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prime-time television), and to the spread of senseless violence in society through the back alleys of wild desire, that is, perversion.

Liberation from the family confronts the self with its own inflicted oppression. The escape to freedom in the open, networked society will lead to individual anxiety and social violence, until new forms of coexistence and shared responsibility are found that bring together women, men, and children in a reconstructed, egalitarian family better suited to free women, informed children, and uncertain men.

The End of Patriarchalism?

The continuing struggles in and around patriarchalism do not allow a clear forecasting of the historical horizon. Let me again repeat that there is no predetermined directionality in history. We are not marching through the triumphant avenues of our liberation, and, when we feel so, we had better watch out to see where these shining paths ultimately lead. Life muddles through life and, as we know, is full of surprises. A fundamentalist restoration, bringing patriarchalism back under the protection of divine law, may well reverse the process of the undermining of the patriarchal family, unwillingly induced by informational capitalism, and willingly pursued by cultural social movements. The homophobic backlash may undo the recognition of homosexual rights, as shown by the overwhelming vote by the US Congress in July 1996 to declare heterosexuality a requisite for legal marriage. And, around the world, patriarchalism is still alive and well, in spite of the symptoms of crisis that I have tried to emphasize in this chapter. However, the very vehemence of the reactions in defense of patriarchalism, as in the religious fundamentalist movements thriving in many countries, is a sign of the intensity of the anti-patriarchal challenges. Values that were supposed to be eternal; natural, indeed divine, must now be asserted by force, thus retrenching in their last defensive bastion, and losing legitimacy in people's minds.

The ability or inability of feminist and sexual identity social movements to institutionalize their values will essentially depend on their relationship to the state, the last resort apparatus of patriarchalism throughout history. However, the extraordinary demands placed upon the state by social movements, attacking institutions of domination at their root, emerge at the very moment when the state seems to be itself in the midst of a structural crisis, brought about by the contradiction between the globalization of its future and the identification of its past.

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A Powerless State?

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"What is specific to the capitalist state," wrote Nicos Poulantzas in 1978, "is that it absorbs social time and space, sets up the matrices of time and space, and monopolizes the organization of time and space that become, by the action of the state, networks of domination and power. This is how the modern nation is the product of the state." Not any longer. State control over space and time is increasingly bypassed by global flows of capital, goods, services, technology, communication, and information. The state's capture of historical time through its appropriation of tradition and the (re)construction of national identity is challenged by plural identities as defined by autonomous subjects. The state's attempt to reassert its power in the global arena by developing supranational institutions further undermines its sovereignty. And the state's effort to restore legitimacy by decentralizing administrative power to regional and local levels reinforces centrifugal tendencies by bringing citizens closer to government but increasing their aloofness toward the nation-state. Thus, while global capitalism thrives, and nationalist ideologies explode all over the world, the nation-state, as historically created in the Modern Age, seems to be losing its power, although, and this is essential, not its influence.2 In this chapter I shall explain why, and elaborate on the potential consequences of this fundamental development. I shall use illustrations of nation-states in various countries to emphasize that we are observing a systemic, global phenomenon, albeit with a great variety of manifestations. Indeed, the growing challenge to states' sovereignty around the world seems to originate from the inability of the modern nation-state to navigate

Poulantzas (1978: 109); my translation.

². Tilly (1975); Giddens (1985); Held (1991, 1993); Sklair (1991); Camilleri and Falk (1992); Guehenno (1993); Horsman and Marshall (1994); Touraine (1994);

uncharted, stormy waters between the power of global networks and the challenge of singular identities.³

Globalization and the State

The instrumental capacity of the nation-state is decisively undermined by globalization of core economic activities, by globalization of media and electronic communication, and by globalization of crime.

⁵ The analysis of the crisis of the nation-state presupposes a definition, and theory, of the nation-state. But since my work in this matter builds on already developed sociological theories, from various sources, I will refer the reader to the definition of Anthony Giddens in The Nation-state and Violence (1985: 121) "The nation-state, which exists in a complex of other nation-states, is a set of institutional forms of governance, maintaining an administrative monopoly over a territory with demarcated boundaries (borders), its rule being sanctioned by law and direct control of the means of internal and external violence." Yet, as Giddens writes, "only in modern nation-states can the state apparatus generally lay successful claim to the monopoly of the means of violence, and only in such states does the administrative scope of the state apparatus correspond directly with territ torial boundaries about which that claim is made" (p. 18). Indeed, as he argues "a nation-state is a bordered power-container, the pre-eminent power-container of the modern era" (p. 120). So, what happens, and how should we conceptualize that state, when borders break down, and when containers are becoming contained themselves? My investigation starts, in theoretical continuity, from where the nation-state, as conceptualized by Giddens, appears to be superseded by historical transformation.

For a definition and an analysis of globalization, as I understand it, see volume I, chapter 2. For a salutary critique of simplistic views on globalization, see Hirst and Thompson (1996). It has been often argued that globalization is not a new phenomenon, and has occurred in different historical periods, particularly will the expansion of capitalism at the end of the nineteenth century. It may be so although I am not convinced that the new infrastructure based on information technology does not introduce a qualitative social and economic change, by enabling global processes to operate in real time. But I have really no quarrel with this argument: it does not concern my inquiry. I am trying to analyze, and explain our society at the end of the twentieth century, in its variety of cultural, economic and political contexts. So, my intellectual contribution should be discussed on its own ground, concerning contemporary processes as observed and theorized in the three volumes of this book. Undoubtedly, scholarly thinking would greatly benefit from comparative historical work contrasting current processes of integration action between technology, globalization of economy and communications politics, and political institutions with past experience of a similar transformation I am hopeful that such an effort will be undertaken by colleagues, primarily by historians, and I will be more than happy to rectify my general theoretical state ments on the basis of implications from such research. For the time being, the few attempts I have seen in this direction pay insufficient attention, in my opinion.

The transnational core of national economies

The interdependence of financial markets and currency markets around the world, operating as a unit in real time, links up national currencies. The constant exchange between dollars, yens, and the European Union's currencies (euros in the future) forces systemic coordination between these currencies, as the only measure able to keep some degree of stability in the currency market, and thus in global investment and trade. All other currencies in the world have become linked, for all practical purposes, to this triangle of wealth. If the exchange rate is systemically interdependent, so are, or will be. monetary policies. And if monetary policies are somehow harmonized at a supranational level, so are, or will be, prime interest rates, and, ultimately, budgetary policies. It follows that individual nation-states are losing and will lose control over fundamental elements of their economic policies.⁵ In fact, this was already the experience of developing countries in the 1980s, and of European countries during the early 1990s. Barbara Stallings has shown how economic policies in developing countries were shaped during the 1980s by international pressures, as international financial institutions and private banks moved to stabilize developing economies as a prerequisite to international investment and trade. In the European Union, the Bundesbank is already the de facto European Central Bank. For instance, when, in order to control German inflation after the government's irresponsible decision to set the exchange rate of one Western mark per one Eastern mark to unify Germany, the Bundesbank tightened up interest rates, it forced a deflation throughout Europe, regardless of the performance of national economies. In 1992 the Bundesbank went so far as to leak to the media its criticism of British monetary policy in order to force the devaluation of the pound, as eventually happened.

Japanese economic policy is essentially determined by the relationship between trade balance and exchange rate with the United States. As for the United States, the most self-sufficient economy, it could only remain so in spite of a substantial trade deficit during the 1980s by financing increased government spending

to the radically new processes in technology, finance, production, communications, and politics, so that while they may be right on the historical record, it is unclear why the present is just a repetition of past experience, beyond the rather pedestrian view that there is nothing new under the sun.

Moreau Deffarges (1993); Business Week (1995a); Orstrom Moller (1995); Cohen (1996).

Stallings (1992).

through borrowing, to a large extent from foreign capital. So doing, the main issue in American economic policy in the 1990s became the reduction of a gigantic budget deficit which threatened to become the black hole of the economy. America's economic independence was an illusion, likely to dissipate in the future when living standards will reflect competitiveness in the global economy, once the cushion of massive government borrowing, which became out of control under the Reagan Administration, is lifted.⁷ It can be argued that the degree of freedom of governments' economic policy has been drastically reduced in the 1990s, with their budget policy caught between automatic entitlements inherited from the past, and high capital mobility experienced in the present, and probably increasing in the future.⁸

This increasing difficulty of government control over the economy (that some economists eagerly welcome) is accentuated by the growing transnationalization of production, not just under the impact of multinational corporations, but mainly through the production and trade networks in which these corporations are integrated.9 It follows a declining capacity of governments to ensure, in their territories, the productive basis for generating revenue. As companies and wealthy individuals alike find fiscal havens around the world, and as accounting of value added in an international production system becomes increasingly cumbersome, a new fiscal crisis of the state arises, as the expression of an increasing contradiction between the internationalization of investment, production, and consumption, on the one hand, and the national basis of taxation systems, on the other. 10 Is it an accident that the two wealthiest countries in the world, in per capita terms, are Luxembourg and Switzerland? It may well be that one of the last stands of the nation-state is being fought in cyberaccounting space, between dutiful tax inspectors and sophisticated transnational lawyers.

A statistical appraisal of the new fiscal crisis of the state in the global economy

At this point in the analysis, it may be helpful to look at the evolution of government finances in the period of stepped-up globalization of national economies between 1980 and the early 1990s. To limit the complexity of the analysis, I have selected six countries: the three

largest market economies (US, Japan, Germany); the most open of the large European economies (the UK); another European country, Spain, which, while being the eighth largest market economy in the world, is at a lower level of economic/technological development than G-7 countries; and one major economy of the newly industrialized world, India. On the basis of statistics compiled and elaborated by Sandra Moog, tables 5.1 and 5.2 have been constructed to provide an overview of some indicators of government finance and economic activity, related to the process of internationalization of economies. I will not comment in detail. Rather, I will use these tables to expand and specify the argument on globalization and the state as presented in the preceding pages.

Let us first examine the group of four countries (US, UK, Germany, and Spain) that seem to behave, in very broad terms, along similar lines, albeit with differences that I shall emphasize. Government expenditures have increased, and now represent between one-quarter and over 40 percent of GDP. Government jobs have decreased everywhere. The share of government consumption has decreased in the three major countries, while increasing in Spain. The share of government capital formation has increased in the US and declined in Germany. Central government's tax revenue has decreased in the US. while increasing in the other countries, substantially in Spain. Government deficit has increased, and substantially so in the US and Germany. Government debt has decreased in the UK, although it still represents about 34 percent of GDP, and has dramatically increased in Spain, Germany, and in the US, where in 1992 it represented 52.2 percent of GDP. The financing of government deficits has led the four countries to increase, in some cases substantially, dependency on foreign debt and foreign net lending. The ratios of government foreign debt and government net borrowing on GDP, central banks' currency reserves, government expenditures, and countries' exports show, in general terms, an increasing dependence of governments on global capital markets. Thus, for the United States, between 1980 and 1993, government foreign debt as a percentage of GDP more than doubled; as a percentage of currency reserves, it increased by 20 percent and, in 1993, represented almost ten times the level of total currency reserves; as a percentage of exports, it increased by 133 percent; and as a percentage of government expenditures, it almost doubled, to reach a level of 41.7 percent of total expenditures. As for the US government's net foreign borrowing, it increased in these 14 years by a staggering 456 percent, increasing by 203 percent its ratio to government expenditure, to reach a level equivalent to 6 percent of government expenditure. Since US direct foreign investment abroad, as a proportion of domestic investment, increased by 52.8 percent,

⁷ Thurow (1992); Cohen (1993).

⁸ Chesnais (1994); Nunnenkamp et al. (1994).

⁹ Buckley (1994).

¹⁰ Guehenno (1993).

Určeno pouze pro studijní účely

Table 5.1 Internationalization of the economy and public finance: rates of change, 1980–93 (and 1993 ratios, unless otherwise indicated)

Other wise indicated)							
	United States	United Kingdom	Germany	Japan	Spain	India	
Gov. foreign debt/GDP %	104.2 (9.8)	31.8 (5.8/1992)	538.5 (p) (16.6) (p)	0.0 (0.3/1990)	1,066.7 (10.5)	-25.3 (5.9)	
Gov. foreign debt/ currency reserves %	20.1 (998.6)	44.7 (168.1/1992)	325.3 (p) (368.4) (p)	9.9 (12.2/1990)	674.5 (121.6)	-16.5 (149.4)	
Gov. foreign debt/exports %	133.0 (134.0)	50.5 (32.2/1992)	590.8 (p) (75.3) (p)	9.5 (2.3/1990)	795.5 (79.7)	-55.6 (70.7)	
Gov. foreign debt/ gov. expenditures %	92.2 (41.7)	17.5 (13.5/1992)	423.5 (p) (44.5) (p)	_	586.8 (36.4)	-40.7 (35.4)	
Gov. net foreign borrowing/gov. expenditures %	203.0 (6.12)	787.5 (14.2/1992)	223.4 (p) (15.2) (p)		_	10.3 (4.3)	
Direct foreign investment abroad/ domestic investment %	52.8 (5.5)	44.4 (17.9)	52.2 (3.5)	57.1 (1.1)	183.3 (2.8)	_	
Inflow of direct foreign investment/ domestic investment %	-35.5 (2.0)	8.9 (10.2)	-50.0 (0.1)	_	236.7 (8.6)		

⁽p) indicates preliminary data.

Note: For figures and details about sources and methods of calculation, please see the Methodological Appendix.

Sources: Compiled and elaborated by Sandra Moog from the following sources: Government Finance Statistics Yearbook, vol. 18

(Washington DC: IMF, 1994); International Financial Statistics Yearbook, vol. 48 (Washington DC: IMF, 1995); The Europa World Yearbook

(London: Europa Publications, 1982, 1985, 1995); National Accounts: Detailed Tables, 1980–1992, vol. 2 (Paris: OECD, 1994); OECD Economic Outlook, vol. 58 (Paris: OECD, 1995); World Tables, 1994 (The World Bank, Baltimore: The Johns Hopkins University Press, 1994)

Table 5.2 Government role in the economy and public finance: rates of change, 1980–92 (and 1992 ratios, unless otherwise indicated)

	United States	United Kingdom	Germany	Japan	Spain	India
Gov. expenditures/	9.1	13.1	19.7		49.4	29.3 (p)
GDP %	(24.0)	(43.2)	(34.6)		(25.1)	(17.2) (p)
Budgetary central gov. tax revenue/GDP %	-15.6	8.0	11.6 (p)	18.2	64.2	17.3 (p)
	(10.8)	(27.0)	(13.5) (p)	(13.0/1990)	(17.4/1991)	(11.2) (p)
Gov. budget	42.9	8.7	44.4	-78.6	16.2	20.0 (p)
deficit/GDP %	(4.8)	(5.0)	(2.6)	(1.5/1990)	(4.3)	(5.2) (p)
Gov. debt/GDP %	91.9	-26.0	78.1	30.1	160.8	28.2 (p)
	(52.2)	(34.1)	(28.5)	(53.2/1990)	(39.9)	(52.8) (p)
Gov. employment/ total employment %	-4.7 (16.2)	-3.1 (22.2)	-0.6 (16.4)	-20.9 (7.2)	_	
Gov. capital formation/gross fixed capital formation %	21.2 (16.0)		-7.0 (27.9)	-	_	
Gov. consumption/	-6.9	-2.7	-8.1	66.3	33.8	40.2 (p)
private consumption %	(27.2)	(34.5)	(32.7)	(16.3)	(26.9)	(19.0) (p)

⁽p) indicates preliminary data.

Note: For figures and details about sources and methods of calculation, please see the Methodological Appendix.

Sources: Compiled and elaborated by Sandra Moog from the following sources: Government Finance Statistics Yearbook, vol. 18

(Washington DC: IMF, 1994); International Financial Statistics Yearbook, vol. 48 (Washington DC: IMF, 1995); The Europa World Yearbook

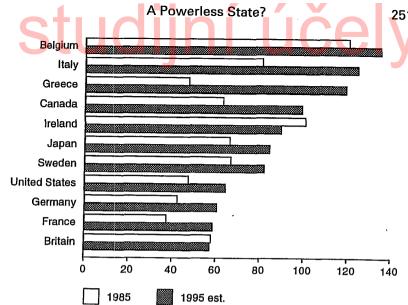
(London: Europa Publications, 1982, 1985, 1995); National Accounts: Detailed Tables, 1980–1992, vol. 2 (Paris: OECD, 1994); OECD Economic Outlook, vol. 58 (Paris: OECD, 1995); World Tables, 1994 (The World Bank, Baltimore: The Johns Hopkins University Press, 1994)

while inflow of direct foreign investment, also as a proportion of US domestic investment, decreased by 35.5 percent, it can be argued that the US federal government has become largely dependent on global capital markets and foreign lending.

The story is somewhat different for the UK, Germany, and Spain, but trends are similar. It is important to notice that, while the UK seems to be less dependent, Germany is increasing its dependency on foreign capital much faster than the US, as shown by several indicators: government foreign debt over GDP (538.5 percent increase), over currency reserves (325.3 percent increase), and over exports (590.8 percent increase). The German government's net foreign borrowing in 1993 reached a level representing over 15 percent of government expenditure, and its foreign debt is the equivalent of 44.5 percent of government expenditure, in both cases a higher percentage than those for the US. Thus, in spite of a strong export performance in the 1980s, Germany, unlike Japan, has substantially increased the international dependence of its national state.

Interestingly enough, India, while increasing government expenditure, consumption, and indebtedness, seems to be much less dependent on foreign debt: indeed, all its indicators of financial dependency show negative growth for the period, with the exception of the ratio of government foreign borrowing on government expenditure, still kept at a modest level. A sizeable increase in the share of tax revenue in GDP is only part of the explanation, the main one being the substantial acceleration of economic growth in India in the past decade. I should emphasize, however, that while the rate of change of indicators of the government's financial dependency in India has been negative over the period, the level of dependency remains very high (government foreign debt represents over 70 percent of exports, and almost 150 percent of currency reserves).

As is often the case, Japan is different. The Japanese government was not affected by foreign borrowing during the 1980s. Its budget deficit over GDP is by far the lowest, and it substantially declined during the period 1980-93. On the other hand, government consumption increased, government debt also increased, and Japan is as high as America in the ratio of government debt to GDP (over 50 percent). These observations indicate that the Japanese government's finances rely, rather, on domestic borrowing. This also reflects the greater competitiveness of the Japanese economy, and the considerable trade and balance of payments surplus accumulated by the country. So, the Japanese state is much more autonomous than other states vis à vis the rest of the world but the Japanese economy is much more dependent on trade performance, since Japanese capital finances its government with the proceeds from its competitiveness.



General government gross financial liabilities (% of GDP) Source: OECD, elaborated by The Economist (January 20, 1996)

So, what appears to be an exception to the rule of government dependency, and increasing government deficit, is not. Japanese corporations take on the world economy, and their competitiveness finances the state, whose consumption has grown much faster than in any other of the countries studied. The Japanese state displays a second-order financial dependency on the movements of the international economy, via its borrowing from Japanese banks flourishing along with their keiretsu.

Three major trends can be underlined with regard to the arguments presented in this chapter:

- 1 In spite of a certain state's disengagement in the economy, particularly in terms of direct employment, and regulation, there is still a substantial economic role for the state that requires additional financing besides taxation, thus increasing the financial liability of the state, with the exception of the UK (see figure 5.1).
- Governments' borrowing, with the major exception of Japan, is increasingly dependent on foreign lending, to an extent that already overwhelms central banks' currency reserves, and overshadows export performance. This reflects the broader phenomenon of an increasing gap between the faster growth of global financial markets in relation to the growth of global trade.

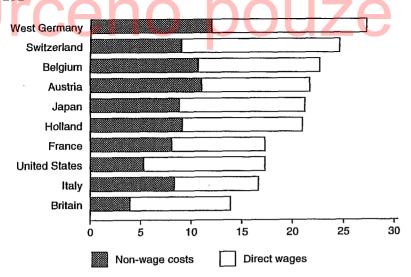


Figure 5.2 Labor costs in manufacturing, 1994 (\$ per hour)

Source: Swedish Employers' Federation, elaborated by The Economist

(January 27, 1996)

3 The Japanese state has succeeded in establishing a measure of fiscal autonomy vis à vis foreign capital. However, it has done so on the basis of domestic borrowing, financed with Japanese corporations' earnings from protectionism and export performance; so that the Japanese economy, and the Japanese state, have become addicted to trade surpluses and recycling of profits in Japanese soil. This state of affairs led to the Japanese "bubble economy" of the late 1980s, and, subsequently, when the bubble burst, to the recession of the early 1990s.

Overall, the intertwining of national economies, and the dependency of government finance on global markets and foreign lending, have created the conditions for an international fiscal crisis of the nation-state, including the wealthiest and most powerful nation-states.

Globalization and the welfare state

The globalization of production and investment also threatens the welfare state, a key element in the policies of the nation-state in the past half-century, and probably the main building block of its legitimacy

in industrialized countries.11 This is because it becomes increasingly contradictory for firms to operate in globalized, integrated markets, while experiencing major cost differentials in social benefits, as well as distinct levels of regulation between countries. This happens not only between North and South, but between different OECD countries, as well: for example, social benefits-related labor costs are much lower in the US than in Germany (see figure 5.2). But what is a comparative advantage of US location vis à vis Germany becomes a disadvantage vis à vis Mexico, after the implementation of the NAFTA Treaty. Since firms, because of information technology, can locate in many different sites and still link up to global production networks and markets (see volume I, chapter 6), there follows a downward spiral of social costs competition. The limits to such "negative competitiveness" in the past have been twofold: on the one hand, the productivity and quality lag between countries protected workers from advanced economies vis à vis less-developed competitors; on the other hand, domestic pressure induced protectionism, so as to increase the price of imports, via tariffs, to a level where the comparative advantage of external sourcing would disappear. Both limits are withering away. The new World Trade Organization is setting up a watch dog system to detect and penalize barriers to free trade. While the politics of international trade condition the actual impact of such controls, it would seem that, unless there is a dramatic reversal in the process of global economic integration, blatant, large-scale protectionism will become increasingly subject to retaliation from other countries. As for the quality and productivity lag, Harley Shaiken's study of American automobile factories in Mexico has shown the rapid catch-up of Mexican workers' productivity which equalled that of American workers in about 18 months. Similar processes have been observed in Asia. 12 And (Europeans should be reminded) American labor productivity is still the highest in the world, so canceling a potential European competitiveness differential that could still allow for a generous welfare state. In an economy whose core markets for capital, goods, and services are increasingly integrated on a global scale, there is little room for vastly different welfare states, with relatively similar levels of labor productivity and production quality. Only a global social contract (reducing the gap, without necessarily equalizing social and working conditions), linked to international tariff agreements, could avoid the demise of the most generous welfare states. Yet, because in the new liberalized, networked, global economy such a far-reaching social contract is unlikely, welfare states are being

Wilensky (1975); Janowitz (1976); Navarro (1994, 1995); Castells (1996).

² Shaiken (1990); Rodgers (1994).

downsized to the lowest common denominator that keeps spiraling downwards. ¹³ So doing, a fundamental component of the legitimacy and stability of the nation-state fades away, not only in Europe but throughout the world, from middle-class welfare states in Chile or Mexico to the remnants of statist welfare states in Russia, China, or India, or to the urban welfare state induced in the United States by the social struggles of the 1960s.

A Powerless State?

Therefore, the nation-state is increasingly powerless in controlling monetary policy, deciding its budget, organizing production and trade, collecting its corporate taxes, and fulfilling its commitments to provide social benefits. In sum, it has lost most of its economic power, albeit it still has some regulatory capacity and relative control over its subjects.

Global communication networks, local audiences, uncertain regulators

The prospects for national regulation and control are not much better in another decisive area of state power: media and communication. Control of information and entertainment, and, through them, of opinions and images has historically been the anchoring tool of state power, to be perfected in the age of mass media.14 In this realm, the nation-state confronts three major, interrelated challenges: globalization and interlocking of ownership; flexibility and pervasiveness of technology; autonomy and diversity of the media (see volume I, chapter 5). In fact, it has already surrendered to them in most countries.15 Until the early 1980s, with the major exception of the United States, most television in the world was governmentcontrolled, and radios and newspapers were under the severe potential constraint of government good will, even in democratic countries. Even in the United States, the Federal Communications Commission exercised a close control of electronic media, not always exempt from special interest biases, 16 and the three major television networks monopolized 90 percent of the audience, framing, if not shaping, public opinion. Everything changed in a decade.17 The change was technology-driven. The diversification of communication modes, the link-up of all media in a digital hypertext, opening the way

for interactive multimedia, and the inability to control satellites beaming across borders or computer-mediated communication over the 'phone line, blew up the traditional lines of regulatory defense. The explosion of telecommunications, and the development of cable, provided the vehicles for unprecedented broadcasting power. Business saw the trend and seized the opportunity. Mega-mergers took place, and capital was mobilized around the world to take position in the media industry, an industry that could link up power in the economic, cultural, and political spheres. 18 Pressure was brought to bear on national governments during the 1980s under various forms:19 public, or published, opinion, yearning for freedom and diversity in the media; buy-outs of national media in difficulty; syndication of columnists to write the apology of unfettered communication; promises of political complacency, if not support, to almost everyone in power or with the chance to be in the near future; and, not least, personal benefits for those officials who were consenting adults. Symbolic politics, assimilating liberalization of media to technological modernization, played a major role in tilting elite opinion in favor of the new media system.20 There is hardly any country, outside China, Singapore, and the Islamic fundamentalist world, where the institutional and business structure of the media did not experience a dramatic turnaround between the mid-1980s and the mid-1990s.²¹ Television and radio were privatized on a large scale, and those government networks that remained often became indistinguishable from private television since they were submitted to the discipline of audience ratings and/or advertising revenues.22 Newspapers became concentrated in major consortiums, often with the backing of financial groups. And, most importantly, media business went global, with capital, talent, technology, and corporate ownership spinning all over the world, away from the reach of nationstates (see figure 5.3). It does not entirely follow that states have no stake in the media. Governments still control important media, own stock, and have means of influence in a vast array of the media world. And business is careful not to antagonize the gatekeepers of potential markets: when Murdoch's Star Channel was chastised by the Chinese government for its liberal views on Chinese politics, Star obliged with newly found restraint, canceling BBC's news service from the

Sengenberger and Campbell (1994); Navarro (1995); Castells (1996).

¹⁴ Mattelart (1991).

¹⁵ Blumenfield (1994); Brenner (1994); Chong (1994); Graf (1995).

¹⁶ Cohen (1986).

Doyle (1992); Irving et al. (1994); Negroponte (1995); Scott et al. (1995); Campo Vidal (1996).

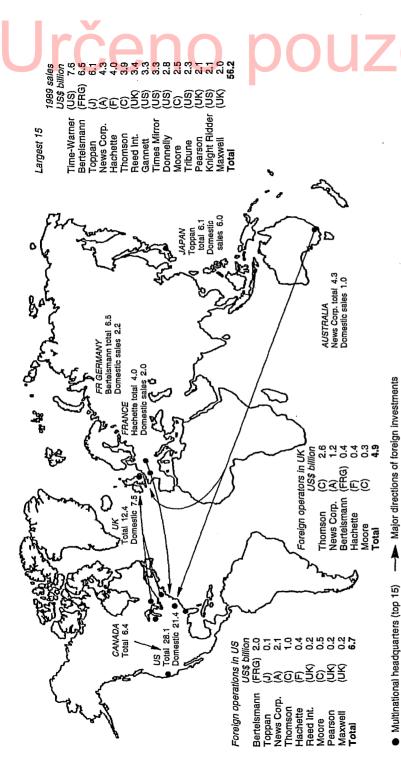
MacDonald (1990).

Gerbner et al. (1993); Campo Vidal (1996).

Vedel and Dutton (1990).

MacDonald (1990); Doyle (1992); Perez-Tabernero et al. (1993); Dentsu Institute for Human Studies (1994); The Economist (1994, 1996).

²² Perez-Tabernero et al. (1993).



Size and location of activities of the 15 largest print and media multinationals (Germany, Canada, reports, elaborated by MacDonald (1990) France, and Australia are major exporters; the US and UK are major importers) Source: Fortune (April 23, 1990) and company annual Figure 5.3

channel's Chinese programming, and investing in an on-line edition of People's Daily. But, if governments still have influence over the media, they have lost much of their power, except for those media under the direct control of authoritarian states. Moreover, the media need to build their independence as a key ingredient of their credibility - not only vis à vis public opinion, but with regard to the plurality of power-holders and advertisers, since the advertising industry is the economic foundation of the media business. If a given medium becomes predominantly attached to an explicit political option or systematically represses certain kinds of information, it will restrict its audience to a relatively small segment, will hardly be able to make a profit in the marketplace, and will not appeal to the interests of a plurality of constituencies. On the other hand, the more a medium is independent, broad, and credible, the more it attracts information, sellers and buyers from a wide spectrum. Independence and professionalism are not only rewarding ideologies for the media: they translate into good business, including, sometimes, the possibility of selling this independence at a higher price when the occasion arises. Once media are acknowledged in their independence, once the nation-state acquiesces to this quality as an essential proof of its democratic character, the circle is closed: any attempt to curtail the media's liberty will become politically costly, since the citizenry, not necessarily picky concerning the accuracy of news, defends jealously the privilege of receiving information from sources that are not submitted to the state. This is why even authoritarian states are losing the battle over media in the Information Age. The ability of information, and images, to diffuse via satellite, video-cassette, or the Internet has dramatically expanded, so that news black-outs are increasingly ineffective in the main urban centers of authoritarian countries, precisely those places where the educated, alternative elites live. Furthermore, since governments all over the world want also to "go global," and global media are their accessing tool, governments often enter into negotiating two-way communication systems that, even when proceeding slowly and cautiously, ultimately undermine their hold on communication.

In a parallel movement to globalization of the media, there has also been, in many countries, thanks to new communication technologies, such as cost-sharing satellite transmission, an extraordinary growth of local media, particularly for radio and cable television. Most of these local media, which often share programming, have established a strong connection to specific, popular audiences, bypassing the standardized views of mass media. So doing, they escape the traditional channels of control (be it direct or indirect) that nation-states had set up vis à vis television networks and major newspapers. The growing

political autonomy of local and regional media, using flexible communication technologies, is as important a trend as the globalization of media in shaping public attitudes. Furthermore, the two trends converge in many instances, with global media corporations buying into niche markets, on the condition of accepting the specificity of audiences built around local media.²³

Computer-mediated communication is also escaping the control of the nation-state, ushering in a new era of extra-territorial communication.²⁴ Most governments seem to be terrified at the prospect. In January 1996, the French Minister of Information Technology announced the intention of his government to propose to the European Union a series of measures to ban free access to the Internet. The event that prompted this scheme of technological censorship from the country that spurred revolutionary ideals of liberty in Europe, as well as Minitel, was Mitterrand's last battle. After his death, a book was published by his doctor revealing that Mitterrand had had prostate cancer for all the 14 years of his presidency. The book was banned in France, at the request of Mitterrand's family, but everybody could read it on the Net. The fury of the French government went far beyond this particular issue. There was a clear understanding that government's or court's decisions over information could no longer be implemented. And the control of information has been, long before the Information Age, the foundation of state power.25 Similar initiatives came, around the same time, from the Chinese, German, and American governments, on a variety of issues ranging from financial and political information in China to child pornography in the United States.26 At the heart of the matter was the question of trans-border information flows that make it difficult to prosecute the source of information even if it were detected. It is still under debate what are the real technical possibilities of cutting access to the Internet without shutting off a whole country from the network. It would seem that ex post facto censorship and penalties, and self-operated screening devices, are easier than the jamming of communication. But even if external screening measures become effective, they will shrink the network, thus undermining access to much useful information and diminishing the extent and scope of interactivity. Furthermore, to be able to shrink the Net selectively, all countries connected to it will have to agree on

the topics they want to see banned, and then set up a joint monitoring system that will certainly be challenged as unconstitutional in democratic countries. Indeed, in the United States, in June 1996, a federal judicial panel in Pennsylvania declared unconstitutional most of the new federal law intended to regulate pornographic material diffused over the Net. In a forceful decision, the three judges wrote: "Just as the strength of the Internet is chaos, so the strength of our liberty depends upon the chaos and cacophony of the unfettered speech the First Amendment protects." Thus, for the years to come, nation-states will be struggling to control information circulating in globally interconnected telecommunication networks. I bet it is a lost battle. And with this eventual defeat will come the loss of a cornerstone of state power.

A Powerless State?

Altogether, the globalization/localization of media and electronic communication is tantamount to the de-nationalization and destatization of information, the two trends being inseparable for the time being.

A lawless world?

The globalization of crime further subverts the nation-state, profoundly transforming processes of governance, and actually paralyzing the state in many instances. This is a crucial trend which is as easily acknowledged as promptly ignored in its consequences.²⁸ A whole chapter (in volume III, chapter 3) analyzes what is one of the most relevant trends of our world, and a distinctive one in respect of other periods, but it is necessary, at this point in the argument, to include such a critical trend in our understanding of the current crisis of the nation-state. What is new is not the pervasiveness of crime and its impact on politics. What is new is the global linkage of organized crime, its conditioning of international relations, both economic and political, because of the scale and dynamism of the criminal economy. What is new is the deep penetration, and eventual destabilization, of national states in a variety of contexts under the influence of transnational crime. While drug traffic is the most significant industrial sector in the new criminal economy, all kinds of illicit traffics come together in this shadow system that extends its reach and power over the world: weapons, technology, radioactive materials, art treasures, human beings, human organs, killers for hire, and smuggling of every

²³ Levin (1987); Abramson et al. (1988); Scheer (1994); Spragen (1995); Fallows (1996).

²⁴ Kahn (1994); Financial Technology International Bulletin (1995); Kuttner (1995); Ubois (1995).

²⁵ Couch (1990).

²⁶ Berman and Weitzner (1995); Faison (1996); Lewis (1996a).

²⁷ Cited by Lewis (1996b).

Sterling (1994); Golden (1995); Handelman (1995); Johnson (1995); WuDunn (1996).

profitable item from anywhere to anywhere are connected through the mother of all crimes – money laundering. Without it, the criminal economy would neither be global nor very profitable. And, through money laundering, the criminal economy is connected to the global financial markets, of which it is a sizeable component, and a relentless source of speculation. According to the United Nations Conference on the Global Criminal Economy held in Naples in October 1994, 29 a reasonable estimate would put the figure of capital from illegal sources being laundered in the global financial system at about US \$ 750 billion a year. These capital flows need to be processed with greater mobility and flexibility than those originating from any other industry, since it is their constant swirling that makes them avoid tracking by law enforcement agencies.

The impact of these trends on national states occurs along three main lines:

- 1 In many instances, the entire structure of the state, often including the highest levels of power, is penetrated by criminal linkages, either through corruption, threats, or illegal political financing, thus creating havoc in the conduct of public affairs.
- 2 International relations between nation-states, in many countries, come to be dependent, in various degrees, on the handling or mishandling of cooperation in the fight against the criminal economy. The typical case until now has been that of relationships between the United States and some Latin American countries (Colombia, Bolivia, Mexico, Paraguay, Panama), but it is becoming a broader phenomenon, as the criminal economy diversifies (for instance, Germany's concern with Russian Mafiaoriginated traffic of radioactive materials; or the Russian government's worries about the increasing involvement of the Sicilian Mafia and of Colombian cartels with the Russian Mafiya).
- 3 The growing importance of financial flows from criminal origin are key elements in stimulating or destabilizing entire national economies, so that economic policy cannot be properly conducted in many countries and areas without including into the picture this highly unpredictable factor.

It used to be that national governments deeply affected by the wheelings and dealings of the criminal economy were a handful of usual suspects, such as Italy or Colombia. Not any more. The importance of the phenomenon, its global reach, the size of its wealth and influence, and its entrenched connection with international finance, make criminal linkages to political corruption a frequent feature in

major countries. For instance, the Japanese Yakuza has recently internationalized its connections. And the open, and less open, linkages of the Yakuza with Japanese government leaders are well known, to the point that the Ministry of Construction was considered, over a long period, as the way to exchange government contracts in public works for generous contributions from Yakuza-sponsored businesses to the Liberal Democratic party - a system not too dissimilar to that of Italian Christian Democracy's Mezzogiorno development programs in relation to the Mafia. Or, when in 1996 a series of bank crises rocked Japan, resulting in unpaid loans for hundreds of billions of dollars, serious suspicions arose on the role of Yakuza in forcing bank managers to grant these loans, including the killing of two bankers.30 In another context, the suspected penetration of internationally connected Russian criminal organizations in various spheres of government of one of the world's most powerful states, including the armed forces, is a worrisome development. And the chain of political scandals that have shaken governments all over the world in the 1990s (a topic that I shall analyze in chapter 6) is not unrelated, in many instances, to the continuing power struggle between the structures of global crime and the structures of nation-states. Furthermore, even major governments, which think they are relatively immune to penetration by crime in their higher levels, do suffer the aftershocks of criminal political maneuvering. For instance, when in 1994-95 the Mexican economy crumbled, in spite of massive US lending, because of a political crisis partly prompted, as I will argue below, by the penetration of drug traffickers in the highest levels of the Mexican ruling party, the dollar went sharply down, and the German mark skyrocketed in the currency markets. destabilizing the European monetary system, because of investors' fears that the US government deficit would balloon in the effort to lift Mexico out of its potential crash. In this entangled whirlwind of crime, capital, and power, there is no safe place. Or, for that matter, no safe national institutions.

Thus, globalization, in its different dimensions, undermines the autonomy and decision-making power of the nation-state. And this happens at the very moment when the exercise of state power in the international area is also subject to the constraints of multilateralism in defense, foreign policy, and global public policies, such as environmental policy.

The Nation-state in the Age of Multilateralism

The post-Cold War period is characterized by increasing multilateral interdependence between nation-states.³¹ This is due, primarily, to three factors: the dissolution or loosening of the military blocs built around the two superpowers; the dramatic impact of new technologies on warfare; and the social perception of the global character of major challenges to humankind because of increased knowledge and information, as in the case of environmental security.

With the disappearance of the Soviet Union, and regardless of possible future tensions between Russia, China, and NATO, the major mechanism for the stabilization of strategic links for most nationstates around the two superpowers disappeared as well.³² While NATO continues to be organized around a US-led Western alliance, its functions are being redefined in the second half of the 1990s toward the fulfillment of security tasks on behalf of a broad consortium of nations, in association, whenever possible, with the United Nations. The new notion of global, collective security, 33 which emerged for the first time with the Gulf War to face the common threat to the oil supply from the Middle East, involves a symbiotic relationship between the most capable military forces (US and UK professional armies), the financiers of operations (Japan, Germany, the Arab princes, in the first place), and the rhetorical statements on behalf of the civilized world (often enacted by French leaders). The deliberate attempt by this NATO-based alliance to involve Russia in joint operations, as in Bosnia, is indicative of the transformation of military alliances from superpower domination to joint policing of a shaky world order, against potential unpredictable threats to the system. The new security system is being built, primarily, against outer barbarians without a name as yet.34 So doing, nation-states, including the most powerful, are enmeshed in a web of interests and negotiations that reshapes itself into a different format for each issue to be tackled. Without the need for dramatic decisiveness in life and death situations, as was the case in the potential confrontation of superpowers and their allies in the Cold War nuclear age, the muddling through of a foreign policy with variable geometry translates into the growing inability of any state to act on its own in the international arena. Foreign policy is, by essence, multilateral in this end of millennium.³⁵

Two major reservations concern the degree of integration into this system of collective security of Russia, still a nuclear superpower, and of China, superpower in the making. ³⁶ Yet, since it is unlikely that any of them will organize a set of permanent allies around their interests (in spite of China's links to Pakistan), their relative isolation, and deep-seated distrust between them, does not contradict the multilateral character of the new security system, but simply adds complexity to it.

Fast changes in military technology are also undermining the capability of the nation-state to stand alone.37 Warfare is now essentially dependent upon electronics and communications technology, as demonstrated by the Gulf War. The massive devastation that can be inflicted from a distance, through missile launchings and air strikes, can cripple in a few hours a sizeable army, particularly if its defenses are made blind by electronic counter-measures, and if targets have been identified by satellite and processed by computers thousands of kilometers away to direct actual fire in this invisible war. Conventional warfare is, as it always was, technologically dependent. The difference in the current period is, on the one hand, the speed of technological change, which makes weapons obsolete in a short time span.38 This forces the continuous upgrading of weapons systems if armies are supposed to really fight other armies, instead of controlling their own people, as is still the case for much of humankind. Low-tech armies are not armies at all, but disguised police forces. On the other hand, the character of new military technology makes necessary a professional army in which personnel is equipped with advanced knowledge to manipulate semi-automated weaponry, and communication systems. This gives an advantage to countries with an advanced technological level, regardless of the size of their armed forces, as the cases of Israel and Singapore illustrate. Because of the essential role of technology, nation-states still wanting to assert their capacity to exercise violence become permanently dependent on technological suppliers, not just on hardware, but on human resources. This dependency, however, has to be placed in the context of a growing diversification of conventional war weapons, as countries industrialize and technology diffuses.39 Thus, Brazil or Israel can be efficient suppliers of advanced warfare equipment. France, the UK, Germany, Italy, and China have increased their role, together with the United States and Russia, as suppliers of the world's armies. An increasingly

Baylis and Rengger (1992); McGrew et al. (1992); Falk (1995); Orstrom Moller (1995); Alonso Zaldivar (1996).

³² Alonso Zaldivar (1996); McGrew (1992b).

³⁵ McGrew (1992a); Mokhtari (1994).

³⁴ Rosenau (1990); Berdal (1993); Guehenno (1993).

³⁵ Frankel (1988); McGrew et al. (1992).

⁶ Boardmann (1994); Alonso Zaldivar (1996).

⁷ McInnes (1992).

McInnes and Sheffield (1988); Grier (1995).

⁵⁹ McGrew (1992b).

complex pattern of cooperation and competition emerges, with China buying advanced fighters from Russia and communications technology from the United States, and France selling missiles to whoever wants to buy them, with after-sale services for training and maintenance included. Furthermore, illegal global markets for weapons, for any kind of weapons, have proliferated, making possible widespread diffusion of whichever technology becomes available, from "Stingers" to "Patriots," from nerve gas to electronic jamming devices. It follows that, unlike in other historical periods, no single state is self-sufficient in the production of warfare equipment, with the essential exception of the United States (since Russia is now technologically dependent on microelectronics and communications). But this does not imply that all nation-states are doomed to become an American colony. It is, rather, the opposite. The lack of a clear adversary has relaxed technology controls from the US Defense Department, so that most essential technologies and conventional weapons are widely available. Because nation-states cannot control sources for the supply of state-of-the-art equipment, they are permanently dependent, in the potential exercise of their war-making power, not on the US, but on diverse, global supplier networks. The fact that the United States is technologically self-sufficient (and only because of the Pentagon's effort to fight off dependency on Japanese semiconductor manufacturing equipment) gives to the United States the title of being the only true superpower. Yet, even this fact does not translate into full sovereignty in its foreign policy because of the weak financial and political position of the US toward committing its forces abroad.40 Furthermore, as McInnes argues, "the character of modern warfare has led military thinkers to question whether a high intensity conflict could ever be worth the costs involved (regardless of whether nuclear weapons are used), and even if such a war did occur, whether it could be sustained by any length of time [given how expensive high-tech weapons are and how fast they can be destroyed]."41

Technological evolution adds a new twist to international relations toward multilateralism. Industrialization of new areas of the world, diffusion of scientific and technological knowledge, and illegal trade in everything have pushed, and are pushing, toward proliferation of nuclear, chemical, and biological warfare capabilities. ⁴² Thus, while nation-states are increasingly dependent on cutting-edge technology in conventional warfare, they may nevertheless have access to what I

40 Savigear (1992).

would call "veto technologies," that is, weapons of mass destruction that by their existence can deter a more powerful state from winning. The global "terror equilibrium" is in the process of being decentralized to many local "terror equilibria." This trend forces, on the one hand, major powers to undertake concerted, multilateral action to prevent the control of these weapons by new countries, political forces, or terrorist groups. On the other hand, once some countries come, anyway, into the possession of these weapons, the global security system is compelled to intervene and assist in balancing powers of destruction in each area of the world to prevent dangerous local confrontations.⁴³ It follows a complex, entangled web of different levels of destructive power, controlling each other with ad hoc agreements, and negotiated processes of disarmament and disengagement. In such a web no nation-state, not even the United States, is free any longer, since a miscalculation, or an excess in exercising superior power, could trigger a nuclear, or bacteriological, local holocaust. Humankind will live for a long time with the monsters of destruction we have created, either for mass, standardized annihilation, or miniaturized for customized carnage. Under such circumstances, the most fundamental task of nation-states (and not just for the superpowers as in the Cold War period) has become to limit the actual exercise of their own military power, thus weakening their original raison d'être.

Nation-states also confront the limits of their legitimacy, and thus ultimately of their power, regarding the global management of the planet's environment.⁴⁴ Science and technology are producing, because of increased computing capacity, unprecedented new knowledge on the degradation of nature, and on its consequences for our species. In a related development, as shown in chapter 3, the environmental movement has raised ecological consciousness in societies around the world, putting increasing pressure on the responsibility of governments to halt the path toward catastrophe. Yet, individual nation-states are powerless, on their own, to act on issues such as global warming, the ozone layer, the deforestation of the planet, the pollution of water reserves, the depletion of life in the oceans, and the like. Efforts for states to come together take, more often than not, the form of international shows and solemn rhetoric, rather than actual implementation of joint action programs. Lipschutz and Coca write, in concluding their global survey on concerted environmental policies:

McInnes (1992: 156).

¹² McGrew (1992b).

Daniel and Hayes (1995).

⁴⁴ Rowlands (1992); Vogler (1992); Morin and Kern (1993); Wapner (1995); Hempel (1996).

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The possibility of an hegemonic direction or the emergence of a central coordinating authority seem remote with respect to environmental matters. And the likelihood of effective multilateral coordination seems small, as well, because of major uncertainties about the costs and benefits of environmental protection and management. To these barriers and conditions we would add a number of factors that stem from the nature of the state itself: the fundamental incapacity of governments to control the destructive processes involved, the scarcity of effective policy levers, and the importance of key resource-extraction (and hence environmental destruction) for key state-society alliances.⁴⁵

This is not necessarily because of ignorance or ill-faith on the part of governments, but because each nation-state continues to act on behalf of its own interests, or of the interests of constituencies it values most. So doing, multilateralism becomes a forum of debate and a negotiating arena, rather than a tool for exercising collective responsibility. Following a Habermasian logic of "crisis displacement," "the fundamental and global environmental-economic contradiction," as Hay puts it, "becomes displaced to the level of the nation-state." This structurally induced stubbornness of nation-states paradoxically leads to their weakening as viable political institutions, as citizens around the world realize the incapacity of these rather expensive and cumbersome apparatuses in dealing with the major issues challenging humankind. Thus, to overcome their growing irrelevance, nation-states increasingly band together, shifting gears toward a new supranational order of governance.

Global Governance and the Super Nation-state

"If one wants a shorthand explanation for the renewed momentum of European integration in the mid-1980s," as Streeck and Schmitter wrote, "one would probably account for it as the result of an alignment between two broad interests – that of large European firms struggling to overcome perceived competitive advantages in relation to Japanese and US capital and that of state elites seeking to restore at least part of the political sovereignty they had gradually lost at the national level as a result of growing international interdependence." 48

On both counts, for business interests and political interests, what was sought for was not supranationality, but the reconstruction of nation-based state power at a higher level, at a level where some degree of control of global flows of wealth, information, and power could be exercised. The formation of the European Union (as I will argue in volume III) was not a process of building the European federal state of the future, but the construction of a political cartel, the Brussels cartel, in which European nation-states can still carve out, collectively, some level of sovereignty from the new global disorder, and then distribute the benefits among its members, under endlessly negotiated rules. This is why, rather than ushering in the era of supranationality and global governance, we are witnessing the emergence of the super nation-state, that is of a state expressing, in a variable geometry, the aggregate interests of its constituent members.⁴⁹

A similar argument can be extrapolated to the plurality of international institutions that share the management of the economy, of security, of development, of the environment, in this world fin de millénium. 50 The World Trade Organization has been set up to make compatible free trade with trade restrictions in a non-disruptive mechanism of control and negotiation. The United Nations is vying to establish its new, double role as a legitimate police force on behalf of peace and human rights, and as a world media center, staging global conferences every six months on the headlines of humankind: environment, population, social exclusion, women, cities, and the like. The G-7 countries club has appointed itself as the supervisor of the global economy, letting Russia watch through the window, just in case, and instructing the International Monetary Fund and the World Bank to keep financial markets and currencies under discipline, both globally and locally. Post-Cold War NATO has emerged as the nucleus of a credible military force to police the new world disorder. NAFTA is tightening up the economic integration of the Western hemisphere, with the potential incorporation of Chile belying its Northern label. MERCOSUR, on the other hand, is asserting South America's independence by increasingly trading with Europe rather than with the United States. Various Pacific cooperation international institutions are trying to build the commonality of economic interests, bridging over the historical mistrust between major players in the Asian Pacific (Japan, China, Korea, Russia). Countries around the world are using old institutions, such as ASEAN or the Organization

⁴⁵ Lipschutz and Coca (1993: 332).

Castells (forthcoming).
 Hay (1994: 87).

Streeck and Schmitter (1991: 148).

⁴⁹ Orstrom Moller (1995).

⁵⁰ Berdal (1993); Rochester (1993); Bachr and Gordenker (1994); Dunaher (1994); Falk (1995); Kraus and Knight (1995); Oversight of IMF/World Bank (1995).

of African Unity, or even post-colonial institutions, such as the British Commonwealth, or the French cooperation system, as platforms for joint ventures toward a diversity of goals that could hardly be reached by individual nation-states. Most assessments of this growing process of internationalization of state policies seem to doubt the feasibility of global governance as fully shared sovereignty, in spite of this notion's powerful rationale. Rather, global governance is usually considered as the negotiated convergence of national governments' interests and policies.⁵¹ Nation-states, and their elites, are too jealous of their privileges to surrender sovereignty, except under the promise of tangible returns. In addition, according to opinion polls, it is highly unlikely, in the foreseeable future, that the majority of citizens in any country would accept full integration in a supranational, federal state.52 The US experience of federal nation building is so historically specific that, in spite of its forceful appeal, it can hardly be a model for late millennium federalists in other areas of the world.

Furthermore, the growing incapacity of states to tackle the global problems that make an impact on public opinion (from the fate of whales to torture of dissidents around the world) leads civil societies to increasingly take into their own hands the responsibilities of global citizenship. Thus, Amnesty International, Greenpeace, *Medecins sans frontières*, Oxfam, and so many other humanitarian non-governmental organizations have become a major force in the international arena in the 1990s, often attracting more funding, performing more effectively, and receiving greater legitimacy than government-sponsored international efforts. The "privatization" of global humanitarianism is gradually undermining one of the last rationales for the necessity of the nation-state.⁵³

In sum, what we are witnessing is, at the same time, the irreversible sharing of sovereignty in the management of major economic, environmental, and security issues, and, on the other hand, the entrenchment of nation-states as the basic components of this entangled web of political institutions. However, the outcome of such a process is not the reinforcement of nation-states, but the systemic erosion of their power in exchange for their durability. This is, first of all, because the processes of relentless conflict, alliance, and negotiation make international institutions rather ineffective, so that most of their political energy is spent in the process, rather than in the product. This seriously slows down the intervening capacity of states, unable to act by themselves, yet paralyzed when trying to act collec-

tively. Moreover, international institutions, partly to escape from such a paralysis, partly because of the inherent logic of any large bureaucracy, tend to take on a life on their own. So doing, they define their mandate in ways that tend to supersede the power of their constituent states, instituting a de facto global bureaucracy. For instance, it is essentially wrong, as leftist critics often argue, that the International Monetary Fund is an agent of American imperalism or, for that matter, of any imperialism. It is an agent of itself, fundamentally moved by the ideology of neoclassical economic orthodoxy, and by the conviction of being the bulwark of measure and rationality in a dangerous world built on irrational expectations. The coldbloodedness I have personally witnessed of IMF technocrats' behavior in helping to destroy Russian society in the critical moments of transition in 1992-95 had nothing to do with capitalist domination. It was, as in Africa, as in Latin America, a deep-seated, honest, ideological commitment to teach financial rationality to the people of the world, as the only serious ground to build a new society. Claiming victory in the Cold War for free-wheeling capitalism (a historical affront to the harsh combats of social democracy against Soviet communism), IMF experts do not act under the guidance of governments who appoint them, or of citizens who pay them, but as self-righteous surgeons skillfully removing the remnants of political controls over market forces. So doing, they may trigger a deep resentment among citizens all over the world, who feel the full impact of these global institutions on their lives, bypassing their obsolete nation-states.

Thus, the growing role played by international institutions and supranational consortia in world policies, cannot be equated to the demise of the nation-state. But the price paid by nation-states for their precarious survival as segments of states' networks, is that of their decreasing relevance, thus undermining their legitimacy, and ultimately furthering their powerlessness.

Identities, Local Governments, and the Deconstruction of the Nation-state

On December 25, 1632, the Count-Duke of Olivares wrote to his king, Philip IV:

The most important business in your Monarchy is for Your Majesty to make yourself King of Spain; I mean, Sir, that Your Majesty should not be content with being King of Portugal, Aragon, Valencia, and Count of Barcelona, but should work and secretly scheme to reduce these kingdoms of which Spain is

⁵¹ United Nations Commission on Global Governance (1995).

Orstrom Moller (1995).

⁵³ Guehenno (1993); Rubert de Ventos (1994); Falk (1995).

composed to the style and laws of Castile, with no differentiation in the form of frontiers, custom posts, the power to convoke the Cortes of Castile, Aragon and Portugal wherever it seems desirable, and the unrestricted appointment of ministers of different nations both here and there . . . And if Your Majesty achieves this, you will be the most powerful prince in the world. 54

The king acted on this advice, thus inducing a process that ultimately led to the Revolt of the Reapers in Catalonia, the revolt against the salt tax in the Basque Country, and the rebellion and eventual independence of Portugal. At the same time, he also built, in the process, the foundations of the modern, centralized, Spanish nationstate, albeit in such a precarious condition that prompted almost three centuries of uprisings, repressions, civil wars, terrorism, and institutional instability.55 Although the Spanish state, until 1977, represented an extreme situation of imposed homogeneity, most modern nation-states, and particularly the French revolutionary state, have been built on the denial of the historical/cultural identities of its constituents to the benefit of that identity that better suited the interests of the dominant social groups at the origins of the state. As argued in chapter 1, the state, not the nation (defined either culturally or territorially, or both), created the nation-state in the Modern Age. 56 Once a nation became established, under the territorial control of a given state, the sharing of history did induce social and cultural bonds, as well as economic and political interests, among its members. Yet, the uneven representation of social interests, cultures, and territories in the nation-state skewed national institutions toward the interests of originating elites and their geometry of alliances, thus opening the way for institutional crises when subdued identities, historically rooted or ideologically revived, were able to mobilize for a renegotiation of the historical national contract.57

The structure of the nation-state is territorially differentiated, and this territorial differentiation, with its sharing, and not sharing, of powers, expresses alliances and oppositions between social interests, cultures, regions, and nationalities that compose the state. As I elaborated elsewhere, ⁵⁸ the territorial differentiation of state institutions explains to a large extent the apparent mystery of why states are often ruled on behalf of the interests of a minority while not necessarily

relying on repression. Subordinate social groups, and cultural, national, regional minorities, do have access to power at lower levels of the state, in the territories where they live. Thus, a complex geometry emerges in the relationship between the state, social classes, social groups, and identities present in civil society. In each community and in each region, the social alliances and their political expression are specific, corresponding to the existing local/regional power relationships, the history of the territory, and its specific economic structure. This differentiation of power alliances according to various regions and communities is an essential mechanism for keeping in balance, overall, the interests of various elites which jointly benefit from the policies of the state, albeit in different proportions, in different dimensions, and in different territories. 59 Local and regional notables trade power in their territory for their allegiance to structures of dominance at the national level, where interests of national or global elites are more powerful. Local notables are intermediaries between local societies and the national state: they are, at the same time, political brokers and local bosses. Since agreements reached between social actors at the level of local government do not often correspond to the political alliances established between various social interests at the national level, the local system of power does not develop easily along strict party lines, even in the European situation of partydominated democracies. Local and regional social alliances are frequently ad hoc arrangements, organized around local leadership. Thus, local and regional governments are, at the same time, the manifestation of decentralized state power, the closest point of contact between the state and civil society, and the expression of cultural identities which, while hegemonic in a given territory, are sparsely included in the ruling elites of the nation-state. 60

I have argued, in chapter 1, that the increasing diversification and fragmentation of social interests in the network society result in their aggregation under the form of (re) constructed identities. Thus, a plurality of identities forwards to the nation-state the claims, demands, and challenges of the civil society. The growing inability of the nation-state to respond *simultaneously* to this vast array of demands induces what Habermas called a "legitimation crisis," or, in Richard Sennett's analysis, the "fall of public man," the figure that is the foundation of democratic citizenship. To overcome such a

⁵⁴ Cited by Elliott and de la Pena (1978: 95); translation by Elliott.

⁵⁵ Alonso Zaldivar and Castells (1992).

⁵⁶ Norman (1940); Halperin Donghi (1969); Tilly (1975); Gellner (1983); Giddens (1985); Rubert de Ventos (1994).

Hobsbawm (1990): Blas Guerrero (1994).

⁵⁸ Castells (1981).

⁵⁹ Dulong (1978); Tarrow (1978).

⁶⁰ Gremion (1976); Ferraresi and Kemeny (1977); Rokkan and Urwin (1982); Borja (1988); Ziccardi (1995); Borja and Castells (1996).

⁶¹ Habermas (1973).

⁶² Sennett (1978).

legitimation crisis, states decentralize some of their power to local and regional political institutions. This movement results from two convergent trends. On the one hand, because of the territorial differentiation of state institutions, regional and national minority identities find their easiest expression at local and regional levels. On the other hand, national governments tend to focus on managing the strategic challenges posed by the globalization of wealth, communication, and power, hence letting lower levels of governance take responsibility for linking up with society by managing everyday life's issues, so to rebuild legitimacy through decentralization. However, once this decentralization of power occurs, local and regional governments may seize the initiative on behalf of their populations, and may engage in developmental strategies vis à vis the global system, eventually coming into competition with their own parent states.

A Powerless State?

This trend is apparent all over the world in the 1990s. In the United States, the growing distrust of federal government goes hand in hand with a revival of local and state governments as sites of public attention. Indeed, according to opinion polls in the mid-1990s,63 this re-localization of government offers the most immediate avenue for the re-legitimation of politics, be it in the form of ultra-conservative populism, as in the "county rights" movement or the born-again Republican party, building its hegemony on attacking the federal government.64 In the European Union, while substantial areas of sovereignty have been transferred to Brussels, responsibility for many everyday life matters has been shifted to regional and local governments, including, in most countries, education, social policy, culture, housing, environment, and urban amenities.⁶⁵ Furthermore, cities and regions across Europe have gathered together in institutional networks that bypass national states, and constitute one of the most formidable lobbies, acting simultaneously on European institutions and on their respective national governments. In addition, cities and regions actively engage in direct negotiations with multinational corporations, and have become the most important agents of economic development policies, since national governments are limited in their actions by EU regulations.66 In Latin America, the restructuring of public policy to overcome the crisis of the 1980s gave new impetus to municipal and state governments, whose role had been traditionally overshadowed by dependency on the national government, with the important exception of Brazil. Local, provincial, and state governments in Mexico, in Brazil, in Bolivia, in Ecuador, in Argentina, in Chile, benefitted, in the 1980s and 1990s, from decentralization of power and resources, and undertook a number of social and economic reforms which are transforming Latin America's institutional geography. So doing, not only did they share power with the nation-state, but, most importantly, they created the basis for a new political legitimacy in favor of the local state.⁶⁷

China is experiencing a similar fundamental transformation, with Shanghai and Guandong controlling the main avenues of access to the global economy, and many cities and provinces around the country organizing their own linkages to the new market system. While Beijing seems to be keeping political control with an iron hand, in fact the power of the Chinese Communist party relies on a delicate balance of power-sharing and wealth distribution between national, provincial, and local elites. This central/provincial/local arrangement of the Chinese state in the process of primitive accumulation may well be the key mechanism in ensuring an orderly transition from statism to capitalism.⁶⁸ A similar situation can be observed in post-Communist Russia. The balance of power between Moscow and local and regional elites has been critical for the relative stability of the Russian state in the midst of a chaotic economy, as in the sharing of power and profits between the federal government and the "oil generals" in Western Siberia; or between Moscow elites and local elites in both European Russia and in the Far East. 69 On the other hand, when demands of national identity were not duly acknowledged, and eventually mishandled, as in Chech'nya, the ensuing war was largely responsible for derailing the course of the Russian transition. 70 Thus, from the glory of Barcelona to the agony of Grozny, territorial identity and local/regional governments have become decisive forces in the fate of citizens, in the relationships between state and society, and in the reshaping of nation-states. A survey of comparative evidence on political decentralization seems to support the popular saying according to which national governments in the Information Age are too small to handle global forces, yet too big to manage people's lives.71

Roper Center of Public Opinion and Polling (1995).

Balz and Brownstein (1996).

⁶⁵ Orstrom Moller (1995).

¹⁶ Borja et al. (1992); Goldsmith (1993); Graham (1995).

⁶⁷ Ziccardi (1991, 1995); Laserna (1992).

⁶⁸ Cheung (1994); Li (1995); Hsing (1996).

⁶⁹ Kiselyova and Castells (1997).

Khazanov (1995).
 Borja and Castells (1996).

The Identification of the State

The selective institutionalization of identity in the state has a very important, indirect effect on the overall dynamics of state and society. Namely, not all identities are able to find refuge in the institutions of local and regional governments. In fact, one of the functions of territorial differentiation of the state is to keep the principle of universal equality, while organizing its application as segregated inequality. Separate and unequal from the norm that underlies, for instance, the strong local autonomy of American local government.72 The concentration of poor people and ethnic minorities in America's central cities or in French banlieues tends to confine social problems spatially, while decreasing the level of available public resources precisely by keeping local autonomy. Local/regional autonomy reinforces territorially dominant elites and identities, while depriving those social groups who are either not represented in these autonomous government institutions or, else, are ghettoized and isolated.73 Under such conditions, two different processes may take place. On the one hand, identities that tend to be inclusive use their control of regional institutions to broaden the social and demographic basis of their identity. On the other hand, local societies retrenched in a defensive position build their autonomous institutions as mechanisms of exclusion. An example of the first process is democratic Catalonia: it is run by Catalans and in Catalan, although in the 1990s the majority of the adult population was not born in Catalonia, since genuine Catalan women have been traditionally giving birth below the replacement rate. Yet, the process of cultural integration and social assimilation for immigrants from Southern Spain is relatively smooth, so that their children will be culturally Catalan (see above chapter 1). What is important in this example is to observe how a given cultural/national identity, to be Catalan, uses the control of the local/regional state to survive as an identity, both by reinforcing its bargaining position vis à vis the Spanish nation-state, and by using its hold on the regional/local institutions to integrate non-Catalans, thus producing them as Catalans, and reproducing Catalonia through surrogate families.

A totally different situation arises when identities and interests dominating in local institutions reject the notion of integration, as in ethnically divided communities. More often than not, the rejection of official culture is answered by the excluded building pride in their excluded identity, as in many Latino communities in American cities,

or with the young beurs of French North African ghettos.74 These excluded ethnic minorities do not aim at the local state but call upon the national state in order to see their rights acknowledged, and their interests defended, above and against local/state governments, as in the case of American minorities requesting "affirmative action" programs to make up for centuries of institutional and social discrimination. However, the nation-state, in order to survive its legitimation crisis vis à vis the "majority," increasingly shifts power and resources to local and regional governments. So doing, it becomes less and less able to equalize the interests of various identities and social groups represented in the nation-state at large. Thus, mounting social pressures threaten the equilibrium of the whole nation. The nation-state's growing inability to respond to such pressures, because of the decentralization of its power, further de-legitimizes its protective and representative role vis à vis discriminated minorities. Subsequently, these minorities seek refuge in their local communities, in nongovernmental structures of self-reliance.75 Thus, what started as a process of re-legitimizing the state by shifting power from national to local level, may end up deepening the legitimation crisis of the nationstate, and the tribalization of society in communities built around primary identities, as shown in chapter 1.

In the limit, when the nation-state does not represent a powerful identity, or does not provide room for a coalition of social interests that empower themselves under a (re)constructed identity, a social/political force defined by a particular identity (ethnic, territorial, religious) may take over the state, to make it the exclusive expression of such an identity. This is the process of formation of fundamentalist states, such as the Islamic Republic of Iran, or the institutions of American governance proposed by the Christian Coalition in the 1990s. At first glance, it would seem that fundamentalism gives a new, and powerful, breadth to the nation-state, in an updated historical version. Yet, it is in fact the deepest manifestation of the demise of the nation-state. As explained in chapter 1, the expression of Islam is not, and cannot be, the nation-state (a secular institution), but the umma, the community of believers. The umma is, by definition, transnational, and should reach out to the entire universe. This is also the case with the Catholic Church, a transnational, fundamentalist movement seeking to convert the entire planet to the only true God, using when possible the support of any state. Under this perspective, a fundamentalist state is not a nationstate, both in its relationship to the world and in its relationship to the

Blakely and Goldsmith (1993).

⁷³ Smith (1991).

⁷⁴ Sanchez Jankowski (1991); Wieviorka (1993).

⁵⁾ Wacquant (1994); Trend (1996).

society living in the national territory. Vis à vis the world, the fundamentalist state has to maneuver, in alliance with other believers' apparatuses, states or not, toward the expansion of the faith, toward the molding of institutions, national, international, and local, around the principles of the faith: the fundamentalist project is a global theocracy, not a national, religious state. Vis à vis a territorially defined society, the fundamentalist state does not aim at representing the interests of all citizens, and of all identities present in the territory, but aims at helping those citizens, in their various identities, to find the truth of God, the only truth. Therefore, the fundamentalist state, while unleashing the last wave of states' absolute power, does so, in fact, by negating the legitimacy and durability of the nation-state.

Thus, the current death dance between identities, nations, and states, leaves, on the one hand, historically emptied nation-states, drifting on the high seas of global flows of power; on the other hand, fundamental identities, retrenched in their communities or mobilized toward the uncompromising capture of an embattled nation-state; in between, the local state strives to rebuild legitimacy and instrumentality by navigating transnational networks and integrating local civil societies.

Let me illustrate the full meaning of this proposition by focusing on contemporary developments in two major nation-states undergoing (as many others in the world) a structural crisis in the 1990s: Mexico and the United States.

Contemporary Crises of Nation-states: Mexico's PRI State and the US Federal Government in the 1990s

The analysis of the crisis of nation-states, as presented in this chapter, may be clarified by illustrating it with a summary account of specific crises. The reader should be aware, however, that observations and interpretation presented below are not intended to be fully fledged studies of state crises, given the limits of this chapter, even if they are grounded on empirical knowledge of the matter. From a wide range of possibilities around the world, I have selected, partly for reasons of personal acquaintance, two important cases. First, the Mexican PRI state because, after having been one of the most stable political regimes in the world for about six decades, it disintegrated in a few years under the combined impact, I will argue, of globalization, identity, and a transformed civil society. Secondly, I consider it meaningful to explore the actual effects of the processes described above on the US federal government, even if the US is an exceptional case because of the size of its economy, the flexibility of its politics, and the the high degree of decentralization in the

structure of the state. Yet, it is precisely this exceptionalism⁷⁶ that makes the observation of the American nation-state analytically relevant. This is because if even a state with a global reach, rooted in flexible federalism, becomes embattled by current trends as presented in this chapter, the proposed analysis might be considered to carry general value.

NAFTA, Chiapas, Tijuana, and the agony of the PRI state⁷⁷

After two decades of post-revolutionary instability, Mexico went on to build one of the most effective, if not most democratic, states in the world. It was organized around what came to be known as Partido Revolucionario Institucional (PRI), literally emphasizing the political project of institutionalizing the 1910-17 revolution in the diversity of its ideals and actors. The PRI state was able to subdue the competing power centers that haunted Latin American politics in most other countries of the region: the Army and the Catholic Church. It skillfully survived its unescapable, intimate connection with the United States, keeping alive Mexican nationalism and asserting political autonomy while enjoying generally good relations with its powerful neighbor. It managed to build a strong national, indigenous identity, bridging to the memories of pre-Colombian civilizations, while keeping in obscured marginality its 10 percent Indian population. It succeeded, also, in fostering substantial economic growth between 1940 and 1974, to create the world's twelfth largest economy by the 1990s. And, with the exception of targeted killings by landowners and local caciques, occasional political massacres (for example, Tlatelolco in 1968), and some limited action by leftist guerrillas, violence was rare in Mexican politics. Indeed, transmission of power from president to president was orderly, predictable, and unchallenged. Each president would designate his successor, and step out of the open political arena for ever. And each president would betray his predecessor, but never criticize him, and never investigate his actions. Systemic, widespread corruption was orderly, played by the rules, and,

⁷⁶ Lipset (1996).

The analysis of Mexico presented here is based on three sets of sources: (a) newspapers and magazines from Mexico and other countries, as well as Revista Mexicana de Sociologia; (b) a number of published sources, including Mejia Barquera et al. (1985); Berins Collier (1992); Gil et al. (1993); Cook et al. (1994); Partido Revolucionario Institucional (1994); Trejo Delarbre (1994a,b); Aguirre et al. (1995); Business Week (1995c); Golden (1995); Marquez (1995); Perez Fernandez del Castillo et al. (1995); Summers (1995); The Economist (1995b, c); Tirado and Luna (1995); Woldenberg (1995); Ziccardi (1995); Moreno Toscano (1996); and (c) my personal knowledge of Mexico after 25 years of regularly studying that country.

in fact, was a major stabilizing factor in Mexican politics; each president renewed the distribution of political appointments in the entire structure of the state, leading to tens of thousands of new appointments every six years. During their tenure appointees would have the chance of benefitting personally from their position, under different forms. This collective rotation of political elites in a very rewarding system, ensured collective discipline, everybody waiting for his opportunity (it was usually his) which would likely come on the condition of respecting the rules of the game. The penalty for breaking the rules of discipline, silence, patience, and, above all, hierarchy was eternal exile from any relevant position of power and wealth in the country, including media presence and meaningful academic appointments. Inside the PRI, different political factions (camarillas) competed for power, but never breaking the collective discipline of the party, and never challenging the authority of the president, decider of last resort in any dispute. Yet, the key to social and political stability in the Mexican state was the elaborate system of connections between the PRI and the civil society. It relied on the organic incorporation of popular sectors, mainly through the trade unions (Confederacion de Trabajadores Mexicanos, CTM), which controlled the working class; the Confederacion Nacional Campesina (CNC), which controlled peasants and farmers, most of them in a system of communal use of the land on state property (ejidos), established by the agrarian revolution; and the Confederacion Nacional de Organizaciones Populares (CNOP), which tried to organize miscellaneous urban popular sectors, although with notably less success. This system of political clientelism was, for the most part, not based on manipulation and repression, but on actual delivery of jobs, wages, social benefits, goods (including land), and services (including urban amenities) in a comprehensive populist scheme. The Mexican bourgeoisie, and foreign capital, were essentially excluded from the power system, although their interests were frequently represented by the PRI, certainly a pro-capitalist party, albeit in a national populist version. Indeed, most business groups, with the exception of the autonomous Monterrey group, were outgrowths of the Mexican state. Last, and least, elections were systematically rigged by fraud and intimidation when necessary. But, in most cases, PRI would have won (although not in all cases, in all elections, as it came to be) because of the effectiveness of a populist system, socially engineered through networks, familism, and personal loyalties in a vertical chain of reciprocities covering the whole country. In this sense, the PRI system was not simply a political regime, but the very structure of the Mexican state, as it existed in the twentieth century.

Then, it all went down in less than a decade, between the mid-

1980s and the mid-1990s. Even in the unlikely event that the first Mexican president of the twenty-first century will again be a PRI candidate, he would preside over a very different state, since the political system above described has already collapsed. In 1994, the first year of the legal existence of NAFTA, the institutional expression of full-scale globalization of the Mexican economy, the following events took place: the Zapatistas insurged in Chiapas, on the first day of the year; the PRI presidential candidate, Luis Donaldo Colosio, was assassinated (the first time that such an event had occurred in half a century); the Mexican peso collapsed, and Mexico almost defaulted, in spite of unprecedented US and IMF support, sending shock waves throughout the world economy; the General Secretary of PRI, Jose Francisco Ruiz Massieu (whose first wife was President Salinas' sister) was assassinated, and his brother, Mexico's Deputy Attorney General was suspected of a cover-up in the assassination, and fled the country; Raul Salinas, brother of the then president Carlos Salinas, and a close business associate of the president, was accused of masterminding the assassination of Ruiz Massieu, and jailed; Raul Salinas' connections to the drug cartels, and to the laundering of hundreds of millions of dollars were exposed; President Carlos Salinas, a few days after stepping down in December 1994, rejected any wrong-doings, staged a 24-hour hunger strike, and, after receiving polite comfort from his successor, President Zedillo, left the country; his departure opened, for the first time ever, a flurry of public denunciations and reciprocal accusations by Mexican politicians from all factions, including former presidents, who decided that now it was all for all. Although the August 1994 presidential election was won by the PRI, in a relatively clean electoral process, widespread fear of instability and violence if the PRI were defeated was critical for such a victory. Electoral results in state, municipal, and congressional elections held afterwards indicated a clear upward trend of votes toward the conservative opposition, the Partido de Accion Nacional (PAN), and, to a lesser extent, toward the left-wing critics organized around the Partido de la Revolucion Democratica (PRD). President Zedillo relinquished considerable control over the electoral machine, appointed independents and members of PAN to high levels in his administration, and seemed to be prepared to be the president of the transition toward a different kind of regime, and, maybe, state. But the PRI seemed to think otherwise. In November 1996, it rejected the agreement with other parties on the law on political reform.

The political future of Mexico is unclear at the time of writing (1996) with political forces, and political leaders of various origins and ideologies, positioning themselves for the new political era. The

only certainty is that the PRI state has ended its historical course. And the question is why, and how this major political event relates to the overall argument presented here on the crisis of the nation-state as a result of conflicts induced by the contradiction between globalization and identity.

The current transformation of Mexico, and the demise of its nationstate, started in 1982, when Mexico became unable to pay interest on its foreign debt, in spite of the fact that Mexico's oil production picked up exactly at the time when the two oil supply crises of 1974 and 1979 substantially increased oil prices in the world. After Lopez Portillo's administration (1976-82) ended with the sudden nationalization of Mexico's banks, in a desperate attempt to reassert state control over a rapidly internationalizing economy, Mexico's political and business elites, the US, and international corporate interests decided somehow (I do not know exactly how) that Mexico was too important a country to be left to traditional populists to run it. A new generation of tecnicos, rather than politicos, came to power, substituting US-trained economists, financiers, and political scientists, for licenciados from the Universidad Nacional Autonoma de Mexico's Law School, as was the tradition. None the less, new elites still had to be licenciados of the UNAM as well, and they still had to be in the lineage of one of the traditional PRI political families. In the case of Carlos Salinas, it was the former president Miguel Aleman's network, via Salinas' father, Secretary of Commerce 1958-64, and Salinas' uncle, Ortiz Mena, Mexico's Treasury Secretary between 1958 and 1982. Miguel de la Madrid, a technocrat linked to Catholic integrist circles, was the transition president, in 1982-88, in charge of putting Mexico's finances in order, and grooming the new team of young, technically competent, politically daring leaders who would create a new country, and a new state, from within the PRI: Harvard's Carlos Salinas, Secretary of the Budget, and Princeton's Manuel Camacho, Secretary of Urban Development, were the leading figures. But the austerity program implemented by de la Madrid in the 1980s plunged Mexico into a recession, and for all practical purposes broke the social pact with labor and the urban popular sectors. Union leaders were careful not to jeopardize their privileges, but industrial workers, public sector employees, and popular neighborhoods felt the pain of restructuring. Then, in 1985, an earthquake struck Ciudad de Mexico, wrecking homes and businesses, and triggering social protests. An alternative political coalition, the FDN, organized by Cuauthemoc Cardenas (the

son of General Cardenas, the 1930s' historic, populist leader of PRI) picked up steam, attracting the left of the PRI, from where Cuauthemoc Cardenas originated. The PRI barely survived the 1988 presidential election: Mexico City, Guadalajara, and Ciudad Juarez voted against the PRI. Carlos Salinas, the designated PRI candidate was elected because of fraud, this time the difference in votes being small enough that fraud became the decisive factor. Salinas, an intelligent, well-educated man, got the message. He appointed his old-time friend Manuel Camacho as Regente (Mayor) of Mexico City, and let him give free rein to his instincts: social programs, negotiation with civil society, democratization. The new president (with the influential help of the "Mexican Rasputin," French-born-of-Spanishancestry, international consultant Jose Cordoba) focused on ensuring the full integration of Mexico into the global economy. Salinas' views were straightforward: "We see an intense economic globalization of markets, and the revolution in knowledge and technology makes all of us live, more than ever, a single universal history."79 Indeed, his career goal (and semi-official candidacy) for his after-presidency life, was to become the first Secretary General of the newly instituted World Trade Organization. Accordingly, he tightened Mexico's belt, sharply reduced public spending, modernized communications and telecommunications infrastructure, privatized most public enterprises, internationalized banking, liberalized trade, and set the country wide open for foreign investment. While standards of living plummeted for the majority of people, inflation was sharply reduced, the Mexican economy grew substantially, exports boomed, investment poured in, so that in 1993 Mexico became the country with the highest amount of foreign direct investment in the developing world. Currency reserves accumulated quickly. Foreign debt payments were under control. It was successful globalization at work. Salinas also launched an unprecedented attack on corrupt labor leaders (actually a warning to all organized labor), and vowed to fight corruption and drug traffic, although on these matters history, maybe soon, will judge his actual record. In the process, he dramatically reduced the real wages of Mexican workers and impoverished large sectors of the population. He did launch a charity program, Pronasol, led by one of his closest collaborators, Luis Donaldo Colosio, while charging Camacho with helping out restless Mexico City dwellers, and Ernesto Zedillo with modernizing the educational system. Against the background of much human suffering, the Mexican economy was indeed transformed in a few years, to the point that the US, and international investors, decided that it was time to graduate Mexico, welcoming this

⁷⁸ In November 1996, local elections in the states of Mexico and Hidalgo were overwhelmingly won by opposition parties. The local elections sheduled for July 1997 in Mexico City and Monterrey are expected to inflict another major defeat on PRI.

Cited by Berins Collier (1992: 134).

nation of over 90 million people into the First World Club (the OECD), even if over 50 percent of its citizens were living below the poverty line, and about 30 percent in absolute poverty. The signing of NAFTA, in 1993, was the high point of this strategy of integration of Mexico into the global economy. It was the moment of Salinas' triumph. It was also time to designate the next president-to-be. Instead of selecting Camacho, the strongest and most popular of his inner circle, he went for Colosio, another young tecnico, who, although not from the old guard of the PRI, was president of the party, and was considered more open to compromise by the party apparatus. Ironically, Camacho's best friend in the PRI, Ruiz Massieu, was the party's General Secretary. But, he was there precisely to fight off the "dinosaurs," the old guard. Camacho was disgruntled by his demotion, both for personal and political reasons, and, for the first time in Mexican politics, he made clear his thoughts, to the president, and in public. But he had no option. By the end of 1993, everything seemed under control, and Salinas appeared to have succeeded in his perestroyka precisely by avoiding the mistake that, in his opinion, Gorbachev had committed: to reform politics before reforming the economy.

Then, on January 1, 1994, the first day of the NAFTA era, the Zapatistas attacked. I have already analyzed the causes, circumstances, and meaning of the Zapatista movement (chapter 2), so that I am simply considering here the movement's impact on the crisis of the Mexican state. It was devastating. Not because it really endangered state power from the military standpoint. But because it quickly became the rallying cry of a civil society that, in its large majority, was economically hurting and politically alienated. Furthermore, a genuinely Indian and peasant rebellion struck a major blow to PRI's mythology. The poor, the peasant, the Indian, were not the subdued, thankful, beneficiaries of the revolution, but the excluded, and they were fighting back. The veil of hypocrisy behind which Mexico had been living for decades was irreversibly torn. The king was naked, and so was the PRI.

Second act. Salinas, nervous with Camacho's reaction, decided to request his services again (with purposes and intentions unknown to me) to repair the damage in Chiapas. Camacho was appointed President's Commissioner for Peace. His skillful, conciliatory negotiation, and the popularity of the *Zapatistas*, triggered a new round of intrigue in the PRI in early 1994. With the Colosio campaign slow in taking off, the possibility of a reversal of the president's decision, nominating Camacho instead of Colosio, became the talk of the town. Colosio, the presidential candidate, a very capable and well-intentioned technocrat (a University of Pennsylvania-trained regional

planner) was not a member of the old guard. The party apparatus was already tense about his appointment. But Camacho was too much: he was politically savvy, had his own party connections, grassroots support, good opinion polls, and an uncompromising attitude. Both Colosio and Camacho spelled future trouble for the party if they were to become presidents. But even worse than one or the other was the uncertainty about whom, and even the possibility of an alliance between them. As negotiations in Chiapas went on, and as Colosio's campaign seemed to be in a holding pattern, tensions in the party apparatus intensified, particularly in some sectors with very specific interests, and much to lose.

A Powerless State?

Having reached this point in the analysis, I have to introduce a new element that, in my informed opinion, is absolutely decisive, even if I have no hard evidence: Mexico's new role in global organized crime. Since the 1960s, Mexico cultivated, and exported, marihuana, but not more (actually less) than some areas in the US, such as northern California and Kentucky. Heroin production started on a limited scale in the 1970s. But the big change came in the 1980s when the formation of global drug networks, and stepped-up pressure on the Caribbean and Central American routes in the US, led the Colombian cartels to share part of the US-bound commerce with Mexican cartels, by giving them an amount of cocaine equivalent to what they were able to smuggle into the US at the service of the Colombians. Traffic skyrocketed, and powerful Mexican cartels were organized: in Tamaulipas and the Gulf around Garcia Abrego; in Ciudad Juarez around Amado Carrillo; in Tijuana around the Arellano Felix brothers, among others. They added profitable heroine cultivation, and traffic. Then, amphetamines. Then, everything. In the tens of billions of dollars. To work quietly, and professionally, they followed the Cali model, rather than Medellin's. Avoid unnecessary killing, be discreet. Just be cool, efficient, buy whomever you need: police, drug investigators, judges, prosecutors, local and state officials, and PRI bosses, as high as possible. Every dollar invested in corruption is profitable because it creates a network that, by extending itself, multiplies support, and ensures silence. Thus, while the new techno-political elite of Mexico was busy linking up with the global economy, important sectors of the traditional PRI apparatus, together with state and local officials of various political affiliations, established their own connection to the other global economy." By 1994, the new "mafiocracy" was strong enough to defend its interests, but not established enough to cash out, and disappear into the financial avenues of money laundering. They needed more time, predictable time. And both Colosio and Camacho were unpredictable and dangerous to their interests. They decided to kill them both: Colosio, with a bullet; Camacho with a well-organized

opinion campaign that blamed him, morally, for Colosio's fate. They succeeded. Not accidentally, Colosio was killed in Tijuana. Zedillo, Colosio's campaign manager, and one of the four of Salinas' inner circle (the other was Pedro Aspe, the Finance Minister), took his place. He is a competent, Yale-educated economist. Yet, his political connections were tenuous and his political skills untested. Not that the criminal connection had its way fully. But at least they changed the rules of the game. Whoever trespassed into their territory would do it at their peril.

Next in line was the Secretary General of the PRI, who appeared to go too far in investigating Colosio's death, still unsolved at the time of writing. This time, the assassin of Secretary General Jose Francisco Ruiz Massieu was traced back to a prominent PRI parliamentarian, to the Tamaulipas cartel, and, ultimately, to Raul Salinas, the brother, and close associate, of the president. Oddly enough, Ruiz Massieu's brother, who was the government's Special Prosecutor against Drug Traffic, has been formally accused of being on the cartels' payroll. It is too early to assert beyond doubt who was doing what, and certainly beyond my knowledge and competence. Yet, what is analytically relevant is that in the 1994 decisive political crisis, the drug traffickers-PRI connection played a major role in the assassinations, intimidations, and cover-ups that destroyed traditional rules of the political game, and opened the way for the demise of the PRI state. It must be emphasized that this was not a typical case of political infiltration by the mob. It was the global reach of these criminal networks, their implication for US-Mexican relations, and the involvement of the higher levels of the state that make the crisis significant as an illustration of how the globalization of crime overwhelms powerful, stable nation-states.

The political killings, the obvious infiltration of criminal elements in the state, the challenge from the Zapatistas, supported by a majority of public opinion, and the internal conflicts in the PRI, shook foreign investors' confidence in the stability of Mexico's emergent market. Capital outflow started in March 1994, after Colosio's assassination on March 23. In spite of this, Salinas, and his minister, Aspe, decided to keep the fixed exchange rate, using Mexico's abundant reserves to make up for loss of foreign capital. They were counting on reversing the trend. It did not happen. When Zedillo took control, on December 1, 1994, he panicked at the real situation, as reflected in secret book-keeping. He rushed a devaluation that made things worse. Ensuing capital flight left Mexico on the edge of defaulting, and shook up markets in Buenos Aires and Sao Paulo. The US president came to the rescue, NAFTA obliging, going as far as to bypass Congress, and to bring in \$20 billion as collateral guarantee, pulled from the federal pockets. IMF also pitched in with an \$8 billion loan (its largest ever), and arranged a few deals, so that by mid-1995 Mexico found itself somewhat cushioned by \$50 billion, in exchange for which it lost its economic independence for ever.

Beyond economic restructuring, with its high social cost, and the new linkages with global crime, another essential element in the demise of the PRI state was the mobilization of Mexico's civil society, particularly in major urban centers. This mobilization was ambiguous because it was made up of very different social interests, cultures, and political projects. It brought together important sectors of the professional middle class, benefitting from the prospects of a dynamic economy, but yearning for democratization, clean government, and limits to bureaucracy. But it also threw into the battle against the PRI state, public sector employees threatened in their security; disaffected urban popular neighborhoods, fearful of the breakdown of mechanisms of redistribution of land and services; students, mobilizing around the renewed symbols of social change; and poor people, millions of them, in cities and the countryside, fighting to survive by any means. And although political skepticism is on the rise, and not many Mexicans truly believe that their fate depends on alternative political parties, there is consensus on the inability of the PRI state to deliver. The breakdown of populist legitimacy is tantamount to the end of populist, organic alliances at the heart of the system.

The democratizing effort during the Salinas administration took the form of devolution of power and resources to local and state governments, along with the tolerance of electoral victories for the opposition in a number of important states and cities, particularly in the North. The series of monographs on municipal governments in the 1990s, coordinated by Alicia Ziccardi, 80 show important improvements in local administration, particularly in Leon, Durango, Torreon, and in Mexico DF, among others. Yet, the political impact of these relative successes was to further undermine the PRI state, since in all these cases a stronger connection was established between the municipal administrations, in many instances in the hands of opposition parties, and local civil societies. Even in Mexico DF the municipal administration of presidential appointee, Regente Manuel Camacho, ended up establishing his own electoral basis among the population, bypassing the traditional PRI apparatus. Thus, overall, the effort at democratizing and decentralizing power to the lower levels of the state, while the president and his technocrats were riding the global economy, created greater distance between all segments of the population and the presidential quarters. Since the essence of the Mexican state was the godly status of the president while being

⁸⁰ Ziccardi (1991, 1995).

president, the widespread lack of reverence, even in the moments of Salinas' triumph, rang the bell for one of the most durable political regimes in this century.

The Mexican nation-state will go on, in a new historical course, because the roots of nationalism are solidly planted in the hearts of Mexicans. However, it will not be the same nation-state created by the PRI, and, while still influential and resourceful, I dare to say, it will be increasingly powerless.

Economically, Mexico, and the world, have entered a new era, of which Mexico is probably a pioneer. Larry Summers, one of the most distinguished international finance experts, and a key player in the Mexican bail-out, wrote at the end of 1995, with the hindsight of time: "The form of Mexico's crisis [in 1994] was shaped by the financial innovations of recent years: and advances in information and communications technology caused it to be propagated in a way that is without precedent. It is little wonder, then, that the International Monetary Fund's Michel Camdessus, has labeled it as the first crisis of the 21st century." This translated into the fact that Mexico's economic policy in the future, any kind of policy, will have to be closely coordinated with US economic policy, and with international financial markets.

Politically, Mexico has to reckon, from now on, with the penetration of its state apparatus, at any level, by global crime networks. It is doubtful that its own police and judicial system are immune from such penetration, so making extremely difficult the recovery of the state's full autonomy vis à vis crime. Indeed, it appears that most of the revelations about drug connections with the political system, including those referring to Raul Salinas, came from investigative work by US intelligence – which makes Mexican leaders dependent on American intelligence.

In domestic politics, a more educated and mobilized civil society is experimenting with new ways of expression and organization, all in direct contradiction to the PRI state, and often more developed at the local level. Increasing globalization and segmentation of the media are relaxing the grip that the Televisa group, a private multimedia empire traditionally allied with the PRI state, had on "infotainment."

And symbolically, the power of identity, as claimed by Marcos and the *Zapatistas*, has done more than to unveil Mexico's ideological self-complacency: it has built bridges between the real Indians, the real poor, and the educated urban sectors in search of new mobilizing utopias. In the process, the Mexican nation was reunited, this time against the PRI state.

The people versus the state: the fading legitimacy of US federal government 82

The crisis of the American state in the 1990s is a crisis of legitimacy that, I contend, goes far beyond the traditional libertarian strain in US politics. It starts from the depths of civil society, expressing its griefs on several, distinct issues that converge into questioning the role, function, and power of the federal government, as asserted by the Supreme Court since its landmark decisions of 1810 and 1819. The immediate political impact of this renewed distrust of government is the growing ascendance of a rebuilt Republican party, clearly skewed to the right, as resoundingly expressed in the 1994 congressional and governatorial elections and to some extent confirmed in the 1996 congressional elections that kept the GOP in control of both the House and the Senate. Yet, the influence of anti-state feelings goes far beyond the Republican electorate to embrace independent voters, such as those represented by Ross Perot, who reject altogether the current party system. Anti-state standing also includes a growing number of democratic constituencies, so that President Clinton in his 1996 State of the Nation address went into announcing "the end of big government."

Indeed, Clinton's re-election in 1996 was largely due to his embracing of many of the Republican themes against the welfare state, and against government spending, together with a tough stand on law and order, and the promise to preserve entitlements for the middle class, thus skillfully occupying the center-right of the political spectrum. As Theda Skocpol stated, commenting on the 1996 presidential election results, "Regardless of the partisan balance, something about the shift in the debate that was registered in 1994 is going to stay with us. There is just a sense that you can't use the Federal Government for big initiatives even if the national problems are big." 85

One of the best accounts of political developments in the US in the first half of the 1990s is Balz and Brownstein (1996). I refer to this book for additional sources. To place American anti-government culture in a historical perspective, see Lipset (1996) and Kazin (1995). For additional, useful information and analyses underlying the matters covered in this section, see: Stanley and Niemi (1992); Davidson (1993); Bennett (1994); Black and Black (1994); Murray and Herrnstein (1994); Woodward (1994); Barone and Ujifusa (1995); Campbell and Rockman (1995); Greenberg (1995); Himmelfarb (1995); Pagano and Bowman (1995); Roper Center of Public Opinion and Polling (1995); Dionne (1996); Fallows (1996). For a rigorous, sociological critique of Murray's theses, see Fischer et al. (1995).

⁸³. Cited by Toner (1996).

Furthermore, the 1996 election registered increasing disaffection from the electorate toward all political candidates: only 49 percent of eligible voters bothered to vote, and Clinton obtained only 49 percent of this 49 percent. Keeping the executive and legislative powers in different political hands seemed to be the result of an implicit collective will to reinforce the system of checks and balances so to deny excessive power to any kind of government.

This powerful anti-state trend, for the time being, deeply affects politics but not the structure of the state. Yet, it seems to be on its way to transforming the institutional basis and political purpose of governance in America. If the proposals approved by the Republican Congress in 1995, or a modified version of these policies, become enacted, as is possible, the federal government would transfer to state governments by 2002 the responsibility and funds to manage dozens of major programs, including welfare, Medicaid, job training, and environmental protection, for a total estimated amount of \$200 billion in annual spending.84 Furthermore, funds would be provided as block grants, so that final decision for their use would be in the hands of the states, although with some provisions, whose content is the object of ferocious infighting in Congress. The Clinton administration was also planning to shift increasing responsibility to the states in several major areas, including transportation policy and welfare. In addition, efforts to cut the budget deficit in seven years, both by Republicans and by President Clinton, will lead to a substantial reduction in spending both at the federal and state levels. Medicaid spending may be reduced by 30 percent (that is, \$270 billion) between 1995 and 2002. Federal agencies playing a major role in government regulation, such as the Environmental Protection Agency and the Federal Communications Commission, would most likely see their power and funding sharply curtailed. Indeed, reducing the budget deficit, while based on a strong economic rationale, has become the most powerful tool in shrinking the federal government, posting a \$203 billion dollar annual deficit in 1995. The combined movement toward devolution of power to the states and counties, deregulation, disentitlement of welfare rights, drastic reduction of spending and borrowing, and tax cuts (including the possibility, in the future, of a true fiscal revolution, as illustrated by the recurrent debate on a flat income tax) are operating a fundamental redefinition of the power and aims of federal government, and thus of the American state.

The forces driving this transformation of the role of government in the United States emerge from a profound, explicit rejection of the federal government by a large majority of Americans in the 1990s (see

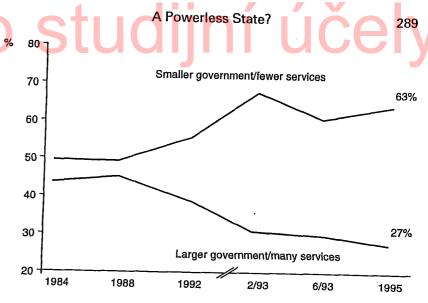


Figure 5.4 Public opinion attitudes toward size of government and service delivery, in US, 1984–95 (results of the survey question: "Would you say you favor smaller government with fewer services or larger government with many services?")

Source: Surveys by ABC News/The Washington Post, 1984, 1988, 1992, and February 1993; and The Los Angeles Times, June 1993 and January 1995

figure 5.4). Balz and Brownstein summarize data from opinion polls and political studies on the matter in the following way:

Discontent about government now runs down two powerful streams. On the one hand, the vast majority of Americans subscribe to a populist critique that assails Washington as wasteful, ineffective, in thrall to special interests, and crowded with duplicatious self-serving politicians who will say anything to be elected. (This populist alienation from government is strongest among working-class white voters – the same group that has faced the most economic pressure over the past two decades.) From a second front, a smaller, but still substantial number of Americans indict government on ideological grounds – as an overreaching behemoth that is eroding individual liberty and self-reliance, discouraging religion, and favoring minorities and the poor. The distrust of Washington has proven a huge hurdle for Democratic efforts to assemble support behind new government initiatives –

even those aimed at combating economic insecurity through expanded job training or guaranteed health care. Hostility toward Washington is now as much a part of American culture as reverence for the flag.⁸⁵

A Powerless State?

It is precisely this divide between strengthened allegiance to the nation's symbol (the flag), and growing disobedience to the state's institutions (Washington) that characterizes a legitimacy crisis.

In chapter 2, while discussing social movements, I briefly analyzed the insurgency against the new global order in the United States, putting forward a number of ideas on the roots and characteristics of movements such as the American militia, the "county rights," "wise use" movement, and miscellaneous "patriot" anti-government mobilizations. In this chapter, my focus is on the impact of such movements, and of broader trends in public opinion on politics and the state. Antistate feelings in 1990s' American society cannot be reduced to their most extreme manifestation, although the Patriot movement does epitomize the values and the anger expressed in large sectors of the society, as echoed in the diatribes of Rush Limbaugh's radio talk shows. Anti-federal government feelings and politics are the converging point of a vast array of ideological, economic, and social trends so deeply rooted in the relationship between globalization, construction of identity, and politics that it is safe to predict that whichever party wins in 2000, be it the GOP, or a renewed Democratic party, it may well be pushed into an overhaul of American political institutions in the twenty-first century. A review of the main components of this 1990s' conservative populism will help to understand the complexity of the process, and the extent of the crisis looming on the horizon, beyond variations of the political cycle.

A first, powerful, trend is a new brand of economic populism, reacting to the disfranchisement of a substantial proportion of American workers under the impact of global economic restructuring. Corporate profits and the stock market were at an all-time high in 1996, although the Dow Jones index was falling sharply each time substantial job creation was announced. Technology is, slowly but surely, inducing growth in productivity. Most women are now earning income. Jobs are being created in record numbers (10 million new jobs during the Clinton administration). Yet, deep-seated dissatisfaction and insecurity are a reflection of stagnant or declining living standards for the majority of the population, together with the structural instability introduced in the labor market by flexible work, networking of firms, and increasing dependence on transnational

patterns of investment, production, and trade (see volume I). To be sure, this is an anti-corporate, rather than an anti-state feeling, and in fact implicitly calls for more active government intervention, as in the drive toward protectionism. Yet, it fuels anger against federal government because Washington is seen, correctly, as the manager of globalization, particularly after the signing of the NAFTA treaty, which came to symbolize increasing American economic interdependence. Policy issues involved in this movement lead, potentially, to economic protectionism, restriction of immigration, and discrimination against immigrants. Its implications lead to a frontal opposition to corporate interests, for whom free trade and free movement of capital, and of highly skilled labor, are essential, thus introducing an explosive contradiction within the Republican party, as demonstrated in the 1996 presidential primaries, with the alarm of GOP's leadership confronted with the initial success of Buchanan's populist candidacy. A similar contradiction exists also in the Democratic party, with most labor unions, and many minority groups, opposing NAFTA, and the full mobility of capital and jobs in an open, global economy, an agenda generally supported by Democratic leaders, and certainly fostered by Clinton.

Another current of public opinion, partly coincidental with economic protectionism, is the one proposing political isolationism, manifested by widespread popular opposition to committing American troops abroad in the absence of a clearly perceived threat to national security at home, a condition to which Somalia or Bosnia did not qualify. With the fading away of the Soviet Union, the rationale for national mobilization was lost in the minds and hearts of people, and the regular exercise of military superpower status, so appealing to economic, intellectual, and political elites, does not seem to justify cost or suffering. Rejection of American troops serving under the United Nations flag became the rallying point against multilateralism, and against the blurring of US sovereignty in the complex web of international institutions characterizing the post-Cold War era, such as the World Trade Organization.

A third current of opinion refers to a widespread rejection of what is considered to be government interference in private lives, family, and local communities. This is the case of the "home school movement," often associated with Christian fundamentalism, in which parents refuse to send their children to school, and reject the need for certification. Or of the "county rights" and "wise use" movements against environmental regulation, mixing defense of local autonomy, particularly in the West, with the interests of logging and mining companies. Or the growing, widespread concern about threats to privacy from the computerized state, fueling libertarianism of

More important to:

'Reduce the federal deficit' (%) 'Prevent cuts to the program' (%)

Funding for the arts 29 Welfare programs in general 30 Food stamps 35 Defense spending 43 Aid to farmers 52 Loans to college students 65 Medicaid (the federal health 66 program for the poor) Grants to cities to put more 68 police on the streets School lunch programs 69 Social security 77 Medicare (the federal 78 program for the elderly)

Figure 5.5 Attitudes toward federal government programs and reduction of federal budget deficit, in US, 1995 (results of the survey question: "For each of the following programs, do you think it is more important to reduce the federal budget or more important to prevent that program from being significantly cut?")

Source: Survey by the Gallup Organization for CNN/USA Today, February 24–26, 1995

about two-thirds of the budget of the US welfare state) continue to receive the support of a large majority of the population, so as to make the system very difficult to reform (see figure 5.5). On the other hand, welfare programs, social benefits for the poor, training programs, and affirmative action for minorities are under attack by a majority that refuses to pay taxes to sustain "the others," and stigmatizes the poor, blaming them for their behavior, for example attributing to welfare payments the exponential growth in the number of "babies born to babies." In the "theories" presented by the academic advisors of the anti-welfare movement, Victorian England and its rigorous morality becomes the model, and the poor and minorities are sentenced to a permanent lesser status by their biologically determined IQ.86 A further manifestation of the break up of social solidarity is the special

different brands, depending on levels of education and social context.

Family values, anti-abortion movements, anti-gay campaigns, and religious fundamentalism (most often from white evangelicals) form the basis of a wide, diversified social current, of which, as mentioned in chapters 1 and 2, the Christian Coalition is the most potent, and organized political expression, with 1.5 million members, and 1,200 chapters in 50 states. Indeed, the Christian Coalition has become, by the mid-1990s, the most important single bloc of voters in the Republican party, and a deciding force in many elections, at the local, state, and federal level, credited as being the functional equivalent of what organized labor used to be in the Democratic party. Christian fundamentalists are not, in principle, an anti-state movement. Indeed, their dream would be a theocracy, a God-abiding nation, with government enforcing the rules of God, as they have done in some school boards which they came to control in California, or in the vote of the Tennessee Senate in February 1996 to post the Ten Commandments in public offices and schools, requiring their observance. Yet, under the current constitutional regime of religious freedom, and separation between Church and state, the rebuilding of the Christian nation demands first of all the dismantlement of the secularized state, as it is today. The extraordinary development of Christian fundamentalism in the past decade in the United States, and its conversion into a well-organized political force, can be related to the reconstruction of identity, and to resistance to the disintegration of the traditional family. It is a rejection of feminism, gay liberation, and the end of patriarchalism. And of government efforts to implement laws supporting women's choice, gender equality, and cultural tolerance. But beyond this reaction, rooted in personal insecurity, there is an attempt at reconstructing identity and meaning on the basis of an idealized past, the past of family and community in a homogeneous society now being rebuilt in the new suburbia, and in the small towns of a vanishing rural life. This reaction is particularly dramatic against the background of the current collapse of the patriarchal family in America (see chapter 4). The insurgency against the crisis of patriarchalism is as powerful as the opposition to the new global economic order in challenging liberal values and the political establishment, thus delegitimizing their perceived enforcer, the federal government.

The critique of federal laws and institutions becomes even more vitriolic when it links up with class and racial hostility toward the poor and racial minorities. This is why the selective delegitimation of the welfare state, already embattled by economic trends, crystallizes popular sentiment, political votes, and anti-government hostility. I say selective because Social Security and Medicare (which account for

Murray and Herrnstein (1994); Himmelfarb (1995).

rage developed by "angry white males," extending the rejection of affirmative action to women, thus inducing an additional potential split among disaffected citizens. The mobilization of a substantial proportion of civil society against the welfare state in America leads, at the same time, to segmentation of society and to the weakening of the state, increasingly pressured toward becoming, predominantly, a repressive apparatus against the rising "dangerous classes." The emphasis on community volunteerism and charity as substitutes for the welfare state, while stressing the importance of a concerned civil society, is essentially an ideological screen not to face the cynical abandonment of collective responsibility under the pretext of exercising individual responsibility.

All these dimensions of citizens' revolt are sometimes coincident with the unfettered interests of corporate capitalism (as in the critique of welfarism or environmentalism), sometimes sharply in opposition to them (as in the critique of globalization and work flexibility). But, while being very different, and stemming from different sources, they all converge into frontal opposition to the extensive role of federal government, characterizing the American nation-state as constituted in the past half-century.

But let me be clear on this point. As a whole, 1990s' conservative populism in America is not a libertarian movement, and does not echo the tradition of anti-government republicanism. Some of its most important components, as described above, demand, in fact, very statist policies, imposing values of some organized segments of society over individuals and families by the state. This is clearly the case of Christian fundamentalists, whose growing influence in local and state governments is seen as a means of imposing godly behavior over the whole society under their jurisdiction. This is also the case of protectionist economic policies, whose full implementation would require a decisive effort by federal government to control and gear the entire American economy. Therefore, the crisis of the nation-state does not come, only, from the cultural hegemony of anti-state values, but from the convergence of challenges from various ideologies and interests into the calling into question of the US federal government, as it is historically constituted - either to sharply reduce its role (traditional libertarianism), or to capture it on behalf of a new mission to rebuild the American nation under the guidance of God, and/or in isolation of the new global order. This is why this crisis of legitimacy, although underlying the "Republican revolution" of 1994, cannot be equated with it. It cuts across parties, and constituencies, and it affects industrial workers as much as farmers, angry males as much as angry tax-payers.

These very diverse, powerful currents often organize around two issues that become a shared banner for many of them: refuse taxes,

bear arms. By depriving government, and particularly the federal government, of fiscal revenues, state action becomes gradually subdued. In a society and economy of rising demands vis à vis public policies, a dwindling tax base forces the state to concentrate on its core, strategic functions, essentially to keep law and order, and to provide the infrastructure for the new informational, global economy, while paying the interests of a debt inherited from Reagan's Cold War. Therefore, it becomes unable to perform other functions, and so is actually forced "off people's backs."

On the other hand, in the minds of a substantial proportion of the population, the right to bear arms is the ultimate foundation of citizens' freedom, under the invocation of the American constitution. Although many Americans do not agree with this state of affairs, the fact of the matter is that there are 300 million handguns in US households, and war weaponry is available on the open market.

Powerful organizations and lobbies, such as Americans for Tax Reform, the National Federation of Independent Business, and the legendary National Rifle Association, fight, with success, to undermine state control over money and guns. My God, my family, my community, my money, my gun, seem to be the set of values that shape the consciousness and behavior of an increasingly important proportion of American people, in direct opposition to the rules, programs, and personnel of the federal government, and with increasing hostility toward global corporatism and institutional multilateralism.

The diffusion of these themes and attitudes in American society has been helped by the increasing localization, segmentation, and differentiation of the media, and by the spread of interactive, electronic communication. The key development in this sense is the growing influence of local radio, broadcasting syndicated programs, and the explosion of talk shows and call-in talk radio. Between 1988 and 1995, the number of stations specializing in talk radio doubled, reaching 1,200. New satellite technology, and the loosening of regulations on distorted allegations, helped their development and influence. Rush Limbaugh, the star of talk shows, enjoyed a weekly audience of 20 million over 600 stations in the whole country, thus becoming a potent political force by himself. The new GOP, in 1994, paid homage, in a public dinner, to Limbaugh, the man who, more than anyone else, had popularized the cause of ultra-conservatism and antigovernment stands throughout the country. Besides radio, the new populist, grassroots movement, as indicated in chapter 2, used all the potential of new communication technologies, including the Internet, but also Fax machines, to coordinate their action and ideas, and to diffuse them among targeted receivers and elected officials.

The de-massification of the media bypassed the traditional channels of indirect control between the political establishment and the audience, unleashing the diffusion of all kinds of information and ideas, including the most outrageous, distorted, and unfair, among millions of people. The borderline between publishing the fit and the unacceptable, carefully established over decades by a generally responsible freedom of the press, became irreversibly blurred.

However distorted are the expressions of anger, these social trends are not temporary moods of public opinion. Available opinion polls in the 1990s show their persistence, and their depth (see chapter 6). They are rooted in major structural transformations, as presented in this book, and processed under the specific culture and institutions of American society. As Balz and Brownstein write:

Behind all these swirling, swelling movements on the Right is the fear of a world spinning out of control... As the economy restructures under the pressures of globalization and advancing technology, and society's cultural framework strains under the breakdown of the two-parent family, this is one of those times [when large numbers of Americans feel themselves uprooted by developments that they cannot understand or control]. "People feel they don't have control over their own lives," said Republican pollster Frank Luntz. "That they can no longer shape their future."

And they blame for it the state they have built over the past halfcentury, yearning to retake control over their lives in their communities and with their families, and moving away from government. They are helped in this process by a Republican party that had been out of parliamentary power for three decades, and then saw the opportunity to assert its power for decades to come. But the GOP is doing so by riding the wave of anti-government, and anti-establishment feelings, thus playing with fire. As Balz and Brownstein conclude: "All the intellectual energy in the Republican party is now focused in finding new ways to reduce the scope and reach of the federal government."88 However, since the GOP also represents powerful corporate interests, embedded in a global economy and in international institutions, by becoming the instrument of anti-state populism it builds an explosive internal contradiction between its anti-government and fundamentalist popular base, and its traditional role of representing corporate capitalism and the defense establishment. The coming into the open of such a contradiction, and the ensuing probable disaffection of a powerful populist trend, that cuts across party lines, may induce a fundamental crisis in the American political system. It may well destabilize the careful balance that the founding fathers and the Supreme Court had historically established between the local and the federal, between government and society, thus potentially triggering the crisis of the American nation-state.

Structure and process in the crisis of the state

Let me emphasize the relevant analytical elements derived from these succinct case studies of state crisis. In both, Mexico and the United States, we observe the direct impact of globalization and capitalist restructuring on the legitimacy of the state, through the partial dismantlement of the welfare state, the disruption of traditional productive structures, increasing job instability, extreme social inequality, and the link up of valuable segments of economy and society in global networks, while large sectors of the population and territory are switched off from the dynamic, globalized system: all processes that I have analyzed in volume I, and which are shown to take their toll on the state's ability to respond to social demands, and, ultimately, on the state's legitimacy. Furthermore, the close connection of the Mexican economy with the US economy, institutionalized by NAFTA, and the electronic linkage of its financial markets with global markets in real time, made the collapse of the peso in 1994-95 very different from any previous economic crisis, actually exemplifying, as reported above, "the first financial crisis of the twenty-first century." Additionally, in the case of Mexico, the penetration of the state by the global criminal economy adds a powerful twist to the disorganization of political institutions and to their crisis of legitimacy.

In the case of the United States (not in Mexico, as yet), the crisis of patriarchalism, with its roots in the informational economy and in the challenge from social movements, deepened insecurity and fear among large sectors of people, prompting a withdrawal from the legal and political institutions that were receptive to women's rights, and from the secular state. For a significant segment of the population, it led to retrenchment in the affirmation of God, family, and community, as eternal values beyond contest from social challenges.

In both cases, the structural crises that undermined the state's legitimacy interacted with the development of social movements which, under forms specific to each society, affirmed alternative identities, and explicitly rejected the legitimacy of the federal government. Although these identity-based movements involved only a minority of activists, their demands and claims were indeed processed by the political system, and found an echo, admittedly distorted, in the

Balz and Brownstein (1996: 173).

Balz and Brownstein (1996: 295).

population at large. There is an undeniable connection between the symbolic impact of the Zapatistas and the widespread rejection of the PRI state in Mexican society, ending what was one of the most perdurable political systems in the world. As for the United States, while the Patriots are more a symptom than a cause, the crisis of legit-imacy manifests itself in the broad distrust of government, particularly of the federal government, and of politicians and parties, particularly of those linked to mainstream politics. The rise of popularity of conservative Republicans in the mid-1990s is, to a large extent, linked to their politically suicidal campaigning against the very government institutions which they want to control.

In both cases, Mexico and the United States, new electronic communication systems have been decisive in amplifying the impact of relatively small movements on public opinion at large by their feeding of the media and by their horizontal, unfettered networking.

Thus, there is an empirically observable, analytically meaningful connection between globalization, informationalization, capitalist restructuring, identity-based social movements, and the crisis of political legitimacy in both Mexican and American states, albeit with different forms, specific to each society. What is first in inducing causality is, methodologically, a wrong question because structure and process interact inseparably in the sequence leading to the crisis of the state. It would be difficult to imagine the impact of the Zapatistas on Mexico without the profound impact of globalization in economy and society. But the Zapatistas were not the result of economic crisis: they existed before, in the struggles of Indians and peasants supported by Catholic priests, and in the revolutionary will of refugees from the 1970s radical left movements. Libertarianism in America has a long tradition, and isolationism is a perennial temptation of a continental-sized, powerful country, as is the opposite temptation toward imperialism. That one or the other prevail in a particular historical period is not pre-scripted, since the precise outcome of interaction between the elements I have identified, constituting, at the same time, structure and process, is largely undetermined. So, in spite of the Republican revolution of 1994, Clinton still won the 1996 presidential election, to a large extent precisely because of the internal contradictions of the Republican electorate in being mobilized, at the same time, on behalf of corporate interests and by the themes of rightwing populism. Yet, Clinton himself, in order to win, had to depart sharply from the traditional Democratic platform, thus furthering the distance between the hopes of many Democrats and the realities of politics.

Why the social and political response to the new global disorder came from "the left" in Mexico and from "the right" in the United States is due, partly, to specific political agencies, and, partly, to the characteristics of the crisis to be dealt with. Namely, since the state, in both cases, was unable to deliver its promised protection, and became, instead, the active manager of the globalization/restructuring process, the challenge against the state was mounted from outside the traditional basis of support for government-led reforms: the profederal government Democrats in the United States; the PRI populist system in Mexico. This does not preclude that a pro-welfare state, progovernment, left-wing movement could develop in the future in both countries, but it would have to grow away from the halls of the political establishment, precisely because of the crisis of its legitimacy.

This openness of political processes does not invalidate the interest of an in-depth, analytical understanding because the materials we have uncovered, and their linkages, are indeed the stuff of which political institutions and political processes are made in our time. As for analyzing the relationship between the sources of state crisis and the new forms of political struggle and competition, I need to consider, first, the specific dynamic of political actors in the new, informational paradigm – an exercise that I will attempt in chapter 6.

The State, Violence, and Surveillance: from Big Brother to Little Sisters

Is the state really powerless in the network society? Aren't we witnessing, instead, a surge of violence and repression throughout the world? Isn't privacy facing the greatest dangers in human history, because of the pervasiveness of new information technologies? Didn't Big Brother arrive, as Orwell predicted, around 1984? And how could the state be powerless when mastering a formidable technological capacity, and controlling an unprecedented stock of information?⁸⁹

These essential, and usual, questions mix contradictory evidence with confused theory. Yet, their treatment is central in the understanding of the crisis of the state. First of all, the Big Brother imagery must be empirically dismissed, as it refers to the connection between our-societies and the Orwellian prophecy. Indeed, George Orwell could well have been right, vis à vis the object of his prophecy, Stalinism, not the liberal, capitalist state, if political history and technology had followed a different trajectory in the past half-century, something that was certainly within the realm of possibility. But statism disintegrated in contact with new information technologies,

⁸⁹ Burnham (1983); Lyon (1994).

instead of being capable of mastering them (see volume III); and new information technologies unleashed the power of networking and decentralization, actually undermining the centralizing logic of one-way instructions and vertical, bureaucratic surveillance (see volume I). Our societies are not orderly prisons, but disorderly jungles.

However, new, powerful information technologies might indeed be put to the service of surveillance, control, and repression by state apparatuses (police, tax collection, censorship, suppression of political dissidence, and the like). But so might they be used for citizens to enhance their control over the state, by rightfully accessing information in public data banks, by interacting with their political representatives on-line, by watching live political sessions, and eventually commenting live on them. 90 Also, new technologies may enable citizens to videotape events, so providing visual evidence of abuses, as in the case of global environmental organizations that distribute video power to local groups around the world to report on environmental crimes, thus putting pressure on the ecological culprits. What the power of technology does is to extraordinarily amplify the trends rooted in social structure and institutions: oppressive societies may be more so with the new surveillance tools, while democratic, participatory societies may enhance their openness and representativeness by further distributing political power with the power of technology. Thus, the direct impact of new information technologies on power and the state is an empirical matter, on which the record is mixed. But, a deeper, more fundamental trend is at work, actually undermining the nation-state's power: the increasing diffusion of both surveillance capacity and the potential for violence outside the institutions of the state and beyond the borders of the nation.

Reports of the growing threat to privacy concern less the state as such than business organizations and private information networks, or public bureaucracies following their own logic as apparatuses, rather than acting on behalf of government. States, throughout history, have collected information on their subjects, very often by rudimentary but effective brutal means. Certainly, computers qualitatively changed the ability to cross-refer information, combining social security, health, ID cards, residence, and employment information. But with the limited exception of Anglo-Saxon countries, rooted in a libertarian tradition, people around the world, from democratic Switzerland to Communist China, have spent their lives dependent on files of information of residence, work, and on every domain of their relationship to government. On the other hand, if it is true that police work has been facilitated by new technologies, it has

also become extraordinarily complicated by the similar, and sometimes superior, sophistication of organized crime in using new technologies (for instance, interfering with police communications, linking up electronically, accessing computing records and so on). The real issue is somewhere else: it is in the gathering of information on individuals by business firms, and organizations of all kinds, and in the creation of a market for this information. The credit card, more than the ID card. is giving away privacy. This is the instrument through which peoples' lives can be profiled, analyzed, and targeted for marketing (or blackmailing) purposes. And the notion of the credit card as life in the public record must be extended to a variety of business offerings, from frequent flyer programs to consumer services of every possible item, and to membership of miscellaneous associations. Rather than an oppressive "Big Brother," it is a myriad of well-wishing "little sisters," relating to each one of us on a personal basis because they know who we are, who have invaded all realms of life. What computers do, indeed, is to make possible the gathering, processing, and using for specific purposes of a mass of individualized information, so that our name can be printed, and the offering personalized, or an offer mailed out, or beamed in. to millions of individuals. Or, in a telling illustration of new technological logic, the V-chip, to be implanted in American TV sets in 1997, allows households to program censorship according to a system of codes that will also be implanted in the television signals emitted from the stations. So doing, it decentralizes surveillance rather than centralizing control.

David Lyon, in his insightful book on the matter, has insisted on the critical development of this extension of surveillance way beyond the boundaries of the state. What he calls "the electronic eye" is indeed a surveillance "society," rather than a "surveillance state." This is, after all, the heart of Foucault's theory of micro-powers, although he confused many of his superficial readers by calling "state" what, in his own view, is in fact "the system;" that is, the network of sources of power in various domains of social life, including the power in the family. If, in the Weberian tradition, we restrict the concept of state to the set of institutions holding the legitimate monopoly of means of violence, and by nation-state the territorial delimitation of such a power, 2 it would seem that we are witnessing in fact the diffusion of the power of surveillance and of violence (symbolic or physical) into society at large.

This trend is even more apparent in the new relationship between state and media. Given the growing financial and legal independence

⁹¹ Lyon (1994).

² Giddens (1985).

of the media, increased technological capacity puts into the hands of the media the ability to spy on the state, and to do so on behalf of society and/or of specific interest groups (see chapter 6). When, in 1991, a Spanish radio station recorded the conversation over cellular 'phones of two socialist officials, the broadcasting of their very critical remarks about the socialist Prime Minister triggered a political crisis. Or when Prince Charles and his friend indulged over the 'phone in postmodern elaborations on Tampax and related matters, the tabloid printing of these conversations shook the British Crown. To be sure, media revelations, or gossip, have always been a threat to the state, and a defense of citizens. But new technologies, and the new media system, have exponentially increased the vulnerability of the state to the media, thus to business, and to society at large. In historically relative terms, today's state is more surveilled than surveillant.

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Furthermore, while the nation-state keeps the capacity for violence, 93 it is losing its monopoly because its main challengers are taking the form of, either, transnational networks of terrorism, or, communal groups resorting to suicidal violence. In the first case, the global character of terrorism (political, criminal, or both), and of their supplier networks in information, weapons, and finance, requires a systemic cooperation between nation-states' police, so that the operating unit is an increasingly transnational police force.94 In the second case, when communal groups, or local gangs, renounce their membership of the nation-state, the state becomes increasingly vulnerable to violence rooted in the social structure of its society, as if states were to be permanently engaged in fighting a guerrilla war.95 Thus the contradiction the state faces: if it does not use violence, it fades away as a state; if it uses it, on a quasi-permanent basis, there will go a substantial part of its resources and legitimacy, because it would imply an endless state of emergency. So, the state can only proceed with such a durable violence when and if the survival of the nation, or of the nation-state, is at stake. Because of the increasing reluctance of societies to support a lasting use of violence, except in extreme situations, the difficulty of the state to actually resort to violence on a scale large enough to be effective leads to its diminishing ability to do so frequently, and thus to the gradual loss of its privilege as holding the means of violence.

Thus, the capacity of surveillance is diffused in society, the monopoly of violence is challenged by transnational, non-state networks, and the ability to repress rebellion is eroded by endemic communalism and tribalism. While the nation-state still looks imposing in its shiny uniform, and people's bodies and souls still are routinely tortured around the world, information flows bypass, and sometimes overwhelm, the state; terrorist wars criss-cross national boundaries; and communal turfs exhaust the law and order patrol. The state still relies on violence and surveillance, but it does not hold their monopoly any longer, nor can it exercise them from its national enclosure.

The Crisis of the Nation-state and the Theory of the State

In his seminal article on democracy, the nation-state, and the global system, David Held summarizes his analysis by writing that

the international order today is characterized by both the persistence of the sovereign state system and the development of plural authority structures. The objections to such a hybrid system are severe. It is open to question whether it offers any solutions to the fundamental problems of modern political thought which have been preoccupied by, among other things, the rationale and basis of order and toleration, of democracy and accountability, and of legitimate rule.96

Although he goes on to offer his own optimistic proposal for re-legitimizing the state in its postnational reincarnation, the powerful arguments against continuing state sovereignty that he puts forward in the preceding pages explain his hesitant concluding line: "There are good reasons for being optimistic about the results - and pessimistic."97 In this context, I am not sure what "optimistic" and "pessimistic" mean. I have no particular sympathy for modern nationstates that have eagerly mobilized their people for reciprocal mass slaughter in the bloodiest century of human history - the twentieth century. 8 But this is a matter of opinion. What really matters is that the new power system is characterized, and I agree with David Held on this, by the plurality of sources of authority (and, I would add, of power), the nationstate being just one of these sources. This, in fact, seems to have been the historical rule, rather than the exception. As Spruyt argues, the modern nation-state had a number of "competitors" (city-states,

Tilly (1995).

Fooner (1989).

⁹⁵ Wieviorka (1988).

Held (1991: 161).

Held (1991: 167).

Tilly (1995).

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trading pacts, empires), 99 as well, I would add, as military and diplomatic alliances, which did not disappear, but coexisted with the nation-state throughout its development in the Modern Age. However, what seems to be emerging now, for the reasons presented in this chapter, is the de-centering of the nation-state within the realm of shared sovereignty that characterizes the current world's political scene. Hirst and Thompson, whose vigorous critique of simplistic views on globalization emphasizes the continuing relevance of nation-states, acknowledge, none the less, the state's new role:

The emerging forms of governance of international markets and other economic processes involve the major national governments but in a new role: states come to function less as "sovereign" entities and more as components of an international "polity". The central functions of the nation-state will become those of providing legitimacy for and ensuring the accountability of supra-national and subnational governance mechanisms. 100

Furthermore, in addition to its complex relationship to miscellaneous expressions of political power/representation, the nation-state is increasingly submitted to a more subtle, and more troubling, competition from sources of power that are undefined, and, sometimes, undefinable. These are networks of capital, production, communication, crime, international institutions, supranational military apparatuses, non-governmental organizations, transnational religions, and public opinion movements. And below the state, there are communities, tribes, localities, cults, and gangs. So, while nationstates do continue to exist, and they will continue to do so in the foreseeable future, they are, and they will increasingly be, nodes of a broader network of power. They will often be confronted by other flows of power in the network, which directly contradict the exercise of their authority, as it happens nowadays to central banks whenever they have the illusion of countering global markets' runs against a given currency. Or, for that matter, when nation-states, alone or together, decide to eradicate drug production, traffic, or consumption, a battle repeatedly lost over the past two decades everywhere - except in Singapore (with all the implications of this remark). Nation-states have lost their sovereignty because the very concept of sovereignty, since Bodin, implies that it is not possible to lose sovereignty "a little bit": this was precisely the traditional casus belli. Nation-states may retain decision-making capacity, but, having become part of a network

The theory of the state has been dominated, for decades, by the debate between institutionalism, pluralism and instrumentalism in their different versions. ¹⁰¹ Institutionalists, in the Weberian tradition, have emphasized the autonomy of state institutions, following the inner logic of a historically given state once the winds of history planted its seeds in a territory that became its national basis. Pluralists explain the structure and evolution of the state, as the outcome of a variety of influences in the endless (re)formation of the state, according to the dynamics of a plural civil society, in a constant enacting of the constitutional process.

Instrumentalists, Marxists or historicists, see the state as the expression of social actors pursuing their interests and achieving domination, be it without challenge within the state ("the executive committee of the bourgeoisie"), or as the unstable result of struggles, alliances, and compromise. But, as Giddens, Guehenno, and Held argue, in all schools of thought, the relationship between state and society, and thus the theory of the state, is considered in the context of the nation, and has the nation-state as its frame of reference. What happens when, in Held's formulation, the "national community" is not any more the "relevant community" as such a frame of reference? 102 How can we think of nonnational, diversified social interests represented in, or fighting for, the state? The whole world? But the unit relevant for capital flows is not the same as that for labor, for social movements, or for cultural identities. How to link up interests and values expressed, globally and locally, in a variable geometry, in the structure and policies of the nation-state? Thus, from the point of view of theory we must reconstruct the categories to understand power relationships without presupposing the necessary intersection between nation and the state, that is, separating identity from instrumentality. New power relationships, beyond the powerless nation-state, must be understood as the capacity to-control global instrumental networks on the basis of specific identities, or, seen from the perspective of global networks, to subdue any identity in the fulfillment of transnational instrumental goals. The control of the nation-state, one way or the other, becomes just one means among others to assert power; that is the capacity to impose a

of powers and counterpowers, they are powerless by themselves: they are dependent on a broader system of enacting authority and influence from multiple sources. This statement, which I believe to be consistent with the observations and elaborations presented in this chapter, has serious consequences for the theory and practice of the state.

⁹⁹ Spruyt (1994).

¹⁰⁰ Hirst and Thompson (1996: 171).

¹⁰¹ Carnoy (1984).

² Held (1991: 142-3).

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given will/interest/value, regardless of consensus. The theory of power, in this context, supersedes the theory of the state, as I shall elaborate in the Conclusion to this volume.

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However, it does not follow that nation-states have become irrelevant, or that they will disappear. They will not, in most cases, at least for a long time. This is for paradoxical reasons that have to do more with communalism than with the state. Indeed, in a world of acultural, transnational global networks, societies tend, as proposed in the preceding chapters, to retrench themselves on the basis of identities, and to construct/reconstruct institutions as expressions of these identities. This is why we witness, at the same time, the crisis of the nation-state and the explosion of nationalisms. 103 The explicit goal of most, but not all, of these nationalisms is to build or rebuild a new nation-state, one based on identity, not just on historical heritage of territorial control. So doing, in many instances, nationalisms challenge, and ultimately bring into crisis, existing nation-states that were built on historic alliances, or on the total or partial negation of some of the identities that form their constituencies. Thus, contemporary nationalisms are, in fact, a major factor in prompting the crisis of nation-states as historically constituted, as illustrated by recent experiences in the Soviet Union, in Yugoslavia, and in Africa, and as may be the case in the future in Asia (India, Sri Lanka, Burma, Malaysia, Indonesia), and even (who knows?) in Europe (Spain, UK, Italy, Belgium). If and when these new, identity-based nationalisms reach the stage of statehood they will find the same limits of current nationstates vis à vis global flows of power. However, their construction will not be aimed at asserting sovereignty, but at resisting other states' sovereignty, while navigating the global system in an endless process of bargaining and adjustment. Some authors use the concept of "neomedieval form of universal political order."104 As with any "neo" characterization, I suspect it belies history. It is, however, an interesting image to convey the notion of autonomous, powerless states that remain none the less instruments of political initiative and sources of conditional authority.

Nation-states that remain strong in the middle of historical turbulence, such as Japan or South Korea, also do so on the basis of social homogeneity and cultural identity. Although even in such cases a growing contradiction is emerging between the interests of Japanese or Korean multinational corporations, now becoming truly global in order to survive cut-throat competition, and the territorial domain and political interests of Japanese or Korean states, thus undermining

Cohen (1996).

what constituted the historical basis of the successful, developmental state. 105

Thus, communalism indeed constructs/maintains states in the newly globalized society, but, in the process, it weakens decisively the nation-state as constituted in the Modern Age, and maybe questions the very notion of the nation-state by capturing it into specific identities. 106

Conclusion: the King of the Universe, Sun Tzu, and the Crisis of Democracy

So, whither the nation-state as far as historical practice is concerned? Answering this question, Martin Carnov issues a resounding no. 107 He argues, and I concur with him, that national competitiveness is still a function of national policies, and the attractiveness of economies to foreign multinationals is a function of local economic conditions; that multinationals depend heavily on their home states for direct or indirect protection; and that national human-capital policies are essential for the productivity of economic units located in a national territory. Supporting this argument, Hirst and Thompson show that, if in addition to the relationship between multinational corporations and the state, we include the wide range of policies through which nation-states can use their regulatory powers to ease or block movements of capital, labor, information, and commodities, it is clear that, at this point in history, the fading away of the nation-state is a fallacy. 108

However, in the 1990s, nation-states have been transformed from sovereign subjects into strategic actors, playing their interests, and the interests they are supposed to represent, in a global system of interaction, in a condition of systemically shared sovereignty. They marshall considerable influence, but they barely hold power by themselves, in isolation from supranational macro-forces and subnational micro-processes. Furthermore, when acting strategically in the international arena, they are submitted to tremendous internal stress. On the one hand, to foster productivity and competitiveness of their economies they must ally themselves closely with global economic interests, and abide by global rules favorable to capital flows, while their societies are being asked to wait patiently for the trickled down

Bull (1977: 254), cited by Held (1991).

Johnson (1982); Castells (1992a).

Guehenno (1993).

Carnoy (1993: 88).

Hirst and Thompson (1996).

benefits of corporate ingenuity. Also, to be good citizens of a multilateral world order, nation-states have to cooperate with each other, accept the pecking order of geopolitics, and contribute dutifully to subdue renegade nations and agents of potential disorder, regardless of the actual feelings of their usually parochial citizens. Yet, on the other hand, nation-states survive beyond historical inertia because of the defensive communalism of nations and people in their territories, hanging onto their last refuge not to be pulled away by the whirlwind of global flows. Thus, the more states emphasize communalism, the less effective they become as co-agents of a global system of shared power. The more they triumph in the planetary scene, in close partnership with the agents of globalization, the less they represent their national constituencies. End of millennium politics, almost everywhere in the world, is dominated by this fundamental contradiction.

Thus, it may well be that nation-states are reaching the status of Saint-Exupery's King of the Universe, fully in control of ordering the sun to rise every day. From the East. But, at the same time, while losing sovereignty, they emerge as major intervening players, in a purely strategic world, such as the one informing Sun Tzu's war treatise 2,500 years ago:

It is the business of a general to be quiet and thus ensure secrecy; upright and just, and thus maintain order. He must be able to mystify his officers and men by false reports and appearances, and thus keep them in total ignorance. By altering his arrangements and changing his plans he keeps the enemy without definite knowledge. By shifting his camp and taking circuitous routes, he prevents the enemy from anticipating his purpose. At the critical moment the leader of an army acts like one who has climbed up a height and then kicks away the ladder behind him. 109

This is how powerless states can still be victorious, and so increase their influence, on the condition of "kicking away" the ladder of their nations, thus ushering in the crisis of democracy.

o studija Lúčely

Informational Politics and the Crisis of Democracy

Introduction: the Politics of Society

Power used to be in the hands of princes, oligarchies, and ruling elites; it was defined as the capacity to impose one's will on others, modifying their behavior. This image of power does not fit with our reality any longer. Power is everywhere and nowhere: it is in mass production, in financial flows, in lifestyles, in the hospital, in the school, in television, in images, in messages, in technologies . . . Since the world of objects escapes to our will, our identity is no longer defined by what we do but by what we are, thus making our societies somewhat closer to the experience of so-called traditional societies, searching for balance rather than for progress. Such is the central question to which political thought and action must respond: how to restore a link between the excessively open space of the economy, and the excessively closed, and fragmented world of cultures? . . . The fundamental matter is not seizing power, but to recreate society, to invent politics anew, to avoid the blind conflict between open markets and closed communities, to overcome the breaking down of societies where the distance increases between the included and the excluded, those in and those out, Alain Touraine, Lettre à Lionel.

pp. 36–8, 42; my translation

The blurring of boundaries of the nation-state confuses the definition of citizenship. The absence of a clear situs of power dilutes social control and diffuses political challenges. The rise of communalism, in its different forms, weakens the principle of political sharing on which democratic politics is based. The growing inability of the state to control capital flows and ensure social security diminishes its relevance for the average citizen. The emphasis on local institutions of governance increases the distance between mechanisms of political control and management of global problems. The voiding of the