

Beyond Westphalia? Capitalism after the 'Fall'

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Capitalism and the meaning of Westphalia

When the Berlin Wall was breached in 1989 and the Cold War ended, specialists in the field of international relations (IR) readily acknowledged that it was necessary to take stock and assess the historical significance of these events. Unsurprisingly, no agreement has been reached. For most realists, the events reflect no more than an important shift in the power structure of the international system. But for liberals, the forty years of Cold War are now depicted not as a struggle for power, but as an ideological battle between capitalism and communism from which capitalism has emerged triumphant. The significance of this development for the future of international relations is difficult to gauge. As a key concept, 'capitalism' has largely been the preserve of the Marxian fringe in IR. It did not resonate amongst most mainstream theorists in the field, whether realist or liberal.¹ The concept was most familiar as a term of communist propaganda. It was avoided by many specialists during the Cold War era who failed to see how capitalism could promote an understanding of superpower relations. But with the end of the Cold War now linked to the triumph of capitalism, it is impossible for liberals, in particular, to discuss the future of the international system without some evaluation of the unfolding international role being played by capitalism.

At the centre of this ongoing debate about the future of international relations lie competing evaluations of what has come to be known as the Westphalian system. Westphalia has been accorded iconic status in IR. There is a near consensus in the field that the 1648 treaties represent the benchmark for the transformation of the international system, or at least the European international system, from medieval to modern form. Westphalia is associated with the formal emergence of a distinctive system of sovereign states. It is, of course, possible to debate whether the treaties deserve the stature they have,² and arguments can also be found for pushing the key date of transformation backwards or forwards by a century or so. But although the medieval to modern transformation is understood to have been a process taking place over some centuries, almost nobody in the field disputes that a major transformation of the international system did take place around this time, and that the treaties of Westphalia mark one of the key stages in this.

¹ It does not, for example, appear in the text to Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition* (Boston: Little, Brown, 1977).

² Stephen, D. Krasner, 'Compromising Westphalia', *International Security*, 20 (1995/6), pp. 115–51; Stephen, D. Krasner, 'Westphalia and All That' in Judith Goldstein and Robert O. Keohane (eds.), *Ideas and Foreign Policy: Institutions and Political Change* (Ithaca, NY: Cornell University Press, 1993).

With the ending of the Cold War, only hardened realists in IR have not been tempted to ask 'are we moving into a new world order?' In other words, is the Westphalian international order coming to an end, and, if so, what is going to replace it? Are we facing another transformation of the international system equivalent in significance to that symbolised by 1648, or is the basic framework set by Westphalia still the most accurate way to characterize the international system? In order to look at this question, it helps to understand the type of change that Westphalia is generally understood to represent. Our key to grasping its significance for IR is the idea that Westphalia represents the arrival of a new type of dominant unit, the sovereign, territorial state, and a distinctive form of international society associated with that unit. The Westphalian state differed in two substantial ways from both the very diverse primary units of the medieval world (church, empire, religious orders, cities, city-leagues, guilds, aristocratic estates and suchlike), and also from the main units of the wider non-European ancient and classical world (empires, city states, barbarian tribes). First, the Westphalian state had hard and precisely defined boundaries, and second, it consolidated into a single centre all the powers of self-government. This arrangement was in sharp contrast to those which preceded it. In the ancient and classical, and medieval, worlds, boundaries were more often frontier zones where authority faded away, and sovereignty was often dispersed, with different aspects of governance located in different actors.

Along with this new dominant unit came a new type of international society. Westphalian states constructed a diplomacy based on mutual acceptance of each other as legal equals, a practice in sharp contrast to the norm of unequal relations that prevailed in both ancient and classical and medieval international systems. They took religion out of international politics, and generated a self-conscious principle of balance of power aimed at preventing any one state from taking over the system. The Westphalian international order was very much driven by military and political considerations. Given the obsession with exclusive sovereignty, the political structure of the system was necessarily anarchic, and its international politics dominated by self-help and military insecurity. States needed to pursue power if they were to survive, and their pursuit of power ensured that the system was marked by military competition and the security dilemma.

The Westphalian international order just described is the model for the realist (and neorealist) paradigm of how to understand and theorize about the international system. In a move of quite breathtaking Eurocentric audacity, realists assume that the Westphalian model is somehow able to embrace all of world politics since the rise of civilization. Realism stresses states, balance of power, insecurity and competition as the key features of the international system. It assumes that the high politics of war and military rivalry dominate the international agenda, and that states will subordinate other objectives to those priorities. During the Cold War, liberals also accepted an essentially realist orientation on international relations,³ but unlike the realists, they insisted that the Westphalian order contained the potential for systemic transformation. In the post Cold War era, whereas realists continue to view international relations from a Westphalian perspective, liberals are paying increasing attention to the transformative consequences of the global expansion of liberal capitalism.

³ Robert D. McKinlay and Richard Little, *Global Problems and World Order* (London: Francis Pinter, 1986).

In considering whether Westphalia/realism is still valid or not, one needs to look at three issues: is the dominance of traditional high politics—of military-political process—changing? Is the dominant unit changing? And is the nature of international society changing? As we will see, the answer to each of these questions is inextricably bound up with the future orientation of liberal capitalism.

Is the dominant process changing?

If military-political 'high' politics is no longer the dominant, system-shaping process, then both the Westphalian model and realism are in deep trouble. And a case can be made that some quite fundamental transformations are underway in the relative importance of military-political as opposed to economic interactions in the international system. This case rests on two stories that are now very prominent in discussions of international relations: 'democratic peace' and 'globalisation'.

Democratic peace is about the apparent end of Great Power war in the international system, and thus about the quality, political salience, and perhaps also the amount, of interaction within the military-political sector. Specifically, it is about the statistical observation that democracies (and particularly liberal democracies) very seldom if ever go to war with each other. Explanations for the apparent abandonment of war amongst a growing group of states that includes all of the most developed and powerful societies, vary from fear of nuclear weapons, through economic interdependence, to the spread of democracy (though for the purposes of the argument we want to make here, the causes matter less than the simple fact). If sustained, the cessation of Great Power war would dethrone military interaction from its millennia-long reign as the principal defining process of international systems. The shift from negative (balance of power, war) to positive (security regime, security community) security interdependence not only changes the dominant type of military-political interaction, but makes that type of interaction a less urgent and less prominent feature in the day to day life of states. Closely linked to this story is the assumption that as capitalism extends into non-democratic areas of the world liberal democracies will eventually form in its wake. From this perspective, the most effective way of promoting liberalism in countries such as China is to engage them in the capitalist world economy.

Globalization is about the truly enormous, and ongoing, rise of economic interaction in the system, and the effects of that on other sectors. It is the catch-phrase for the liberal interpretation of the way the world is going. Although it has taken some knocks from the financial crises starting in 1997, the liberal triumphalist view is still powerful. Since its victory in the Cold War, liberalism is without effective challengers as the organising ideology for an industrial (and post-industrial) capitalist world. Fukuyama's notion of 'the end of history' assumes that the triumph of the global capitalist market will endure despite its ups and downs.⁴ The liberal vision rests on the sustained operation of global markets, and the social and political effects that are, and will be, generated by freer trade, easier movement of capital, and globalized production. In the liberal vision, the pursuit of economic

⁴ Francis Fukuyama, *The End of History and the Last Man* (London: Penguin, 1992).

efficiency is not only good in itself (because it offers the best prospect of improving human welfare), but is also strongly connected to the development of individual rights, democracy, and peace. These connections may take several generations to reach full flower, but the argument is that market economies inevitably diffuse power widely into society. By this process totalitarianism and authoritarianism become increasingly difficult to sustain, and pluralism unfolds into democracy and individualism. These developments constrain war amongst liberal societies, and as such societies spread, war diminishes. Not only does the divorce of wealth from the control of territory reduce the traditional incentives for war, but democratic societies in an open international system become increasingly difficult to mobilize for conflict or for traditional imperial projects. The globalization story in many ways contains the one about democratic peace.

There is strong evidence that substantial parts of this vision are shaping the new world order in serious ways. Before the late 1990's downturn dented their claims, liberals could argue that much of Asia was firmly embarked on the climb out of poverty. To the extent that the current crisis can be interpreted as part of the normal ups and downs of capitalist development, and therefore intrinsically temporary, this claim still has great force. If the main countries of Asia, particularly China and India, can follow Japan, Singapore, Hong Kong, Taiwan and South Korea into modernization, then the majority of humankind will be on the right side of the development gap. The democratic peace has also reshaped world order. Great Power war and direct military-political imperialism by the strong against the weak have all but disappeared. New forms of collective intervention, whether by INGOs in Africa or by NATO and the EU in former Yugoslavia, are beginning to emerge, based much more on humanitarian than on either extractive or power rivalry motives. And these achievements look pretty durable. Local wars and great power interventions have of course not disappeared, but since liberal political practice is still far from universally applied, that does not discredit the underlying theory. The globalization logic is powerful even in realist terms because it concerns the most powerful and dominant units in the system.

Putting the stories of economic globalization and democratic peace together, one could argue that the liberal vision has begun to reshape some of the most longstanding fundamentals of international relations theory and practice. The Westphalian/realist understanding of international relations placed sovereign states at the centre, and concentrated on the high politics of politico-military relations amongst them. But if we take the 'democratic peace' and 'globalization' stories and consider them together, then a different understanding emerges. If both these stories are substantially true, then international relations cannot be operating according to Westphalian/realist principles. If democratic peace is true, then preparing for war is neither the principal responsibility of states, nor the main force shaping their development. The force of the globalization story is captured in the following statistics.⁵ Since 1750, the world's population has grown about eight times, from around 770m to around 6 bn. The global GNP has increased by a multiple of 41, from \$148 bn in 1750 to \$6,080 bn in 1990. And the value of world trade between 1750 and 1994 has increased from \$700m to \$8,364,321m, a multiple of 11,506. This

⁵ See Barry Buzan and Richard Little, *International Systems in World History: Remaking the Study of International Relations* (Oxford: Oxford University Press, 2000), ch. 14.

rather astonishing figure suggests that during the last 250 years, world trade has outperformed the growth in the human population by over 1,400 times and outperformed global GNP by 281 times. Taken together, these two stories suggest that international relations may well now be more shaped by economic interactions and structures than it is by military ones: 'geopolitics' to 'geoeconomics' as Luttwak puts it.⁶ If such a shift has occurred, or is even clearly on the horizon, this would be a momentous and historic change in human affairs.

Is the dominant unit changing?

The globalization argument is not just that economic interaction is becoming more and more important in the day to day life of units, but also that it is transforming the units themselves. The pursuit of the liberal goals that are seen to be essential to the promotion of late twentieth century capitalism requires a big reduction in the state's control of the national economy, and a general opening of borders to economic transactions. It creates powerful roles for TNCs, some IGOs (WTO, IMF, IBRD), and a host of INGOs ranging from sports federations and governing bodies to Greenpeace and Amnesty International. Because of the knock-on effects of trying to separate economic from political life, many argue that the state itself is being hollowed out. At the same time, the traditional military role of the state, the foundation of its claim to political primacy, has shrunk to marginal status because the democratic peace has diminished the threat of invasion and war. If the military-political sector is losing dominance as the defining process of the system, and if globalization is pushing the state out of many aspects of the economy, can the traditional dominance of the Westphalian state as the defining unit of the international system be maintained?

When one looks at the leading contemporary states, there are quite strong grounds for thinking that the series of (r)evolutions which characterized their development throughout the modern era (from absolutist to nationalist to democratic, not to mention from agrarian to industrial to postindustrial) is still underway. The much commented upon 'hollowing out' of the state might be seen as a fourth round representing yet another shift in the empowerment of civil society, and particularly economic actors (firms, banks, IGOs, INGOs, regimes) and structures (markets), in relation to governments. Cerny labels this phase 'the competition state'⁷, though others see it more as a regression to nineteenth century laissez-faire, before the state became so intrusive into economic and social life. But is this best understood as a fourth round of the modernist development, still within the Westphalian model, or as a transition to a different kind of dominant unit—the postmodern state?⁸ If one accepts the idea that a sectoral transformation from military dominant to economic dominant is underway, then it becomes easier to argue that we are looking not just at a change *in* the dominant unit, but a change *of* it.

⁶ Edward Luttwak, 'From Geopolitics to Geoeconomics', *The National Interest*, 20 (1990), pp. 17–24.

⁷ Philip G. Cerny, 'Globalization and the Changing Logic of Collective Action', *International Organization*, 49 (1995), pp. 595–625.

⁸ 'Postmodern' here meaning 'after the modern, or Westphalian state', and not referring to the cultural theory of postmodernism.

There are two steps to the argument that we may be witnessing a change *of* rather than *in* the dominant unit. First is the erosion of hard boundaries and strong sovereignty as the defining elements of national states and their relations, and their replacement by a much more complicated arrangement of permeable boundaries, layered sovereignty and common international and transnational 'spaces' (cyber-space, civic space, commercial space, legal space). For many purposes (trade and finance, communications and media, tourism, some aspects of law) state boundaries have become not just permeable, but shot through with large holes. If hard boundaries and hard sovereignty are being abandoned in enough important ways, then perhaps we are no longer looking at Westphalian states but at postmodern ones. This development is most obvious within the subsystem of the EU,⁹ though it can also be seen more generally within and among the OECD states. With the EU, the question of unit transformation arises both in relation to the EU itself as a new type of entity with actor quality, and to its effect on its member states. The EU does not seem likely to become simply another large federal state. Instead it is experimenting with a new form of both unit and sub-system structure, where the sharp inside/outside features of the modernist era are blurring into a mixture of the domestic and the international. States still exist, but they are embedded in a layered sovereignty, and for many purposes their boundaries are highly porous.

The second step is to see that this change is not just about the state, but also about upgrading the relative autonomy of the economic and civic units that had until recently gestated within the modern state. Are we seeing a combined move away from the dominance of military-political units, and towards a situation in which there is variety of dominant units, analogous to the medieval system? The postmodern state has both dissolved its borders for many types of interaction and begun to disperse its sovereignty to other levels. Again, this is most obvious in the EU where layered governance is explicit, and the principle of subsidiarity is the guiding rule. But it is also apparent, though more weakly, in the international system at large, where a variety of regimes and institutions are providing elements of global governance in some specific areas of policy (think of the WTO, or the nuclear non-proliferation regime and its inspection arm, the IAEA). Non-state actors such as TNCs, banks, mafias, and INGOs (Amnesty International, the World Wildlife Fund, Greenpeace) are able to move with considerable autonomy in the transnational legal space created by open borders and layered governance. In a sense, part of the civic space that was opened up *within* the most advanced modern states as they moved towards democracy, is now being shifted into the system level, the space *between* states, especially democratic ones. In the process, the sharp inside/outside delineation of the Westphalian system, where the domestic and international political realms were strongly differentiated, is breaking down. If this development continues, it points towards an international system that has no single, clearly dominant, multipurpose, multi-sectoral type of unit, but instead has a variety of more sector-specialised units.

Unsurprisingly there is no consensus about this interpretation. While it is clear that something interesting is going on, it is not clear that the departure from the Westphalian model is as yet so deep or so widespread to count as a transformation of units. The state still retains its unique multisectoral role, and it still remains the

⁹ Robert Cooper, *The Postmodern State and the World Order* (London: Demos, Paper no. 19, 1996).

primary source of political legitimacy. Its boundaries may have become more permeable, but as would-be migrants from poor countries can attest, boundaries remain hard for some purposes. The main centres of supposedly postmodern evolution in North America, Europe and Japan also remain remarkably parochial, culturally self-centred, and politically inward looking. And while some IGOs and INGOs might have achieved significant levels of relative autonomy, it is much less clear either that they have escaped the dominion of the state, or that they are themselves plausible candidates for status as new types of dominant unit.

There are many contending voices trying to capture current developments. Albert and Brock put forward the idea that 'debordering' is effectively dismantling the Westphalian system, making way for a non-territorial politics combining elements of neomedievalism and world society.¹⁰ Rosecrance also sees deterritorialisation, and advocates surrender to economic forces in a mobile, meritocratic world.¹¹ McRae tends to agree, arguing that we are at the beginning of 'reestablishing markets, as opposed to state bureaucracy, as the main method of allocating resources', with the state shifting from being a provider of services (failed model) to being a regulator, and a new class of internationally mobile professionals emerging.¹² Watson sees all this as good, making a sustained argument against the excesses of sovereignty and non-intervention in international society, and in favour of more acceptance of hegemonial authority. He sees the modernist European anarchic model as too prone to excess, and not possible in a world with microstates and weak states. He wants to see the system managed by a hegemonic coalition of great powers, and adopting a value base wider than just Western.¹³ McNeill like Watson, postulates a turn away from the extreme of the nation-state towards more polyethnic political constructions reminiscent of classical empires. He sees migration and ethnic loyalty creating ghettos just as in the classical empires, and dismisses the nation state as a temporary throwback to the simpler patterns of barbarian, and classical Greek times.¹⁴ And yet it is also possible to argue that territorial boundaries have become more stable than ever before, in the sense that movement of boundaries is much less common than it used to be until very recently and that for some purposes they remain hard.¹⁵

All of this suggests that the question of unit transformation is firmly, and rightly, on the agenda of contemporary international systems analysis, but that the jury is still out. Not the least of the problems involved is that there are no agreed criteria for distinguishing when changes *in* the dominant unit add up to a change *of* dominant unit.

¹⁰ Mathias Albert and Lothar Brock, 'Debordering the World of States: New Spaces in IR' (Frankfurt, Working Paper 2, 1995).

¹¹ Richard Rosecrance, 'The Rise of the Virtual State' *Foreign Affairs*, 75 (1996), pp. 45–61.

¹² Hamish McRae, *The World in 2020* (London: Harper Collins, 1994), pp. 21–3, 185–205.

¹³ Adam Watson, *The Limits of Independence: Relations Between States in the Modern World* (London: Routledge, 1997).

¹⁴ William H. McNeill, 'The Fall of Great Powers: An Historical Commentary', *Review*, 17 (1994), pp. 123–43.

¹⁵ Robert H. Jackson and Mark W. Zacher, 'The Territorial Covenant: International Society and the Stabilization of Boundaries', (Paper presented to PIPES, University of Chicago, May 1997).

Is the nature of international society changing?

If the dominance of military-political interaction is being challenged by a capitalist mode of economic interaction, and if the leading states are beginning to assume a post-Westphalian form, is the basic nature of international society also changing away from Westphalian norms? There are many contending views on this question and little sense of emergent consensus.

Some analysts expect neorealist logic to soldier on more or less unaffected. They expect the US to become the target of balance of power behaviour, and the EU to break down into a balance of power subsystem.¹⁶ Huntington's 'clash of civilisations' thesis implausibly tries to extend this hard realist structural logic from the state level up to the civilizational level.¹⁷ But questions need to be asked about how the whole logic of neorealism functions in a strongly capitalized and marketized global system without Great Power war. Such a system can remain anarchic and stable both because a strong international society provides a framework of rules and principles that legitimizes the functional and sectoral differentiation amongst the units, and because of the different quality of the survival imperative in the economic realm as compared to the military one. As Waltz himself points out, firms die more naturally and frequently than do states.¹⁸ The neorealist logic of like units might well survive, but only in relation to classes of units (all postmodern states become like, all TNCs become like, all INGOs become like, etc.) and not in the way that a single type of unit must become dominant. Thus, ironically, the neorealist conception of structure might get substantially shifted back to the economic domain from whence it came.

To the extent that conflict is replaced by mutual security (security regimes, security communities) the shoving and shaping forces of socialization and competition become less driven by military considerations, and more driven by economic and societal ones. This shift might well be the defining feature of the transformation from a modern, Westphalian international system to a postmodern one. The comparative advantage that enables some units to dominate others (or inspires some to emulate others) will shift away from military capability, and towards both economic prowess, societal dynamism, and the diplomatic skills necessary to build, and to expand, both strong systems, or subsystems, of international society, and the 'world society' patterns of shared identity at the individual level on which such liberal constructions will need to rest. Military skills will certainly not disappear in a postmodern international system. They will continue to be central in many relationships amongst states outside the core (e.g. India-Pakistan, Iran-Iraq, North and South Korea, China and Taiwan), and will also play a selectively important role in relations between core and periphery where periphery states get designated either as a local nuisance (Serbia, Iraq), or as threats to world order (e.g. Iran, Libya, North Korea, possibly China). But they will matter less than they did before in

¹⁶ Kenneth N. Waltz, 'The New World Order', *Millennium*, 22 (1993), pp. 187–95. John J. Mearsheimer, 'Back to the Future: Instability in Europe after the Cold War', *International Security*, 15 (1990), pp. 5–56.

¹⁷ Samuel P. Huntington, 'The Clash of Civilizations?', *Foreign Affairs*, 72 (1993), pp. 22–49; and Samuel P. Huntington, Samuel P., *The Clash of Civilizations and the Remaking of World Order* (New York: Simon & Schuster, 1996).

¹⁸ Kenneth N. Waltz, *Theory of International Politics* (Reading, MA: Addison-Wesley, 1979), p. 95.

building comparative advantage at the commanding heights of global international society. Real comparative advantage will lie with those most able to sustain and expand zones of economic and political openness within which the threat and use of force between states is largely replaced by diplomacy and geoeconomics. The Cold War itself, and its outcome, might be taken as an illustration. Whereas the capitalist West was able to construct an expanding zone of security community and economic openness, the communist world remained economically primitive, and not only failed to establish a security community amongst its members but quite frequently resorted to military-political confrontation (China-USSR, USSR-Yugoslavia) or invasion and war (China-Vietnam, Vietnam-Cambodia, USSR-Hungary, USSR-Czechoslovakia).

The intensification of the capitalist and global market structure seems almost certain to continue, carrying with it an increasingly dense regulatory framework at all levels of governance. By the late twentieth century, the global market had reached sufficient strength that it could begin to change the political structure by unpacking the hard borders and centralized sovereignty of the modern state. This is the globalization story we have told above. But while there is little doubt that the global market structure is powerful while it operates, there is much argument about how stable it is.

The liberal self-understanding of globalization tends to see it as generally benign, with the various costs it imposes being discounted against the wider gains of peace, democracy and prosperity in the longer run. Liberal triumphalism is in fashion, and as Fukuyama's notion of 'the end of history' suggests, their assumption is that the victory of the capitalist global market will endure. But there are at least two big worms in the liberal apple. The first is an array of worries about both the stability and the impact of really existing liberalism, particularly the economic liberalism that is currently in the driving seat. Not all these have roots in Marxian thinking, but they paint plausible pictures of a rampant and self-destructive capitalism impoverishing the third world and undermining the social and political stability of even the advanced industrial states.¹⁹ Chase-Dunn sees the victory of neoliberalism as having 'occurred within a context of a capitalist crisis of immense proportions' caused by irrationality, inequality, ecological damage, fiscal crises and racial antagonisms.²⁰ Some interpret this as a crisis not just of capitalism, but of modernism *per se*: Judt sees Europe as 'about to enter an era of turmoil, a time of troubles' because of the disarray in its enlightenment-ordering ideas.²¹ Others have a less apocalyptic view, but still one that questions the stability of the liberal order. McRae sees the coming crisis in terms of demography, with a growing divide between a young, unstable, poor world and a rich, old, stable one, and in terms of declining US leadership, and withdrawal of American support from internationalism and liberalism.²² Horsman and Marshall worry that the state is being dismantled by liberal capitalism, taking with it citizenship, accountability and the general framework of sociopolitical stabi-

¹⁹ L. S. Stavrianos, *Lifelines from Our Past* (London: I. B. Tauris, 1990), pp. 139–87; Immanuel Wallerstein, 'The World System after the Cold War', *Journal of Peace Research*, 30 (1993), pp. 1–6.

²⁰ Christopher Chase Dunn, 'Technology and the Logic of World Systems', in Ronen P. Palan and Barry Gills (eds.), *Transcending the State-Global Divide: A Neostructuralist Agenda in International Relations* (Boulder, CO: Lynne Rienner, 1994), p. 102.

²¹ Tony Judt, 'Nineteen Eighty-Nine: The End of Which European Era?', *Daedalus*, 123 (1994), pp. 1–19.

²² McRae, *The World in 2020*, pp. 97–119, 209–24.

lity. They worry that 'the creation of risk has outpaced the creation of trust'. They hope for a more layered form of politics up and down from the state, but fear that the economic sector is outpacing the political framework, and that there is 'no global liberal consensus on how capitalism should operate'.²³ Buzan, Wæver and de Wilde focus on the operating instabilities of the global market in terms of credit bubbles and reactions to the political and social effects of intense competition.²⁴ But this sort of gloom about the fate of capitalism is of course perennial, and Wood is rightly sceptical about the easy calling of yet another terminal crisis of capitalism, noting that capitalism is 'the system that dies a thousand deaths'.²⁵

The second worm is liberalism's failure to contain the security agenda.²⁶ In fairness, it has of course to be noted that liberalism is not a doctrine that stresses security. Its catch-phrase is freedom, and this includes the freedom to fail. Without that basic insecurity, capitalist market economies could not function. Liberals expect the application of their doctrine to reduce the role of war in international relations, and can claim some success on this front. But in many other ways, liberal practice has generated insecurity. This is most obvious in the economic realm itself, where intense competition and financial liberalisation create fears both of individual impoverishment and instability in the world economy as a whole. Much of the environmental security agenda hangs on the contradiction between liberal commitments to growth and consumerism and the finite carrying capacity of the planetary ecosystem. Insecurity about identity is strongly shaped by the homogenizing tendencies of globalization and the challenge of liberal ideas to many cultural traditions: commercialism is not culturally neutral. There is even room for fear that the hollowing out of the state contingent on globalization is threatening the foundations of democracy without putting anything in their place. Whatever the benefits it may have brought, 'real existing liberal capitalism' is also generating its own set of security problems, and to the extent that security issues become dominant, this reinforces the Westphalian character of the international system.

There are good reasons for thinking that the controversies about capitalism will continue: capitalism is seemingly in endless crisis, but also endlessly inventing new technologies, both physical and social, with which to keep itself in business. The crisis of capitalism is always in motion, and seems likely to remain so until some fundamental change, such as the final solving of the problem of production by technology, sweeps away the conditions on which it rests. Major crises over trade or money, such as that which hit much of East Asia during 1997–9, will doubtless remain a recurrent feature of the global market, but there is little sign that the market structure itself is under terminal threat, either from its own operation or from a reassertion of military primacy. Only the worst of the environmental scenarios could easily unseat the power of the global market.

Along with the intensification of the market comes a wider range of rules, norms and institutions, especially economic liberal ones. Again, there is no consensus on

²³ Matthew Horsman and Andrew Marshall, (1995), *After the Nation-State: Citizens, Tribalism and the New World Disorder* (London: Harper Collins, 1995), pp. 208 and 212.

²⁴ Barry Buzan, Ole Wæver and Jaap de Wilde, *Security: A New Framework for Analysis* (Boulder, CO: Lynne Rienner, 1998), ch. 5.

²⁵ Ellen Meiksins Wood, 'What is the "Postmodern" Agenda?', *Monthly Review*, 47 (1995), pp. 1–12.

²⁶ Barry Buzan, Barry and Ole Wæver, *Liberalism and Security: The Contradictions of the Liberal Leviathan* (Copenhagen: COPRI, Working Paper 23, 1998).

how to understand the current condition and prospects of international society. Both 'clash of civilisation' and 'decline of the US/West' views carry the implication that international society is not much more than a projection of Western power, and that as the West declines so inevitably will international society. Similar worries about the excessively Western character of international society can be found in the work of Watson and Cohen.²⁷ These concerns have to be set against the fact that both of their underlying assumptions are disputed. Not everyone thinks that the West/US is declining²⁸ and some argue that international society is not Western but Westernistic.²⁹ This latter view is based on the understanding that the originally Western ideas on which international society rests—the state, sovereignty, nationalism and diplomacy—have now become effectively universal—as, almost, has acceptance of the market. If this is accepted, then the foundations of international society no longer depend on Western power. What one sees through this lens is neither a subtle form of Western imperialism nor a new kind of sociopolitical universalism. It is in part, both. There is universalism in the general acceptance of sovereign equality and the framework of international law and diplomacy based on that. And there is Western imperialism both in the projection of some contested values (human rights, democracy), and in the fact that the Western core and its immediate circle of Westernistic associates have developed a much thicker version of international society amongst themselves than they share with the rest. International society may be unevenly developed, but it is not fragile.

Indeed, others note that international society is now sufficiently powerful and embedded that it is actually responsible for creating many of the states in the system, not just in Africa and parts of the Middle East, but also in Eastern Europe (after the First World War).³⁰ These states, and in some ways also several of the successor states to the Soviet Union, have been given 'juridical sovereignty' by international recognition, without having first established 'empirical sovereignty' in terms of effective government over their territories.³¹ Alan James argues that international society, in the form of the doctrine of legal equality amongst states, has significantly constrained the exercise of power in the contemporary international system.³² Hedley Bull goes even further, developing the view that the sovereign rights of states derive from the rules of international society and are limited by them.³³

Bull's is a very advanced view of international society, placing rights in the system rather than in the units, and so raising fundamental questions about Westphalian state-centrism. If correct, this view of a strengthening and universally rooted international society slots in nicely to the stories above about sectoral transformations and the possible emergence of a new type of postmodern dominant unit which shares international space with TNCs, INGOs and some IGOs whose legal status

²⁷ Watson, *Limits of Independence*; and Raymond Cohen, 'In the Beginning: Diplomatic Negotiation in the Ancient Near East' (Paper presented to the ECPR-SGIR Conference, Paris, 1995).

²⁸ Susan Strange, 'Defending Benign Mercantilism', *Journal of Peace Research*, 25 (1988), pp. 273–7.

²⁹ Barry Buzan and Gerald Segal, 'A Western Theme', *Prospect*, 27 (1998), pp. 18–23.

³⁰ Christopher Clapham, *Africa and the International System* (Cambridge: Cambridge University Press, 1996), pp. 15–16, 24.

³¹ Robert H. Jackson, *Quasi-States: Sovereignty, International Relations and the Third World* (Cambridge: Cambridge University Press, 1990).

³² Alan James, 'The Equality of States: Contemporary Manifestations of an Ancient Doctrine', *Review of International Studies*, 18 (1992) pp. 377–92.

³³ Hedley Bull, *Justice in International Relations* (Hagey Lectures, University of Waterloo, 1984).

gives them a quasi-autonomous status in the system. If this 'neomedieval' image of multiple types of units is where things are going, then the function of the strong international society will change. In Westphalian mode, international society has rested on reinforcing sovereign equality amongst states, excluding other units, and thus supporting a neorealist international system of like units. But as indicated in the discussion of units above, this Westphalian mode is already under question, and may be entering into a significant change. A postmodern, capitalist international society might well still rest on the state as the ultimate source of political authority, albeit moderated by some international legal bodies with independent power to generate some types of international law (e.g. ICJ, European Court of Human Rights, International Criminal Court). In this way, international society would retain a strong Westphalian foundation based on like units with equal legal and diplomatic rights. But it would have to add to this an agreed set of principles of differentiation, which set out the rights and obligations of different types of unit—states, TNCs, INGOs, IGOs—and how they relate to each other. The rationale for these principles of differentiation would have to rest on the liberal logic of division of labour. Firms and states would have to accept that neither should try to do the other's job, and that their legal rights and obligations need to be clearly demarcated. There are already signs of developments in this direction in the framework of laws about incorporation, finance, property rights and suchlike that define the relative autonomy of non-state units and how they relate to the postmodern state.

Two worlds: how will they relate?

Does this add up to a case for thinking that the world order set by Westphalia is now giving way to a new postmodern capitalist world order? Probably not yet, though it certainly provides evidence both to show that the question is worth asking, and perhaps to inspire the thought that the international system may be entering a process of transition. The case for thinking that we might be witnessing a process of system transformation rests mainly on the sectoral shift, and its unfolding effects on dominant units and international society. This is something new in human history. Of course one has always to be suspicious of those making claims for the dawn of a new era. Such claims often privilege present events. They structure perceptions of both the past and the future, and they are nearly always aimed at steering present behaviour in directions desired by the proclaimer.

In addition to doubts about the transformation of the state, perhaps the main objection to talking about a transformation to a postmodern capitalist world order is the widely held view that uneven capitalist development is pulling the international system into 'two worlds'.³⁴ This view supposes that a partial transformation of the

³⁴ Keohane and Nye, *Power and Interdependence*; Barry Buzan, 'New Patterns of Global Security in the Twenty-First Century', *International Affairs*, 67 (1991), pp. 431–51. Barry Buzan, 'Conclusions: System Versus Units in Theorizing About the Third World', in Stephanie Neuman (ed.), *International Relations Theory in the Third World* (New York: St. Martin's Press, 1998); Fukuyama, *The End of History*; James M. Goldgeier and Michael McFaul, 'A Tale of Two Worlds: Core and Periphery in the Post-Cold War Era', *International Organization*, 46 (1992), pp. 467–91; Max Singer and Aaron Wildavsky, *The Real World Order* (Chatham, NJ: Chatham House Publishers, 1993); Robert O.

international system has taken place. Rather than being a single politico-strategic space, with a single set of rules of the game, the international system has divided into two worlds. One world (call it the zone of peace or the post-historical world) is defined by a postmodern security community of powerful advanced capitalist industrial democracies, and international relations within this world no longer operate according to old Westphalian/realist rules. In the zone of peace, states do not expect or prepare for war against each other, and since this zone contains most of the great powers this is a very significant development for the whole of the international system. Reflecting the character of postmodern states, highly developed capitalist economies and societies are exceptionally open and interdependent, transnational players are numerous and strong, and international society is well developed.

The other world (call it the zone of conflict or the historical world) is comprised of a mixture of modern and premodern states. In relations amongst (and within) these states classical realist rules still obtain, and war is a useable and used instrument of policy. In this zone, international relations operate by the Westphalian/realist rules of power politics that prevailed all over the world up to 1945. States expect and prepare for the possibility of serious tension with their neighbours. Some restraint is provided by deterrence (in a few places nuclear deterrence) but economic interdependence between neighbours is generally low, and populations can often be easily mobilized for war. Especially within premodern, but also within some modern states, political power is frequently contested by force. Even in the capitalist and modernizing states of East Asia where economic interdependence between neighbours is growing, the states are still often fragile and highly protective of sovereignty, and use of force amongst some of them cannot be ruled out.

To divide the world in this way of course oversimplifies. Some places close to the core of the zone of peace behave like the zone of conflict (ex-Yugoslavia, Albania, Northern Ireland), and some ostensibly in the zone of conflict have managed to build substantial regional barriers against local wars (the Association of South-East Asian Nations—ASEAN, the Southern African Development Community—SADC, and possibly Mercosur in the Latin American southern cone). An alternative view is that these two worlds exist not as distinct and separate territorial spaces, but as interleaved modes of living. Thus parts of some cities in the West contain their own zones of conflict. Nevertheless the general distinction seems valid, even at the risk of creating an exaggerated sense of spatial separation, and the claim for two parallel modes of international relations seems plausible, even though there is significant overlap between them. There are fundamental qualitative differences in the way in which the states and societies of Europe, North America and Japan relate both to each other and to their populations on the one hand, and the way in which states in the Middle East, South Asia, and many other places do so. These differences are rooted deeply in the form and character, and therefore also the history, of the states and societies within the two zones.

A central issue in the two worlds formulation is how the zone of peace and the zone of conflict relate to each other, for that they do relate in many and significant

Keohane, 'Hobbes' Dilemma and Institutional Change in World Politics: Sovereignty in International Society', in Hans-Henrik Holm and Georg Sørensen (eds.), *Whose World Order?* (Boulder, CO: Westview Press, 1995); A. P. Rana, 'The New Northern Concert of Powers in a World of Multiple Independencies', in K. Ajhwa, H. Coppens and H. van der Wusten (eds.), *Regime Transformation in Global Realignments*, (London: Sage, 1993); Cooper, *The Postmodern State*.

ways is beyond question. At whatever point in history one looks at the international system, some strong pattern of uneven development and different forms of political economy will be present. The diffusion of goods, ideas, and people works continuously to erode uneven development, but never (yet) succeeds in doing so. Some cultures have great difficulty absorbing new goods and ideas without self-destructing. And the game is not static. The leading edge cultures are themselves continuously evolving (or in some cases declining), so opening up new space and new zones to maintain the pattern of unevenness.

In recent times, some attention has focused on the relationship between centre and periphery, and with the Cold War out of the way we can expect this to intensify. How the two zones will relate to each other is one of the great unanswered questions for the twenty-first century. Will the weaker, but perhaps more aggressive, zone of conflict begin to penetrate and impinge upon the zone of peace through threats of terrorism, long-range weapons of mass destruction, migration, disease, debt repudiation, and suchlike? Will the unquestionably more powerful zone of peace seek to penetrate and influence the zone of conflict, using the levers of geo-economics, and occasionally more robust forms of intervention, to manipulate state-making in the zone of conflict? Will the postmodern world try to insulate itself by constructing buffer zones in Mexico, Central Europe, Turkey and North Africa, and trying to stay out of the more chaotic parts of the zone of conflict? Or will it try to engage with the whole, pushing towards a new world order in its own image? We can only guess at the answers to these questions, but what is clear is that complete, or even substantial, separation of the two zones is highly unlikely.

One partial answer seems to be emerging in the former Yugoslavia in the practice of what might be labelled 'postmodern colonialism'. This stands in sharp contrast to more traditional forms of imperialism. In old style Western colonialism the idea of promulgating a 'standard of civilization' was part of the rhetoric for justifying territorial seizures, economic exploitation, imperial rivalry and racism. 'Lesser breeds' were either to be given the benefit of exposure to Western civilization, or else replaced by European migrants who carried that standard with them. While there was some real transfer of social and physical technologies across cultures, perhaps only some missionaries and a few idealistic administrators actually believed that colonialism was primarily a civilizing project. Conquest and accumulation of power were the main themes. Social Darwinist attitudes underpinned routine and potentially endless expansion and self-aggrandizement.

By contrast, postmodern colonialism puts the civilizing mission first and actually means it. Indeed, it is hard to think of what other justification it might have. At the dawn of the twenty-first century, nearly all of the traditional motivations for colonialism are either irrelevant or marginal. There are no longer any great national imperial projects to divide up the world into economically and culturally competing zones. Likewise, all of the great ideological rivalries that throughout the twentieth century spurred the powers to compete for control of global territory are now over, and all of humankind is tinkering with various mixtures of the same formula of states, nations, markets and international regimes. Global economic liberalization, though by no means perfectly in place, is sufficiently entrenched so that the pursuit of wealth is effectively divorced from the control of territory. Tiny Singapore and resource-poor Japan get rich, while big and resource-rich Russia stays poor. Advances in military technology, reductions in global military engagements, and the

replacement of great Power rivalries with military integration and cooperation, all conspire to downgrade the need for overseas bases. And the official rejection of racism has delegitimized the idea that any people has the right to conquer another and treat it as inferior. Postmodern colonialism is therefore exceptional rather than routine, a last resort rather than a first one, to be undertaken reluctantly rather than with enthusiasm.

It is clear that none of the traditional motives apply to Western actions in the Balkans. Western engagement there is hesitant rather than crusading, and coordinated and collective, rather than fragmented and rival. Other than fulfilling a certain vision of 'Europe', and creating some minor (and regretted) frictions with Russia, there are no great geopolitical forces in play. Some construction and infrastructure companies might stand to make good profits, but the main military and economic prospect is of sustained costs. There is no desire to garrison the Balkans or to build military bases there, though there is acceptance of a probably long-term burden of peacekeeping. There is no inclination to construct the Balkan peoples as inferior, and no desire to bear the burden of managing their political life for any longer than is absolutely necessary. Despite the fact that wars have been fought, and substantial military forces have been inserted, conquest is not the objective.

Postmodern colonialism is almost entirely about enforcing a standard of civilization, and in particular a liberal vision of human rights. In that sense it has imperial qualities. Because it is primarily a cultural project it does not easily take on universalist pretensions. It is of great significance that the principle of human-rights-motivated military intervention is being practised strongly only in NATO's and Europe's backyard. Although human rights rhetoric is part of Western tensions with many countries in Asia and Africa, and clearly does represent a universal vision, there is little possibility of this being backed up further afield by the kind of intervention we are now witnessing in Southeast Europe. There is a significant difference of degree between postmodern colonialism, which is about taking direct responsibility for remaking political culture, and the more general attempt to persuade or cajole others into accepting Western standards of human rights. What is going on in the Balkans is primarily about, and more importantly within, European and Western civilization, and much less about a shift to a more militant pursuit of Western values around the world. In a Huntingtonian sense, the West has the right to intervene forcefully in the Balkans because the peoples there are culturally part of 'us'. Except for the more extreme form of universalist liberal, that right does not exist with anything like the same clarity across civilizational boundaries. Thus the West did not try to recolonize and remake Iraq, Rwanda or Liberia, and nor will it do so, though it will of course try to influence political developments in those places. It might intervene militarily, as in the case of Iraq, to defend crucial economic interests, but this is not postmodern colonialism.

There can be no doubt that the actors (states, TNCs, INGOs) in the zone of peace are largely responsible for creating and maintaining the international system and international society within which the actors in the zone of conflict have to operate. Everything from norms, rules and laws, through capital and information flows, to the structure of power is shaped by the zone of peace, and *strongly* shaped. The international system and society in which the zone of conflict is embedded is arguably the most powerful, comprehensive and pervasive ever seen on the planet.

So great is its impact that it is possible to ask whether (or to theorize that) the core in the zone of peace is in some ways responsible for the social, political and economic weakness in the periphery. Does economic, cultural, political and military pressure from the core actually destabilize the periphery and inhibit its development, or does it provide role models, resources and capital that should help the periphery to overcome obstacles to development that are rooted in its own cultures and history? The answer to that question is hotly contested and far from empirically clear, but it is not unreasonable to ask it. Neither is it unreasonable to ask whether the power differential between core and periphery is so great that it is only a matter of time before the core assimilates much of the periphery. The vast modernization process underway in much of East Asia, and possibly beginning in South Asia, will forever change the balance between wealth and poverty, and core and periphery, in the international system. If it succeeds, the core will no longer be rooted in just one civilization (the West), but will span several continents in a global network of power and prosperity.

There *are* two worlds whose political life is defined by differences in their level and type of political, social and economic development. But while these worlds may well be different, they are not separate. There is a strong, if lopsided, interaction between them, and whatever their differences, both worlds are firmly embedded in what might best be labelled the late modern international system. Westphalian/realist logic is clearly of diminishing importance in understanding the international relations of the zone of peace. But it remains substantially in force for thinking about much of the zone of conflict, albeit that some emergent zones of failed states in Africa and Asia have a distinctly pre-Westphalian quality. It also remains relevant for thinking about much of the relationship between the zone of peace and the zone of conflict.

Westphalian realism is still relevant. But its traditional claim to serve as the commanding heights of how international relations can and should be understood is rightly under serious challenge.³⁵

³⁵ For further elaboration of points made here see Buzan and Little, *International Systems in World History*. An earlier version of the paper was presented to the Conference on '1648 and European Security', National Defence College, Stockholm, October 1998.