Asia and Africa often subverted efforts to unite the governments of the Third World. For example, a plan to hold a second Asian–African Conference in Algeria in June 1965 was undermined by the politics of the Sino-Soviet split and the overthrow of the Ben Bella government by the Algerian military. Then, in September 1965, Sukarno, the main sponsor of the 1955 conference, was overthrown and replaced by a US-backed military dictatorship under General Suharto (1966–98) that still supported the non-aligned movement, while presiding over an increasingly militarised and deeply conservative national development project in Indonesia. (As Edward
Aspinall and Mark Berger argue later in this issue, the authoritarian nationalism of the Suharto dictatorship and the highly militarised structures of the New Order played a key role in paving the way for secessionist nationalisms in Indonesia in the context of the wider crisis of the Indonesian national development project by the 1990s.) The non-aligned movement continued to meet roughly every three years between the 1960s and the 1980s, and less frequently in the 1990s, when Suharto ironically took over the chairmanship for a few years; however, its role in world affairs was relatively insignificant well before the end of the Cold War.\textsuperscript{44}

A second generation of Bandung regimes, such as Chile under Salvador Allende (1970–73), Tanzania under Julius Nyerere (1965–85) and Jamaica under Michael Manley (1972–80), emerged in the late 1960s and 1970s (not to mention Nicaragua under the Sandinistas 1979–90). These regimes were inspired in part by the Cuban (and to a lesser extent the Vietnamese) revolution.\textsuperscript{45} They reflected a much more radical Third Worldist agenda, sometimes known as tri-continentalism, which emerged in the wake of the Tricontinental Conference of Solidarity of the Peoples of Africa, Asia and Latin America, held in Havana in January 1966. While the Bandung Conference a decade earlier had brought together a relatively small number of leaders from mainly recently independent nation-states in Africa and Asia in order to stake out a non-aligned position in the Cold War, the Tricontinental Conference involved delegates from throughout Latin America, Asia and Africa and articulated a radical anti-imperial agenda that located the participants firmly in the socialist camp, at the same time as these were formally emphasising their independence from the USSR and Maoist China.\textsuperscript{46} Second generation Bandung regimes, directly or indirectly linked to the tri-continentalism of the late 1960s and 1970s, all attempted to radicalise the national development project in various ways in the name of socialism, anti-imperialism and national liberation. However, by the time the second generation of Bandung regimes emerged, the limits of national development (either capitalist or socialist) in many parts of the world had been reached, while the problems associated with uniting a wide array of governments in a Third World alliance were increasingly apparent. In retrospect Third Worldism reached its zenith in the 1970s (\textit{Third World Quarterly: Journal of Emerging Areas}, for example, was founded in the late 1970s).\textsuperscript{47} In this decade Third World governments gained greater numerical influence at the UN as the organisation’s overall membership rose from 51 in 1945 to 156 nation-states in 1980, the vast majority of the new member-governments coming from Asia and Africa.\textsuperscript{48} In April 1974 the Sixth Special Session of the UN General Assembly passed the Declaration and Programme of Action for the Establishment of a New Economic Order. This formal call for a New International Economic Order (\textit{NIEO}) sought the restructuring of the world economy in favour of what was increasingly described as ‘the South’. In the context of growing calls for a North–South Dialogue, the first North–South Conference was held in Paris in December 1975. At the end of the 1970s the UN set up the Independent Commission on International Development (the Brandt Commission), chaired by former West German Chancellor Willy Brandt, to address the North–South conflict.\textsuperscript{49} Meanwhile, in his first two years in office, US president Jimmy Carter (1977–81) drew attention to the North–South divide and advocated co-operation with the governments of the Third World.
The Third Worldist moment had passed by the early 1980s, as the governments of developing nations in the Third World, and state-centred national development projects world-wide, came under growing pressure from internal contradictions, the rise of neoliberalism and the onset of the new Cold War.\(^5\) It also needs to be remembered that the rise and fall of the Bandung era coincided with the rise and fall of the so-called ‘golden age’ of capitalism in North America and Western Europe.\(^5\) The post-1945 economic boom, the emergence and/or consolidation of welfare states and the spread of Fordist production and labour practices brought unprecedented prosperity to the so-called First World and provided the general model of national development that informed a great deal of liberal development theory in this period. But, by the second half of the 1970s, state-mediated, or state-guided, national development projects in both the First World and the Third World (not to mention the Second World) began to unravel slowly, and unevenly, at the same time as the economic successes of a small number of ‘newly industrialising countries’, particularly in Northeast Asia and then Southeast Asia, began to attract attention. From the early 1980s until the Asian financial crisis of 1997 Japan and a number of late-industrialising nation-states in Asia were increasingly seen as possible models for the rest of the Third World and as national development trajectories that embodied both lessons for and challenges to North America and Western Europe.\(^5\) The contested significance of the path from developing to developed nation followed by South Korea, and the contradictions of the state-directed national development model it embodied, are explored in the article ‘Of miracles and models: the rise and decline of the developmental state in South Korea’ by John Minns. The specific history of the rise and decline of state-mediated national development in Thailand (another nation-state that emerged as part of the wider ‘East Asian Miracle’ of the 1980s and 1990s and provided the starting point for the Asian financial crisis in 1997) is explored by Jasper Goss and David Burch in ‘From agricultural modernisation to agri-food globalisation: the waning of national development in Thailand’. Meanwhile, the particular political, developmental and cultural implications of the end of the Cold War and the Asian financial crisis for the city-state of Singapore (also a key site of the earlier ‘East Asian Miracle’) are analysed by C JW-L Wee in ‘The end of disciplinary modernisation? The Asian economic crisis and the ongoing re-invention of Singapore’.

The unmaking of the Third World: from developing nations to emerging markets

*The Nixon Doctrine and the reorientation of the political economy of the Cold War*

In the 1970s the US government under Richard Nixon initiated a number of important changes to Washington’s overall approach to foreign policy that led to the dramatic reorientation of the political economy of the Cold War and helped to pave the way for the rise of globalisation and the unmaking of the Third World over the next two decades. The Vietnam War was at the centre of these changes: at its peak, at the end of January 1969, the number of US personnel stationed in South Vietnam was 542 400, while the total for Southeast Asia was upwards of
two million. In the late 1960s and early 1970s the war in Southeast Asia was the pivot of Washington’s global strategy ostensibly to protect the First World, and as much of the Third World as possible, from the depredations and blandishments of the Second World. After becoming president at the beginning of 1969, Nixon outlined what became known as the Nixon Doctrine. He emphasised that the USA would seek to avoid direct intervention to contain revolution, while maintaining its alliance obligations. This involved increased reliance on covert activities, ever larger quantities of military aid and unquestioning support for authoritarian regimes, while seeking to avoid the kind of direct military intervention that had resulted in the US defeat in Southeast Asia. More significantly still this shift also involved US overtures to the government of China (against the backdrop of an emerging US détente with the Soviet Union) that led to Nixon’s visit to Beijing in 1972 and to the establishment of ambassadorial-level relations by the end of the 1970s. This paralleled the Chinese government’s opening to the world economy after Mao’s death in 1976. These shifts signalled the way that, under Nixon, balance-of-power calculations took relative precedence over ideological rivalry, at the same time as the Chinese government’s opening to the world economy implicitly acknowledged the superiority of capitalism over socialism.

By the time the Nixon administration embarked on its Chinese démarche, Germany’s and Japan’s economic advances had also become a source of growing concern in Washington. This, combined with the financial burden of the war in Vietnam, prompted Nixon effectively to dismantle the formal and informal aspects of the Bretton Woods system of fixed exchange rates, the gold standard and international financial regulation. In 1971 he floated the US dollar and suspended its convertibility to gold, at the same time as he introduced a new 10% surcharge on all imports into the USA. This eventually led to the Smithsonian Agreement, which re-valued the yen by 16.88% against the dollar, while the deutschmark was re-valued by 13.5% against the dollar. Overall, Nixon’s termination of the global financial protocols associated with the Bretton Woods system (not to mention the oil crisis of 1973) had at least four crucial results. First, it ensured that private banks (particularly US-based banks) began to play a much greater role in global finance. Second, it dramatically weakened government supervision of global financial organisations. Third, the currency exchange rates and financial systems of other nation-states, particularly in Latin America, Africa and Asia, were increasingly influenced by trends in the financial markets in the USA. Fourth, it encouraged growing competition within the banking systems of the various countries in the OECD and allowed the government of the USA to more or less determine the shape of the regulatory framework for global financial markets.

Subsequent administrations in Washington built on these changes. For example, by the beginning of the 1980s, the Reagan administration (1981–89), as well as the Thatcher government in Britain (1979–90), were combining cold war revivalism with a concerted effort to accelerate and deepen financial deregulation, trade liberalisation, and privatisation. The ideas and policies associated with the NIEO in the 1970s were in full retreat as what became known as neoliberalism was taken up willingly or unwillingly by a growing number of governments.
around the world. This process was facilitated by North American and West European power over the IMF and the World Bank in the context of the new-found leverage provided by the debt crisis and the international recession of the early 1980s. At the same time, the new Cold War under Reagan and Thatcher complemented the deepening of the globalisation project, a process that the end of the Cold War in 1989–91 only accelerated further. The inequitable character of the reintegration of the former Soviet bloc (the Second World) into global capitalism is represented by some observers as analogous to the integration of the oligarchic states of Latin America, particularly, but not exclusively, in the late 19th and early twentieth centuries. As Jeff Browitt notes in ‘Capital punishment: the fragmentation of Colombia and the crisis of the nation-state’, Colombia at the beginning of the twenty-first century represents an almost paradigmatic example of an unsuccessful transition from an exclusive oligarchic state to a more inclusive nation-state in Latin America. Meanwhile, as Sebastian Job makes clear in ‘Globalising Russia? The neo-liberal/nationalist two-step and the Russification of the West’, post-communist Russia has now emerged as an oligarchic state that deploys a potent fusion of economic liberalism and authoritarian nationalism. Russia’s trajectory in the past decade not only represents a particularly compressed variation on the experience of neoliberalism in Latin America, Africa and Asia: as Job suggests, it may also provide a preview of the future of North America and Western Europe if they continue down the path of exclusionary neoliberalism.

*Third worldism, regionalism and the nation-state system in the post-cold war era*

In the 1990s the most economically significant post-communist nation-states that arose from the collapse of Soviet power (including Russia itself), along with the major developing nations of the one-time Third World, were reconfigured by influential observers as ‘emerging economies’ or ‘emerging markets’. As this powerful discursive shift symbolises, the Second World has completely disappeared, while the end of the Cold War and the increasingly global character of the crisis of national development, it can be argued, has also signalled the passing of the Third World. Nevertheless, with the end of the Cold War some commentators have sought to reorient and revitalise the idea of a Third World. They argue that the new circumstances of the post-cold war era can still be clarified, and that governments and organisations can still be mobilised for progressive change, via the elaboration and reconfiguration of the idea of the Third World. Other observers insist that the idea of a Third World has lost whatever political and intellectual value it once had. They emphasise that the divisions of the cold war era between the First, Second and Third Worlds were never as significant as they appeared. This was reinforced with the emergence of newly industrialising nation-states in Asia and (more fleetingly) Latin America in the 1970s, at the same time as a growing number of developing nations, especially in sub-Saharan Africa, entered an extended period of precipitous economic decline. This shift, combined with the failure of a range of Third Worldist initiatives by the 1980s, has meant that the intellectual and political relevance of the notion of a Third World is now profoundly limited. In the post-cold war era (which includes the
dramatic reconfiguration of nation-states and the assault on, and dramatic decline of, the very idea of development as a state-mediated national project grounded in inclusionary social goals along with the emergence of new regional organisations) the idea of the Third World now serves primarily to generate an implausible image of homogeneity over a large and diverse area of the world. Furthermore, with the end of the Cold War, it is linked to a now politically irrelevant distinction, and to a failed effort to navigate, between the Second World and the First World.  

One of the main problems with the idea of the Third World, however, is the way that Third Worldism was most often centred on and led by the governments of nation-states. The idea of the Third World functioned as a powerful legitimating narrative for the governments concerned. As Aijaz Ahmad has observed, ‘unlike all the great modern theories of social emancipation’, Third Worldism ‘arose not as a people’s movement, in an oppositional space differentiated from and opposed to the constituted state structures, but, in all its major successive variants, as an ideology of already-constituted states, promulgated either collectively by several of them, or individually by one distinguishing itself from another’. A particularly good example of this problem is the way that Mahathir Mohamad, the prime minister of Malaysia, has positioned himself as the voice, not just of Malaysia, but of ‘Asia’ and the ‘Third World’. This is a political leader who has now been prime minister for two decades, while his party, the United Malays National Organisation (UMNO), is central to the coalition government that has effectively ruled Malaysia since independence in 1957. This makes abundantly clear the way that Third Worldism has built on and reinforced all the problems associated with the assumption that the nation-state, or a coalition of nation-states, often involved in the repression and exploitation of their own citizens, could serve as a vehicle for progress and liberation.

In the post-cold war era, when the instrumentalities and capabilities of sovereign nation-states are generally more limited than they were at the height of the Bandung era, the idea that the nation-state, or an alliance of nation-states (wrapped in the mantle of Third Worldism or some other form of regionalism), can bring about progressive political change has become even more problematic. Nevertheless, as Mahathir’s posturing and his effort to challenge the Asia–Pacific Economic Cooperation forum (APEC) by creating an exclusively Asian regional organisation centred on Japan makes clear, globalisation and the end of the Cold War have been closely connected to a shift towards new or reconfigured regional economic and political groupings of nation-states. For example, the EU has emerged as a significant regional organisation in the post-cold war era, while the North American Free Trade Agreement (NAFTA) began operation at the beginning of 1994. At the end of that year 34 heads of state from the Americas gathered in Miami for a ‘Summit of the Americas’ to set out the goal of negotiating a Western Hemisphere Free-Trade Agreement (WHFTA—renamed the Free Trade Area of the Americas, or FTAA) by the beginning of 2005. This goal was reiterated at the most recent ‘Summit of the Americas’, held in Quebec, Canada on 21–22 April 2001, which also provided the venue for major demonstrations by an array of groups seeking to democratise global capitalism in the post-cold war era.

The end of the Cold War and the deepening of globalisation also set the scene
for the formation of Mercosur in early 1991, not to mention the recent attempts, spearheaded and financed by the Libyan president, Muammar Gaddafi, to revitalise the more or less moribund Organisation of African Unity (OAU), which, as part of this effort has recently changed its name to the African Union (AU). Meanwhile, as Neil Harvey suggests in "Globalisation and resistance in post-cold war Mexico: difference, citizenship and biodiversity conflicts in Chiapas", changes at the regional, as well as the local, national and global, level are raising important questions about citizenship. In the case of Mexico, which is the focus of his article, the decline of the state-guided national development project (1930s–1970s) has been accompanied by the transformation of corporatist forms of political control. Harvey makes clear that, in response to current economic and political shifts, the Zapatista Army of National Liberation and other indigenous organisations in Chiapas are attempting to redefine citizenship in the post-cold war era in the context of their ongoing struggle for collective rights and more inclusionary and democratic national politics. New initiatives in Mexico to reinvent citizenship at the local, national, regional and global level have considerable potential significance for the reconfiguration of national identities and the character of democratic rights world-wide. This is a theme that is implicit, if not explicit, in many of the contributions that follow and it will be returned to in the conclusion to this special issue.

Conclusion: the nation-state and the challenge of global capitalism

Like state-guided national development projects and Third Worldist initiatives in an earlier era, the progressive capacity of the new or reconfigured regional initiatives of the post-cold war era (even those with a notionally Third Worldist tone such as Gaddafi’s effort to breathe life into the former OAU and Mahathir’s vision of an exclusive Asian regional organisation) are seriously constrained, inter alia by the fact that they are based on nation-states and the nation-state system. Regardless of whether these emergent regional groupings serve as brakes on, or building blocks of, globalisation, they are primarily aimed at either strengthening state sovereignty and/or moving sovereignty upwards, rather than on democratising regional or global politics and moving sovereignty downwards via the elaboration of new forms of local, national, regional and/or global citizenship. Since the 1970s the rise of neoliberalism and globalisation, have increasingly challenged often profoundly flawed state-guided national development projects around the world, and dramatically reconfigured the role of the state in the global political economy. The nation-state has always had serious limitations as an instrument of liberation and progress. The changes of the past 20 or 30 years have both aggravated those limitations and drawn attention to the need to reorient progressive political activities in the post-cold war era in ways that directly address the serious constraints on national politics and/or the politics of the nation-state system. The articles in this special issue all attempt to address this predicament by engaging with the histories and legacies of successful and unsuccessful state-guided national development projects, and by analysing the significance of the uneven shift from national development to globalisation against the backdrop of the Cold War and its aftermath.
I would like to thank Edward Aspinall, Devleena Ghosh, Neil Harvey, Sebastian Job, David Moore and Wan-ling Wee for their comments and criticisms on an earlier version of this introduction when it, and the special issue, were discussed at two panels on ‘The post-cold war predicament’ at the International Studies Association Conference in Hong Kong (26–28 July 2001). Any strengths this article contains can be attributed to their influence, while any shortcomings are entirely my responsibility.


2 According to the 1999 UNDP Human Development Report, over 80 nations registered lower per capita incomes at the end of the 1990s than were recorded at the end of the 1980s. At the same time, inequality was on the rise within numerous countries, while there has also been an increase in the level of inequality between nations. United Nations Development Programme, Human Development Report 1999, New York: Oxford University Press, 1999, pp v, 1–3. See also R Wade, ‘Global inequality: winners and losers’, The Economist, 28 April 2001, pp 73–75.


5 In an argument that meshes with Gray, David Reynolds suggests that globalisation is not ‘the interpretive key to the last half-century’, but ‘cold war victor’s history conceptualized in a wider frame’. D Reynolds, One World Divisible: A Global History Since 1945, New York: WW Norton, 2000, pp 3–4. I also take issue with historians and social scientists who conflate globalisation with the rise of capitalism and the expansion of Europe in the early modern era. See, for example, G Raudzens, Empires: Europe and Globalization 1492–1788, Stroud: Sutton, 1999. By contrast, my periodisation and approach, which situates the immediate origins of globalisation in important politico-economic and technological changes in the 1970s, is meant to imply that globalisation is one of the main, although not only, ‘interpretive keys’ to the last quarter-century, but not the last half-century, regardless of the fact that it is also, at one level, ‘cold war victor’s history conceptualized in a wider frame’.


The idea of national development that emerged after 1945 was linked to a number of major trends that were specific to the period from the 1940s to the 1970s. To begin with, it involved the representation and promotion of Western European and North American measures of, and approaches to, political, social and economic progress as increasingly universal solutions for large areas of the world that had previously been under direct colonial rule. Although many of these particular measures and approaches had their origins in the 19th and early twentieth centuries, a number of them were only consolidated in Western Europe and North America, along with parts of Latin America, Eastern Europe and Japan in the 1930s or even the 1940s. After 1945 these measures and approaches increasingly involved a universal emphasis, in theory, on the national economy, and even national industrialisation, as well as on agrarian reform and increasingly on agro-industrialisation, and a privileging of the role of the national government or the state in the management of economic development. In a wider sense, national development increasingly involved, again in theory, a ‘social democratic’ emphasis on education, health care and other public institutions to facilitate social advance and the incorporation of the majority of the population into the process of national development. This emphasis was also readily apparent, albeit in significantly different ways, in the state-socialist versions of national development that emerged with the growing influence of the USSR (an influence that the North American proponents of national development sought explicitly to counter). The geopolitical and geo-economic framework of the Cold War was particularly central to national development as a universal ideal. After 1945 the USA and the USSR presided over a growing system of alliances and disbursed large quantities of economic, as well as military, aid to the developing nations of the Third World (the IMF and the World Bank, as well as the UN, also played a growing role in promoting national development). In this context the idea of development/modernisation as both state-guided process and ultimate goal permeated nationalist narratives world-wide between the 1940s and the 1970s. M T Berger, ‘The rise and demise of national development and the origins of post-cold war capitalism’, Millennium: Journal of International Studies, 30(2), 2001.


Britain increased its colonial holdings by some four million square miles, France by 3.5 million square miles, while Germany acquired a little more than one million square miles and Belgium and Italy just under one million each. The USA acquired some 100,000 square miles, mainly from Spain, while Japan acquired something like the same amount from China, Russia and Korea. Portugal expanded its colonies by about 300,000 square miles. Of the major colonial empires, the Dutch were the only ones who failed or refused, to acquire new territory, although they did consolidate control over those parts of the Netherlands East Indies which they had long controlled in a more indirect way.


THE NATION-STATE AND THE CHALLENGE OF GLOBAL CAPITALISM

46 Young, Postcolonialism, p 213.
47 A book that encapsulated the Third Worldist moment in the 1970s was L S Stavrianos, Global Rift: The Third World Comes of Age, New York: William Morrow, 1981.
58 The most important 25 ‘emerging markets’ that The Economist tracks at the moment are: China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand, Argentina, Brazil, Chile, Colombia, Mexico, Peru, Venezuela, Egypt, Israel, South Africa, Turkey, Czech Republic, Hungary, Poland and Russia. See ‘Emerging-market indicators’ on the last page of The Economist every week.