

# THE WORLD OF STATES

BY JOHN L. CAMPBELL AND JOHN A. HALL

In this article, adapted from their book *The World of States* John Campbell and John Hall argue that despite globalisation, European integration and other forces allegedly causing states to wither away, nation-states still matter in the world today. They are as important as ever in global politics and political economy as centers of power and national cohesion.





**W**e live in a world of states – or, if you will, the world in which we live is still structured by the behavior of states. To say this is to deny the claim so often made that states have lost their significance because the forces of globalisation undermine their capacities from above and below. Things are not so simple. The functions of the state – maintaining internal order, establishing security in the international environment and creating a sense of belonging among its people – are as vital as before. But states have changed, diversifying rather than dying.

Let us begin with the sources of change before turning to the diversity of states within the contemporary world – that is, before we examine the ways in which different types of states manage the functions that we have identified. An initial novelty often forgotten is that one of the main forces of globalisation has been that of the spread of the ideal of the nation-state: a political territory inhabited by people sharing a particular common culture. Empires have gone and those who do not have nation-states badly want them. Much conflict in the contemporary world revolves around state and nation building, above all filling in large areas of emptiness left behind by European imperial powers, areas often marked by struggles between different ethnic groups within the same territory. So one type of state in our time is habitually referred to as the failed state (e.g. Somalia, Sudan, Afghanistan, Haiti), so lacking in the capacity to tax that it cannot provide internal order nor do much to secure cohesion within its territory.

A second novelty is negative. Nuclear weapons have changed the behavior of the great powers: war is no longer a rational form of policy, which is not to say that civil wars, interventions and traditional interstate wars no longer exist. Even though this is so, it is very noticeable that few state borders have changed since 1945. The surprising fact that so many failed states continue to survive, results from this general acceptance of the international norm of non-intervention.

This is related to a third point of immense importance. Before 1945 great powers felt that the possession of territory would lead to prosperity. The world wars serve as but two exemplars. The rise of nationalism destroyed empires, but the economic prosperity at the core of capitalist society did not come to an end. The states of the North (i.e. North America, Western Europe, Japan) discovered that less is more; that trading with each other especially in high tech markets mattered most of all. Brains

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triumphed over brawn. The ability to enhance human capital, to move up the product cycle, seems to be the secret of success in late industrial society, not the possession of territory per se.

Let us turn now to the issue of diversity. One of the first areas where the diversity of state forms can be seen has gained a label, that of the BRIC (Brazil, Russia, India and China). As it happens this is a rather unhappy term insofar as it conceals much diversity. Brazil and India are certainly developing fast, and both have considerable allegiance to democracy. In contrast, Russia and China are authoritarian: the former still in large part a declining great power, the latter the most important rising power of the modern world. Those who take the past as a guide to the future are worried about the emergence of new powers. When powers rose in the past they sought to challenge the ordering of the world polity, famously in the case of Wilhelmine Germany seeking its own “place in the sun.” Here is an area in which progressive change seems at least possible. No rising great power can now seriously contemplate war. Just as importantly the economic failure of the Soviet Union seems to put some premium on market principles rather than those of central command. Rising powers are irritated by the way in which international institutions are controlled by the northern powers that created them, but there is little sign that they wish to destroy the world that has allowed their own rise. Rather, they wish to change the terms of world order at the margin: to gain seats on the key international institutions (e.g. World Trade Organisation), to diminish the power of the dollar and to have a greater say in the ordering of world affairs. The key example here is China. It holds trillions of dollars in US debt that has afforded the United States the luxury of fiscal profligacy, but is unwilling to download them in case this leads to the collapse of its greatest export market. This is a strange situation, one of co-dependency.

The second area in which we can see different sorts of state at work is in the North, the geographical territory often seen as that in which the power and salience of the nation-state has been weakened. Of course, there has been change: such states are no longer complete power containers, with most of them dependent in the postwar world on the United States for the provision of their defense, something that has allowed them to compete economically rather than geopolitically. Still, variation is immense.

Data makes it clear that there has not been much change in matters of equality in social democratic and Christian democratic countries. These two models retain their historic character, both keen on welfare spending but with the former having a larger percentage of women in the labor force. The more statist models of France and Japan are extant as well, though the speed of market change means that their form of planning has become largely outdated. In contrast, newly developing

nation-states, such as Korea and Taiwan, still do benefit from basic infrastructural planning allowing them to build, on the basis of notable national homogeneity, infant industries that are released onto the world market once they are fully established. This is not to say that there has not been substantial change. Perhaps the most notable is the extent to which Anglo Saxon countries, from the United States and Great Britain to Australia and Canada, have reverted to the character of their past: in varying degree welfare states have been diminished, neo-liberal policies favored and inequality massively increased.

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As this insistence on diversity may seem counter-intuitive it is worth looking for a moment at the European Union. Surely here, critics might say, is the slow emergence of a transnational world, the ending of nation-state autonomy. Nothing could be further from the truth. The European Union does represent a vast improvement in human affairs: heads of state meet regularly in conference halls, their armies no longer on the battlefield. It is a forum of international agreement, or bargaining and co-ordination, not a state in its own right. The central budget is not much more than 1% of the Union's total product while the identities of its members remain national rather than European. More to the point the most recent developments suggest that it is unlikely that there will be an increase in transnational elements within the Union. Stark differences have emerged between the richer core countries and their weaker peripheral colleagues, especially following the financial crisis, and there is certainly general reluctance to allow Germany to lead

Europe in any significant way. Europe will remain an economic giant, and a military worm. Perhaps this is no bad thing.

One state stands out from all others in the modern world. The United States is the greatest power in the history of the world. That this is so now is clear in military terms: this single country is responsible for something like half of all world military spending, with its capacity to shock and awe being generally recognised. At its best in the immediate postwar world the United States behaved as a liberal hegemon, providing defense to its northern allies and encouraging free markets made possible by the dollar, the global medium of exchange. It could do this easily for its primacy, in economic terms, was massive - the United States produced nearly half of world GDP in 1945, slipping since then but still accounting for perhaps a quarter of that total. One of the great questions of the age is whether the United States can maintain its primacy and what might happen should its decline proceed apace. It is too soon to decide on the first issue, as different evidence points in opposite directions. Economically, the United States does retain huge capacities for innovation. In contrast, partisan political stalemate seems ever more characteristic of the country, suggesting that decline may come less from inevitable forces of things like globalisation than from a form of self-indulgent collective suicide.

This brings us to the future. Two real dangers are looming on the horizon, both of which cannot be solved without a much greater commitment to change on the part of the United States. First, the ordering of the world political economy has become badly disordered. The global imbalances in the world economy - the failure of the United States to balance its budget leading to the massive holding of dollars elsewhere - did much to cause the Great Recession that began in 2007 because surpluses that were lent out led

to very risky investments and dangerous housing bubbles. No solution in this key area is as yet on the table, no new agreement for our world equivalent to that created in 1944 at Bretton Woods.

The second danger is totally new, and much harder for all of us to understand. Politicians of all types have, for at least two hundred years, claimed their societies to be successful when economic growth roars ahead. This is still the case. But what can be said about the health of the planet? Might it be the case that the seed of ruin lies in the moment of triumph. If global warming is not soon arrested serious catastrophes will take place: swings in the severity of the weather, flooding, migration and starvation. Such horses of the apocalypse will strike the weaker states of the South first. But it will not be possible for the North to insulate itself against such pain forever. 

The article is adapted from *The World of States* (Bloomsbury Press, 2015).



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Michael Mann, Distinguished Research Professor, University of California - Los Angeles.

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