National Political Systems: the Changing Boundaries of Politics?  

Kees van Kersbergen

1 Introduction

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

- the terms 'country', 'state', 'national political system' have become obsolete as useful units of analysis in comparative political studies;
- the increasing interdependence of nation states and the decline of the autonomous power of public decision-making imply that cross-national research is increasingly meaningless (cf. Daalder 1993: 170-71);
- we do not have the conceptual tools to describe and adequately explain the growing dissociation between authoritative allocations, territorial constituencies and functional competencies (cf. Schmitter 1996);
- theoretically, the discipline cannot make sense of the diffusion of political authority;
- the independence of the nation state is eroded to such an extent that it is pointless to use the term 'sovereignty' any longer;
- the autonomous capacity of policy-making of nation states is rigidly constrained as a result of which the very idea of a national political system is out-of-date;
- the authoritative primacy of the state is dilapidated and the conventional notion of 'politics' has become antiquated.
The main driving forces of these developments are globalization and European integration (cf. Ingelhart 1997 for other relevant processes). But is the sovereign nation state really in decline? The answer obviously depends on whether these end-of-sovereignty arguments are theoretically sound and empirically correct. In this chapter I argue that, in fact, they are neither.

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

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

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

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

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

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

2.1 POLITICS

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

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

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

2.2 THE STATE AND SOVEREIGNTY

The debate on the end of the nation state is partly concerned with the exact interpretation of sovereignty and how we define the state. Sovereignty is an essential characteristic of the (modern) state (cf. Camilleri and Falk 1992;
Held 1995; Stirk and Weigall 1995; Jackson 1999a). The core of the doctrine of sovereignty is that there is no higher authority than the state. The theory of sovereignty paints a picture of the world in which the state holds supreme authority over a specific territory. Outside the borders of the state exists a world of other sovereign states. The state has established itself as the dominant power on its territory; it must be viewed in terms of organized dominion (cf. Weber 1984: 33-7). The state has the monopoly of the legitimate use of violence on its territory; it is the only institution that can enforce obedience of the population to the rules and regulations for that territory; it is the institution that is legitimized to levy taxes, initially to support the repressive state apparatus (army, police, judiciary) that is to maintain and reinforce dominion, but increasingly also to finance the comprehensive set of laws and regulations that belong to the welfare state.

Of course, no state has ever enjoyed complete and uncontested dominion. That would exaggerate the actual and diffuse differentiation of competencies within the nation state (cf. Olsen 1996; Dehousse 1997). Moreover, sovereignty will always remain to a large extent an aim, an aspiration or a claim of the ruling elite rather than an accomplished goal. It is also true that no state has ever reached complete autonomy to the extent that borders have always been penetrable (cf. Koch 1997; Offe 1996; Poggi 1990). Perhaps Claus Offe (1996: viii) is right when he argues that the idea of political authority as located at a relatively fixed site has become obsolete: 'What turns out to be surprisingly and essentially contested is the answer to the question "who is in charge?"'. According to Offe, there are roughly four causes of this uncertainty: (1) the evaporation of a world with clear loci of authority (e.g. the collapse of the Soviet Union and the end of the Cold War) and the arrival of new actors and their claims; (2) the penetrability of frontiers (e.g. globalization, European integration); (3) the decline of relatively fixed collective identities and the advent of ascriptive identities; and (4) the erosion of (the possibility of) collective categorization. These causes 'may be responsible for the widely shared sense that sovereignties have become nominal, power anonymous, and its locus empty' (ibidem: ix). The nation state has lost its exclusive claim on authority and decision-making (cf. Strange 1995; Cable 1995). In addition, a state no longer enjoys unqualified control over its territory and population because an 'international community' has progressively evolved, which guards human rights. The claim to national sovereignty is no longer an automatic barrier to intervention when the fundamental rights of citizens are violated (cf. Taylor 1997). Under such circumstances the princi-
pie of non-intervention is bounded by the conditions of 'good behaviour' and 'good governance'. In this sense sovereignty has developed into 'conditional sovereignty' (cf. Hague et al. 1998: 45).

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

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

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

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

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

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

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

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

Reflecting upon these issues it seems remarkable that there exist such vehement speculations about the end of the sovereign nation state, particularly at the end of an era in which the number of such states has actually increased. The Baltic states, the former Soviet republics and the ex-communist states in central and eastern Europe have been mentioned. Eritrea comes to mind too, as well as the disintegration of Czechoslovakia. Finally, everyone is painfully aware of a decade of bloody struggle over power in Yugoslavia, from which - so far - 5 new states have emerged: the Federal Republic of Yugoslavia, Bosnia and Herzegovina, Croatia, Slovenia and (the former Yugoslav Republic of) Macedonia. Recently, the Secretary-General of the United Nations, Kofi Anan, gave a speech entitled 'Why conservatives should support the United Nations' (23 October 1998) in which he said: 'Despite globalization and the emergence of more and more problems that
transcend borders – which I call "problems without passports" - nothing ... has yet challenged the status of the State as the cornerstone of international relations'.

3 Challenges: Globalization and European Integration

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

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

3.1 GLOBALIZATION

What does the strong thesis of globalization imply (in contrast to the more balanced arguments by Hirst and Thompson 1996; Keohane and Milner 1996; Boyer and Drache 1996; cf. also Hout and Lieshout in this volume)? Consider the following statement by Roger Cohen: 'Throughout the world today, politics lags behind economics, like a horse and buggy haplessly trailing a sports car. While politicians go through the motions of national elections - offering chimerical programs and slogans - world markets, the Internet and the furious pace of trade involve people in a global game in which elected representatives figure as little more than bit players. Hence the prevailing sense, in America and Europe, that politicians and ideologies are either uninteresting or irrelevant' (as cited in Garrett 1998: 1). The thesis
of the globalization prophets is that the forces of the global economy are so strong that the nation states cannot but cater to the whims of the global market. For various reasons the capacity of companies and investors to transfer production and capital all over the world has increased and this has led to a profound change in the character of the post-war mixed economies. In addition, the mobility of financial capital forces governments to minimize their intervention in the economy or at least to take measures that meet the wishes of financial markets. The diminishing economic relevance of borders is drastically decreasing the national policy space. If a government does not comply with the demands of the market, it will increasingly become incapable of providing the level of social and economic security necessary for winning elections.

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

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

the increased mobility of capital undermines the effectiveness of macroeconomic policies;
economic internationalization augments the pressure on those social and economic institutions that traditionally offered the framework for a politics of exchange between, on the one hand, an efficient, external adjustment to the world market, and, on the other hand, internal compensation, primarily in the form of extended social policies (cf. Evans 1997);
internationalization affects the political power relations at the domestic level. The power of capital has increased, because the credibility of the
threat of investment strikes, of capital flight and of a transfer of production capacity has increased. The countervailing power of workers and unions cannot keep up, among other things because labour simply does not have corresponding escape routes and because internationalization is particularly detrimental to low- and unskilled labour.

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

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

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

This train of thought on institutions as filters and buffers can be extended more radically. The significance of the nation state, national institutions and national structures of power may be increasing rather than diminish-
ing. This is not to contradict or deny the development of a global economy. On the contrary, precisely because of the insecurity generated by internationalization, the level of (social) security guaranteed at the national level will increasingly influence the decisions of investors to invest and of voters to vote.

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

In addition, states are not the passive victims of economic globalization, but they are themselves actively involved in facilitating the competitiveness of their economy. There are innumerable ways in which states try to help their nationally organized producers to meet the challenge of international competition. That, too, is a form of adaptation. The state is one of the actors in the process of internationalization. In fact, one could see the actions of states as one of the root-causes of globalization, for it were gov-
ernments that decided - for whatever reason - to liberalize markets by actively seeking to annul politically erected trade barriers, to privatize nationalized industries, and to abolish cartels.

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

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

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

This latter issue deserves further consideration. It may very well be that - in spite of the many, usually ill-considered, speculations to the opposite - we are in fact witnessing an increase in the role of the nation state. We may be mistaking the metamorphosis of the state for its decline. Following Lind (1992), Weiss (1998) envisages the emergence of the so-called 'catalytic state', that is to say a state that fosters international cooperation with other states and national coalitions with interest groups, (multinational) corporations and transnational actors, rather than attempting to regulate by direct
intervention. The goal is to effect a high degree of policy coordination to compensate for the loss of effectiveness of national policy instruments. The hypothesis is that the better states manage to foster international, national and sub-national coalitions and alliances, the greater the chances of successful adaptation. International cooperation, regulation (GAIT/wrO, IMF, EI, OECD), consultation and coordination (G7/G8) enhance the transparency and predictability of interdependency at the global level and therefore temper the vicissitudes of the world market. Such regulations, however, can never replace the internal functions of, for instance, social policy, part of which is aimed at internally monitoring the social outcomes of dynamic international markets. International economic cooperation and regulation in a sense increase the national policy scope beyond national borders (cf. Rieger and Leibfried 1998: 381). It is likely that cross-national differences remain substantial, precisely because the essentially political process of national and international coalition formation co-determines outcomes.

3.2 EUROPEAN INTEGRATION

These considerations lead me to the issue of European integration, for this is the example par excellence of the manner in which sovereign states have reached agreement over extensive cooperation and policy coordination (Haverland in this volume). It is important again to make a clear distinction between the deliberate delegation of competencies and authority of nation states and the presumed loss of sovereignty. The historian Alan Milward (1992), in his study of the origin and early development of the European Community, shows how crucial the motivation of the preservation of sovereignty in fact was. Governments of nation states were prepared to delegate certain competencies to the supranational organization if, and only if, they assumed that the solution of pressing problems was beyond the capacity of the nation state, while the solution was nevertheless vital for the very survival of the nation state. In fact, only by closely cooperating at the European level could the European nation state after the Second World War re-establish itself as the fundamental unit of political authority. European integration was an aspect of the post-war reconstruction of the nation state. The European nation states pursued a strategy of integration because this was '... one way of formalizing, regulating and perhaps limiting the consequences of interdependence, without forfeiting the national allegiance on which its continued existence depends' (Milward 1992: 19).
The foundation of the European Union (EU) can be understood as the manner in which the member states have tried to parry the loss of political control, particularly over their national economies, by increasingly delegating power to the European level. The interrelation between the states, the supranational organization, and the interaction between the various levels of governance have by now acquired such a scale and have become so complex that a new and unique system of multi-level governance has emerged (cf. Marks et al. 1996; Marks 1997). In comparison to other international organizations the particular nature of the EU seems to be its complex institutional configuration (cf. Bulmer 1998), its broad range of policies and its mixture of intergovernmental and supranational arrangements. According to Nugent (1994: 433) it is '... a system which is quite unique in the extent to which it involves states engaging in joint action to formulate common policies and to make binding decisions'. The EU can be understood as a political system (in Easton's sense), because it has the following characteristics: (1) formal rules of collective decision-making (polity); (2) the production of policy; and (3) the mobilization of citizens, interest groups and political parties (politics) (cf. Hix 1998; Keman 1993). However, the EU is not a state, precisely because the allocation of values for its society is binding only to the extent that the member states are willing to comply with European law (cf. the introductory chapter to this volume).

A major distinction in comparison to federal states is that in the EU the member states still prevail (cf. Pierson and Leibfried 1995). The EU continues to be a political construction built by sovereign nation states. In this context Petersen's (1995) distinction between 'history-making' (supra-systemic decisions), 'policy-setting' (decisions at system level) and 'policy-shaping' (decision-making at meso-level) is helpful. The governments of the member states are undeniably the predominant actors when decisions with respect to the enlargement of the EU, a change of legal procedures or a transformation of the internal institutional structure are at stake. At the other levels of decision-making, the role of national governments is obviously less predominant. It goes without saying that at the 'history-making' moments it is the protection of the national interest and sovereignty which constitute the leading motives to act (cf. Moravcsik 1993, 1998; Lieshout 1999). However, the more the EU evolves, the higher the constitutional, legal, political and economic costs will be for a member state to opt out (cf. Cecchini 1988). In this sense the room to manoeuvre for member states becomes more and more constrained.
The thesis that European integration has had a momentous impact on national political systems is not particularly controversial. The legislative procedures and policy implementation are more similar to the functioning of federal systems than to international law. Lawyers stress that the EU legal order takes precedence over national law. This issue, however, continues to be controversial as became clear during the ratification of the Maastricht Treaty on Ell, when the German Bundesverfassungsgericht refuted the primacy of Community Law and disputed the direct effect of the rulings of the European Court of Justice (ECJ). In addition, the EU, in this case the ECJ, lacks the means to enforce the implementation of European law against the will of a member state. Of course, there are numerous provisions (e.g. sanctions), but the effectiveness of decision-making is ultimately dependent on the voluntary agreement of member states and the willingness to act in accordance with the ruling of the ECJ (cf. Nugent 1994; Wallace and Wallace 1996; Besselink 1997).

3.3 STATE BUILDING AND EUROPEAN INTEGRATION

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

However, the theoretical models that we have at our disposal for analyzing state and nation building (cf. Rokkan 1975; Tilly 1975, 1993; Stuurman 1995; Klausen and Tilly 1997) spell out that we cannot draw a parallel between the formation of nation states and the process of European integration (see Van Kersbergen 2000). If we compare the stages of nation state formation (e.g. following Rokkan 1975) with the evolution of European
integration, it is clear that in the latter case there is no centralization of political authority at the cost of the 'periphery'. The political elites of nation states are creating a new political centre next to, or perhaps on top of, existing centres. There is no construction of a European identity that is in any sense comparable to the standardization and nation building that came about in the course of the process of state formation in Europe. The mechanisms and institutions necessary for the formation of a shared and somewhat unified European political identity, such as schools and mass media, continue to function primarily at the national level. Active political participation is one of the central political predicaments of the present phase of European integration. The limited political rights and the lack of democratic control at the European level are notorious deficits. In addition, the politics of social and economic redistribution that concluded the formation of European nation states is of marginal consequence in the EU, if only because of the, comparatively speaking, very limited budgets that the EU has available. The EU 'is not at all an embryo of established nation states. Its basic structure, or template, is quite different. It does not have a core government, a strong centralized bureaucracy, nor authority structures radiating out from a center to all reaches of its jurisdiction. It has no power to tax and spend. It is not an issue of "immature" state or "not enough time to develop"' (Caporaso 1997: 580-1). The political system of the EU simply does not follow the developmental path of nation states familiar to us.

4 Conclusion

The internationalization of the economy and European integration affect the policy space and policy capacity of nation states in various ways and degrees of intensity. Such events, however, must not be confused, let alone be equated, with the breakdown of the nation state. Admittedly, the economic significance of national borders has declined, but one cannot infer from this, therefore, that the nation states are wholly powerless vis-à-vis global markets. Admittedly, the governments of national political systems have delegated competencies to the EU and this affects their relative position of power, but this does not imply the acute and conclusive end of national sovereignty. The adaptability of nation states is highly variable and - partly because of this - the effects of economic internationalization and European integration are likely to vary cross-nationally. The consequences
for a nation state of these challenges depend to a large extent on its chang­
ing policy capacity and adaptability and these concern, in essence, issues of political power mobilization and coalition formation. What is widely inter­preted as the enfeebling of the nation state, is in fact a transformation of the manner in which state power is exercised. Linda Weiss (1998) was right when she concluded that the powerless state is a myth.

For their critical comments I wish to thank Wil Haul, Bob Reinalda, Inger Stokkink and Bertjan Verbeek.