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Introduction

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1 Sovereignty and the Retreat of the State?

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

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

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

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

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

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

Scholte quotes interesting UNCFAD figures to the effect that the number of enterprises operating in more than one state jurisdiction increased from 3,500 in 1960 to 40,000 in 1995 (UNCFAD 1996: IC1a22). Just as interestingly, 'intrafirm trade between subsidiaries of the same transborder corporation accounts for at least a quarter and perhaps as much as over 40 per cent of the world's cross-border commerce' (Scholte 1997: 437). Nevertheless, the nation state survives as a central political entity. Indeed, Scholte correctly notes that 'states have played an indispensable enabling role in the globalization of capital' (*ibidem*: 441). The reason is obvious: this globalization of capital can only function within a regulatory framework, and this framework is largely the work of the nation states, especially in the form of the realization of international treaties and agreements. It is true, though, that there are now fields of economic activity in respect of which it is difficult to determine what national jurisdiction is responsible for their regulation.

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

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

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

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

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

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

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

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

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

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

2 Outline of the Book

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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