



The Future of the Nation-state in an Era of Globalization

Keith Suter

Managing Director, Global Directions;
Fellow, World Academy of Art & Science

Abstract

This article uses the scenario planning technique to examine the future of the current nation-state system. Scenario 1: “Steady State” argues that despite all the talk of global governance, the basic nation-state structure will remain; it may have its problems but it is the best of the options. Scenario 2: “World State” is based on there being no purely national solutions to transnational problems, and so governments have to work together through some form of global governance to solve common problems. Scenario 3: “Earth Inc.” suggests that national governments lose control over their countries and transnational corporations fill the vacuum; with the decline of the nation-state, the only organizations capable of driving the pace of change are transnational corporations, which then knit the world together into one market as they fill the governmental vacuum. Scenario 4: “Wild State” suggests that national governments lose control over their countries and there is no organization to fill the vacuum and so there is increasing chaos; this is the “nightmare” scenario, in which nation-states fall apart, there is an increase in “failed states”, mass movements of peoples and increasing environmental and health problems. These are scenarios—and not predictions as such. There are many signs of the world moving to “Wild State”. There needs to be a greater sense of urgency to confront the globe’s looming problems.

The nation-state system has worn well—but is it now wearing out? If it is wearing out, how could it evolve? Over a decade ago, I wrote a book about how the global order could evolve and developed four scenarios¹. With recent events such as the UK’s decision to leave the European Union (“Brexit”) and the election of Donald Trump as US president, it is interesting to see how the world is evolving towards one of the four scenarios.

1. The Current System

National governments are a comparatively new idea. International lawyers date them from 1648: the end of the Thirty Years War in Europe and the Treaty of Westphalia (“Westphalian System”). Prior to that time people in Europe lived in small tribes, possibly as part of a large empire. There were few countries, as we know them today.

No one suddenly decided in 1648 to create the Westphalian System. It was only with the benefit of hindsight that people could see that a new world order had been created as a result of the breakup of the Holy Roman Empire. European peoples (“nations”) were now to be governed by “states”, hence the title of nation-states (as distinct from, say, the previous

“city-states”). As the Europeans colonized the world, they took this system with them. The newly-independent colonies based themselves on the nation-state system (such as in Africa, where over 50 nation-states have been imposed on a patchwork quilt of about 200 major tribes).

The nation-state system is now so prevalent that it is seen as the norm in world politics. But national governments are no longer so relevant to world politics. Instead, they are having to share their power with international organizations, transnational corporations and non-governmental organizations (NGOs). The erosion of the Westphalian System has crept up on governments and citizens. It was not done in secret. It is simply that the attention of most people, politicians and academics was focused elsewhere (such as on the Cold War).

What could come next?

“Beginning at the time of World War I, world history could be described as an experiment in global governance.”

2. Thinking About the Future

There are three main ways of thinking about the future. First, “prediction” means extrapolating current trends out into the future. This is the most common form of thinking about the future. Lines on graphs, for example, will often reveal a pattern. Economic predictions are perhaps the most widespread—and most criticized—branch of forecasting covered by the mass media.

Second, there is a “preferred” future, where a person or organization has a vision towards which they work. For example, when President John F. Kennedy took office in January 1961 he knew there was a need for a bold vision to revive American spirits, which had been dampened by all the Soviet space “firsts”, such as the 1957 Sputnik. On May 25, 1961 Kennedy laid out his vision of putting a man on the Moon and returning him safely before the end of the decade. This was achieved in 1969. With a “preferred” future we move from what is currently being suggested by prevailing trends (“prediction”) to what we would like to see happen.

Third, possible futures are what *could* happen. They are not necessarily being currently suggested (via prediction) and they may not necessarily be what one would like to see happen (via preferred futures). The signs of possible change may be there—but one is simply not “seeing” them. Unfortunately, in all walks of life, there is a tendency to get into a “comfort zone” and to mix with a narrow range of people. A good technique to get out of the comfort zone is scenario planning. This is not so much about getting the future right—as to avoid getting it wrong. Done properly it reduces the risk of being taken by surprise.

Here are the four scenarios on how the globe could evolve.

3. Scenario 1: “Steady State”

This is based on *strong nation-state/ weak international social cohesion* (national governments remain in control of their destiny and are unwilling to work together on common problems). This scenario argues that despite all the talk of global governance, the basic nation-state structure will remain. It may have its problems but it is the best of the options.

“The world is now too interdependent—with one part affecting others—to try to operate on a piece-by-piece basis.”

The scenario logic is as follows. National sovereignty is here to stay because governments are unwilling to surrender it. There has been little progress in establishing non-partisan standards of behaviour between governments. All forms of international cooperation are viewed in the context of how a government can maximize its own gain.

This may be regrettable but that is a fact of political life. All politics is local—and foreigners do not vote in national elections. For example, all western countries are now troubled by the risk of the mass movement of peoples into their own territories. As long as some countries are extremely wealthy and others are extremely poor, national boundaries will have to remain in place to restrict the movement of peoples. Given the nature of the international economic system, it is unlikely that this gap between rich and poor will disappear for many decades to come (if ever)—and so national border protection will remain very important.

This concern with national sovereignty is not simply a Western one. Developing countries also have a strong determination to maintain national sovereignty. They fought hard for their independence from their colonial masters. Now they are troubled by threats of tribalism, fragmentation, and the erosion of national unity by cultural diversity and foreign influence. These countries are not going to surrender their national sovereignty for the fear of being swamped by a fresh form of imperialism. There may be problems—but at least they are their own problems.

4. Scenario 2: “World State”

This is based on *strong nation-state/ strong international social cohesion* (national governments, while they remain in control of their destiny, are willing to work together on common problems and this evolves gradually into some form of global governance). This is based on there being no purely national solutions to transnational problems, and so governments have to work together through some form of global governance to solve common problems.

This scenario argues that this is the first time in history that people have been confronted with the need to organize and manage the world as a totality. Beginning at the time of World War I, world history could be described as an experiment in global governance. Underlying all the conflicts and upheavals, there has been a basic question: how is humanity to govern

itself? The problems are a long way from being solved but there is no choice but to continue the quest. The world is now too interdependent—with one part affecting others—to try to operate on a piece-by-piece basis.

Therefore, there is a need for some form of world government. The tendency among NGO advocates is now to talk more about “governance” because it is less threatening to the general public than “world government”. Also, it may well be that its eventual form will have to be different from existing notions of national “government” and so the term “world government” is misleading because of the connotations of “government” at the national level.

Just how the world evolves to a different form of governance is not yet clear. There are three ways of trying to get countries united:

- i. Federalist approach: the deliberate decision by national governments to transfer certain powers (such as maintaining armed forces) to a world government while retaining other powers (such as establishing laws concerning ownership of property) for themselves.
- ii. Functionalist approach: the creation of more global agencies (such as the World Health Organisation and International Telecommunications Union) to handle a particular function (such as health or telecommunications) because experts can cooperate in a less politically-charged environment, and eventually the globe will be covered by a network of such agencies.
- iii. Populist Approach: the creation of a grass-roots people’s movement to establish a democratic world government directly responsible to the people of the world, and in the meantime to generate ideas for world government and a groundswell in favour of it.

There is a chicken and egg dilemma. We cannot discuss world government because we have no world community to support it. Indeed, the discussion of world government may even retard the development of world community (because of the evil overtones of “world government” and “Big Brother”) and hence retard the movement towards world government.

The way to promote world community is to have world government. But since private citizens cannot establish a world government, the next best thing to promote world community is to talk about global governance. Global discussion of world government may have some chance of uniting it. The consideration of what is necessary to unite the world and the discussion of a common problem of overwhelming importance, could lead to a growing sense of community among all peoples.

An important reason for talking about world government is to clarify what it would be. Should a world government aim at limited measures designed to maintain what is called security, or is security itself dependent on the pursuit of broader purposes? Should a world state be federal or unitary, or should it, perhaps, contain the best features of each? What should be the relation of the world government to the citizens of existing states? What taxing powers should the world state have, and what order of military forces, if any?

Consequently, many global governance activists prefer to campaign on all three of the above approaches simultaneously. For example, they deal with the need for governments to

work together at the political (federal) level and on common problems (functional approach) and the importance of people being involved in the campaign for world government.

“Transnational corporations have eroded the notion of a national economy; there is now only a global one.”

5. Scenario 3: “Earth Inc.”

This is based on *weak nation-state/ strong international social cohesion* (national governments lose control over their countries and transnational corporations fill the vacuum). With the decline of the nation-state, the only organizations capable of driving the pace of change are transnational corporations, which then knit the world together into one market as they fill the governmental vacuum.

National governments will not necessarily disappear (any more than the rise of national governments necessarily caused all forms of local government to disappear). But national governments will need to get used to the fact that the nation-state system is over and that corporations are the major player in world affairs.

Money is now the measure of all things. This new era can be taken as beginning in 1776, with the publication of Adam Smith’s *The Wealth of Nations*, which saw the rise of modern capitalism. The market—rather than government involvement or religious dictates—has increasingly set the pace for economic activities. Smith placed emphasis on individuals being left free to pursue their own interests. Self-interest guides people, as though by the influence of an “invisible hand”, to the exercise of the intelligence that maximizes productive effort and thus the public good. Private vice becomes a public virtue.

Therefore, a free market—not government—is the best allocator of resources, and the best promoter of the public good. Government should be as small as possible, with limited responsibilities. Thus, the individual should be left to maximize their own income and determine how that is to be spent.

Meanwhile, with money as the measure of all things, national identity ceases to be such a major issue—except where it can be commodified, as in corporations manufacturing support for local or national sporting teams. People are principally consumers or aspiring consumers. Politics and patriotism are not as pleasurable as the latest fashion in clothes, music or technology. They are consumers rather than citizens. This helps explain the reduction in armed conflicts since 1950—they are consumers and not warriors.

Transnational corporations have eroded the notion of a national economy; there is now only a global one. For example, if a government tightens the money supply by increasing interest rates, loans may come in from abroad and make the country’s monetary policy nearly meaningless because cheaper funds flow in from elsewhere.

These trends help explain the low voter turnout in many elections: voters think that the elections are increasingly irrelevant. A political party may come to office—but not necessarily

to power. That power is held elsewhere. The people who really run a country do not stand for election.

“We tend to focus on single issues—and do not pay enough attention to the overriding issue of where the globe is heading... There needs to be a greater sense of urgency to confront the globe’s looming problems.”

6. Scenario 4: “Wild State”

This is based on *weak nation-state/ weak international social cohesion* (national governments lose control over their countries and there is no organization to fill the vacuum and so there is increasing chaos). This is the “nightmare” scenario, in which nation-states fall apart, there is an increase in “failed states”, mass movements of peoples and increased environmental and health problems.

The previous scenarios are all too optimistic. They have focussed too much on order, rather than disorder. There are many sources of disorder in the world. Each nation-state will have to do the best that it can with what it has because it will not be able to rely on anyone else for much assistance.

For example, transnational corporations are not a force for good. They are motivated only by money. They are out to make money for their owners/ stock holders and they are not out to improve the world. They are not really accountable to anyone (not even their own stockholders, many of which are pension funds which are only concerned about the rate of return and not how it is acquired).

Corporations have no allegiances and no loyalties. Thus, they can move production and service centres from one country to another looking for the best rate of return. They can also set one government off against another in a bidding war to attract the corporation to be based in that country. Thus, they get special “export zones”, exemptions from labour and environmental regulations and favourable tax treatment.

Because the corporations are mobile, they have created a race to the bottom. Manufacturers search the world—the single borderless economy—for greater returns on investment by moving their assembly lines to low-wage countries. The globalization of industrial production is resulting in excess supplies of goods and labour, which in turn exert downward pressures on prices and wages.

Corporations also move in search of low-tax regimes and so governments lack the funds for the supply of services. It is not just a “tax-payers’ revolt” by individuals but there is also a resistance by corporations to pay taxes. All this extra money in the hands of individuals and corporations has helped finance a vast consumer expansion over the past four decades or so, but it means that there are shortages in essential services and infrastructure.

Meanwhile there is the rise of “failed states”. Somalia has gone for about two decades without a government; Afghanistan acquired a government only through international intervention in late 2001 (and it is not clear how long that will last). Instead, the pattern is more one of warlords and bandits controlling fiefdoms. The world is slipping back into a pre-Westphalian era. The nation-state system is less than 400 years old. There is no law of the universe to say that it should always exist. The 21st Century way will see its slide into chaos.

7. Conclusion

These are scenarios—and not predictions as such. I am publicizing my research to stimulate more debate on the “big picture” of global governance. We tend to focus on single issues—and do not pay enough attention to the overriding issue of where the globe is heading. There are many signs of the world moving to “Wild State”. There needs to be a greater sense of urgency to confront the globe’s looming problems.

Author contact information

Email: keith.suter@bigpond.com

Notes

1. Keith Suter, *Global Order and Global Disorder: Globalization and the Nation State* (London: Praeger, 2003)