

Power Shift

Jessica T. Mathews

THE RISE OF GLOBAL CIVIL SOCIETY

THE END of the Cold War has brought no mere adjustment among states but a novel redistribution of power among states, markets, and civil society. National governments are not simply losing autonomy in a globalizing economy. They are sharing powers—including political, social, and security roles at the core of sovereignty—with businesses, with international organizations, and with a multitude of citizens groups, known as nongovernmental organizations (NGOs). The steady concentration of power in the hands of states that began in 1648 with the Peace of Westphalia is over, at least for a while.¹

The absolutes of the Westphalian system—territorially fixed states where everything of value lies within some state's borders; a single, secular authority governing each territory and representing it outside its borders; and no authority above states—are all dissolving. Increasingly, resources and threats that matter, including money, information, pollution, and popular culture, circulate and shape lives and economies with little regard for political boundaries. International standards of conduct are gradually beginning to override claims of national or regional singularity. Even the most powerful states find the marketplace and international public opinion compelling them more often to follow a particular course.

The state's central task of assuring security is the least affected, but still not exempt. War will not disappear, but with the shrinkage of U.S. and Russian nuclear arsenals, the transformation of the

JESSICA T. MATHEWS is a Senior Fellow at the Council on Foreign Relations.

Nuclear Nonproliferation Treaty into a permanent covenant in 1995, agreement on the long-sought Comprehensive Test Ban treaty in 1996, and the likely entry into force of the Chemical Weapons Convention in 1997, the security threat to states from other states is on a downward course. Nontraditional threats, however, are rising—terrorism, organized crime, drug trafficking, ethnic conflict, and the combination of rapid population growth, environmental decline, and poverty that breeds economic stagnation, political instability, and, sometimes, state collapse. The nearly 100 armed conflicts since the end of the Cold War have virtually all been intrastate affairs. Many began with governments acting against their own citizens, through extreme corruption, violence, incompetence, or complete breakdown, as in Somalia.

These trends have fed a growing sense that individuals' security may not in fact reliably derive from their nation's security. A competing notion of "human security" is creeping around the edges of official thinking, suggesting that security be viewed as emerging from the conditions of daily life—food, shelter, employment, health, public safety—rather than flowing downward from a country's foreign relations and military strength.

The most powerful engine of change in the relative decline of states and the rise of nonstate actors is the computer and telecommunications revolution, whose deep political and social consequences have been almost completely ignored. Widely accessible and affordable technology has broken governments' monopoly on the collection and management of large amounts of information and deprived governments of the deference they enjoyed because of it. In every sphere of activity, instantaneous access to information and the ability to put it to use multiplies the number of players who matter and reduces the number who command great authority. The effect on the loudest voice—which has been government's—has been the greatest.

By drastically reducing the importance of proximity, the new technologies change people's perceptions of community. Fax machines,

¹The author would like to acknowledge the contributions of the authors of ten case studies for the Council on Foreign Relations study group, "Sovereignty, Nonstate Actors, and a New World Politics," on which this article is based.

satellite hookups, and the Internet connect people across borders with exponentially growing ease while separating them from natural and historical associations within nations. In this sense a powerful globalizing force, they can also have the opposite effect, amplifying political and social fragmentation by enabling more and more identities and interests scattered around the globe to coalesce and thrive.

These technologies have the potential to divide society along new lines, separating ordinary people from elites with the wealth and education to command technology's power. Those elites are not only the rich but also citizens groups with transnational interests and identities that frequently have more in common with counterparts in other countries, whether industrialized or developing, than with countrymen.

Above all, the information technologies disrupt hierarchies, spreading power among more people and groups. In drastically lowering the costs of communication, consultation, and coordination, they favor decentralized networks over other modes of organization. In a network, individuals or groups link for joint action without building a physical or formal institutional presence. Networks have no person at the top and no center. Instead, they have multiple nodes where collections of individuals or groups interact for different purposes. Businesses, citizens organizations, ethnic groups, and crime cartels have all readily adopted the network model. Governments, on the other hand, are quintessential hierarchies, wedded to an organizational form incompatible with all that the new technologies make possible.

Today's powerful nonstate actors are not without precedent. The British East India Company ran a subcontinent, and a few influential NGOs go back more than a century. But these are exceptions. Both in numbers and in impact, nonstate actors have never before approached their current strength. And a still larger role likely lies ahead.

DIAL LOCALLY, ACT GLOBALLY

NO ONE knows how many NGOs there are or how fast the tally is growing. Published figures are badly misleading. One widely cited estimate claims there are 35,000 NGOs in the developing countries;

another points to 12,000 irrigation cooperatives in South Asia alone. In fact, it is impossible to measure a swiftly growing universe that includes neighborhood, professional, service, and advocacy groups, both secular and church-based, promoting every conceivable cause and funded by donations, fees, foundations, governments, international organizations, or the sale of products and services. The true number is certainly in the millions, from the tiniest village association to influential but modestly funded international groups like Amnesty International to larger global activist organizations like Greenpeace and giant service providers like CARE, which has an annual budget of nearly \$400 million.

Except in China, Japan, the Middle East, and a few other places where culture or authoritarian governments severely limit civil society, NGOs' role and influence have exploded in the last half-decade. Their financial resources and—often more important—their expertise, approximate and sometimes exceed those of smaller governments and of international organizations. "We have less money and fewer resources than Amnesty International, and we are the arm of the U.N. for human rights," noted Ibrahima Fall, head of the U.N. Centre for Human Rights, in 1993. "This is clearly ridiculous." Today NGOs deliver more official development assistance than the entire U.N. system (excluding the World Bank and the International Monetary Fund). In many countries they are delivering the services—in urban and rural community development, education, and health care—that faltering governments can no longer manage.

The range of these groups' work is almost as broad as their interests. They breed new ideas; advocate, protest, and mobilize public support; do legal, scientific, technical, and policy analysis; provide services; shape, implement, monitor, and enforce national and international commitments; and change institutions and norms.

Increasingly, NGOs are able to push around even the largest governments. When the United States and Mexico set out to reach a trade agreement, the two governments planned on the usual narrowly defined negotiations behind closed doors. But NGOs had a

NGOs are able to
push around even the
largest governments.

very different vision. Groups from Canada, the United States, and Mexico wanted to see provisions in the North American Free Trade Agreement on health and safety, transboundary pollution, consumer protection, immigration, labor mobility, child labor, sustainable agriculture, social charters, and debt relief. Coalitions of NGOs formed in each country and across both borders. The opposition they generated in early 1991 endangered congressional approval of the crucial "fast track" negotiating authority for the U.S. government. After months of resistance, the Bush administration capitulated, opening the agreement to environmental and labor concerns. Although progress in other trade venues will be slow, the tightly closed world of trade negotiations has been changed forever.

Technology is fundamental to NGOs' new clout. The nonprofit Association for Progressive Communications provides 50,000 NGOs in 133 countries access to the tens of millions of Internet users for the price of a local call. The dramatically lower costs of international communication have altered NGOs' goals and changed international outcomes. Within hours of the first gunshots of the Chiapas rebellion in southern Mexico in January 1994, for example, the Internet swarmed with messages from human rights activists. The worldwide media attention they and their groups focused on Chiapas, along with the influx of rights activists to the area, sharply limited the Mexican government's response. What in other times would have been a bloody insurgency turned out to be a largely nonviolent conflict. "The shots lasted ten days," José Angel Gurría, Mexico's foreign minister, later remarked, "and ever since, the war has been . . . a war on the Internet."

NGOs' easy reach behind other states' borders forces governments to consider domestic public opinion in countries with which they are dealing, even on matters that governments have traditionally handled strictly between themselves. At the same time, cross-border NGO networks offer citizens groups unprecedented channels of influence. Women's and human rights groups in many developing countries have linked up with more experienced, better funded, and more powerful groups in Europe and the United States. The latter work the global media and lobby their own governments to pressure leaders in developing countries, creating a circle of influence that is accelerating change in many parts of the world.

OUT OF THE HALLWAY, AROUND THE TABLE

IN INTERNATIONAL organizations, as with governments at home, NGOs were once largely relegated to the hallways. Even when they were able to shape governments' agendas, as the Helsinki Watch human rights groups did in the Conference on Security and Cooperation in Europe in the 1980s, their influence was largely determined by how receptive their own government's delegation happened to be. Their only option was to work through governments.

All that changed with the negotiation of the global climate treaty, culminating at the Earth Summit in Rio de Janeiro in 1992. With the broader independent base of public support that environmental groups command, NGOs set the original goal of negotiating an agreement to control greenhouse gases long before governments were ready to do so, proposed most of its structure and content, and lobbied and mobilized public pressure to force through a pact that virtually no one else thought possible when the talks began.

More members of NGOs served on government delegations than ever before, and they penetrated deeply into official decision-making. They were allowed to attend the small working group meetings where the real decisions in international negotiations are made. The tiny nation of Vanuatu turned its delegation over to an NGO with expertise in international law (a group based in London and funded by an American foundation), thereby making itself and the other sea-level island states major players in the fight to control global warming. *ECO*, an NGO-published daily newspaper, was negotiators' best source of information on the progress of the official talks and became the forum where governments tested ideas for breaking deadlocks.

Whether from developing or developed countries, NGOs were tightly organized in a global and half a dozen regional Climate Action Networks, which were able to bridge North-South differences among governments that many had expected would prevent an agreement. United in their passionate pursuit of a treaty, NGOs would fight out contentious issues among themselves, then take an agreed position to their respective delegations. When they could not agree, NGOs served as invaluable back channels, letting both sides know where the other's problems lay or where a compromise might be found.

As a result, delegates completed the framework of a global climate accord in the blink of a diplomat's eye—16 months—over the opposition of the three energy superpowers, the United States, Russia, and Saudi Arabia. The treaty entered into force in record time just two years later. Although only a framework accord whose binding requirements are still to be negotiated, the treaty could force sweeping changes in energy use, with potentially enormous implications for every economy.

The influence of NGOs at the climate talks has not yet been matched in any other arena, and indeed has provoked a backlash among some governments. A handful of authoritarian regimes, most notably China, led the charge, but many others share their unease about the role NGOs are assuming. Nevertheless, NGOs have worked their way into the heart of international negotiations and into the day-to-day operations of international organizations, bringing new priorities, demands for procedures that give a voice to groups outside government, and new standards of accountability.

ONE WORLD BUSINESS

THE MULTINATIONAL corporations of the 1960s were virtually all American, and prided themselves on their insularity. Foreigners might run subsidiaries, but they were never partners. A foreign posting was a setback for a rising executive.

Today, a global marketplace is developing for retail sales as well as manufacturing. Law, advertising, business consulting, and financial and other services are also marketed internationally. Firms of all nationalities attempt to look and act like locals wherever they operate. Foreign language skills and lengthy experience abroad are an asset, and increasingly a requirement, for top management. Sometimes corporate headquarters are not even in a company's home country.

Amid shifting alliances and joint ventures, made possible by computers and advanced communications, nationalities blur. Offshore banking encourages widespread evasion of national taxes. Whereas the fear in the 1970s was that multinationals would become an arm of government, the concern now is that they are disconnecting from their home countries' national interests, moving jobs, evading taxes, and eroding economic sovereignty in the process.

The even more rapid globalization of financial markets has left governments far behind. Where governments once set foreign exchange rates, private currency traders, accountable only to their bottom line, now trade \$1.3 trillion a day, 100 times the volume of world trade. The amount exceeds the total foreign exchange reserves of all governments, and is more than even an alliance of strong states can buck.

Despite the enormous attention given to governments' conflicts over trade rules, private capital flows have been growing twice as fast as trade for years. International portfolio transactions by U.S. investors, 9 percent of U.S. GDP in 1980, had grown to 135 percent of GDP by 1993. Growth in Germany, Britain, and elsewhere has been even more rapid. Direct investment has surged as well. All in all, the global financial market will grow to a staggering \$83 trillion by 2000, a 1994 McKinsey & Co. study estimated, triple the aggregate GDP of the affluent nations of the Organization for Economic Cooperation and Development.

Again, technology has been a driving force, shifting financial clout from states to the market with its offer of unprecedented speed in transactions—states cannot match market reaction times measured in seconds—and its dissemination of financial information to a broad range of players. States could choose whether they would belong to rule-based economic systems like the gold standard, but, as former Citicorp chairman Walter Wriston has pointed out, they cannot withdraw from the technology-based marketplace, unless they seek autarky and poverty.

More and more frequently today, governments have only the appearance of free choice when they set economic rules. Markets are setting *de facto* rules enforced by their own power. States can flout them, but the penalties are severe—loss of vital foreign capital, foreign technology, and domestic jobs. Even the most powerful economy must pay heed. The U.S. government could choose to rescue the Mexican peso in 1994, for example, but it had to do so on terms designed to satisfy the bond markets, not the countries doing the rescuing.

The forces shaping the legitimate global economy are also nourishing globally integrated crime—which U.N. officials peg at a staggering \$750 billion a year, \$400 billion to \$500 billion of that in

Nowadays governments have only the appearance of free choice when they set out to make rules.

narcotics, according to U.S. Drug Enforcement Agency estimates. Huge increases in the volume of goods and people crossing borders and competitive pressures to speed the flow of trade by easing inspections and reducing paperwork make it easier to hide contraband. Deregulation and privatization of government-owned businesses, modern communications, rapidly shifting commercial alliances, and the emergence of global financial systems have all helped transform local drug operations into global enterprises. The largely unregulated multi-trillion-dollar pool of money in supranational cyberspace, accessible by computer 24 hours a day, eases the drug trade's toughest problem: transforming huge sums of hot cash into investments in legitimate business.

Globalized crime is a security threat that neither police nor the military—the state's traditional responses—can meet. Controlling it will require states to pool their efforts and to establish unprecedented cooperation with the private sector, thereby compromising two cherished sovereign roles. If states fail, if criminal groups can continue to take advantage of porous borders and transnational financial spaces while governments are limited to acting within their own territory, crime will have the winning edge.

BORN-AGAIN INSTITUTIONS

UNTIL RECENTLY, international organizations were institutions of, by, and for nation-states. Now they are building constituencies of their own and, through NGOs, establishing direct connections to the peoples of the world. The shift is infusing them with new life and influence, but it is also creating tensions.

States feel they need more capable international organizations to deal with a lengthening list of transnational challenges, but at the same time fear competitors. Thus they vote for new forms of international intervention while reasserting sovereignty's first principle: no interference in the domestic affairs of states. They hand international organizations sweeping new responsibilities and then rein them in with circumscribed mandates or inadequate funding. With states ambivalent about intervention, a host of new problems demanding attention, and NGOs bursting with energy, ideas, and calls for a larger role, international organizations are lurching toward an unpredictable, but certainly different, future.

International organizations are still coming to terms with unprecedented growth in the volume of international problem-solving. Between 1972 and 1992 the number of environmental treaties rocketed from a few dozen to more than 900. While collaboration in other fields is not growing at quite that rate, treaties, regimes, and inter-governmental institutions dealing with human rights, trade, narcotics, corruption, crime, refugees, antiterrorism measures, arms control, and democracy are multiplying. "Soft law" in the form of guidelines, recommended practices, nonbinding resolutions, and the like is also rapidly expanding. Behind each new agreement are scientists and lawyers who worked on it, diplomats who negotiated it, and NGOs that back it, most of them committed for the long haul. The new constituency also includes a burgeoning, influential class of international civil servants responsible for implementing, monitoring, and enforcing this enormous new body of law.

At the same time, governments, while ambivalent about the international community mixing in states' domestic affairs, have driven some gaping holes in the wall that has separated the two. In the triumphant months after the Berlin Wall came down, international accords, particularly ones agreed on by what is now the Organization for Security and Cooperation in Europe and by the Organization of American States (OAS), drew explicit links between democracy, human rights, and international security, establishing new legal bases for international interventions. In 1991 the U.N. General Assembly declared itself in favor of humanitarian intervention without the request or consent of the state involved. A year later the Security Council took the unprecedented step of authorizing the use of force "on behalf of civilian populations" in Somalia. Suddenly an interest in citizens began to compete with, and occasionally override, the formerly unquestioned primacy of state interests.

Since 1990 the Security Council has declared a formal threat to international peace and security 61 times, after having done so only six times in the preceding 45 years. It is not that security has been abruptly and terribly threatened; rather, the change reflects the broadened scope of what the international community now feels it should poke

No longer of, by, and
for the nation-state,
international institutions
lurch toward change.

its nose into. As with Haiti in 1992, many of the so-called Chapter VII resolutions authorizing forceful intervention concerned domestic situations that involved awful human suffering or offended international norms but posed little if any danger to international peace.

Almost as intrusive as a Chapter VII intervention, though always invited, election monitoring has also become a growth industry. The United Nations monitored no election in a member state during the Cold War, only in colonies. But beginning in 1990 it responded to a deluge of requests from governments that felt compelled to prove their legitimacy by the new standards. In Latin America, where countries most jealously guard their sovereignty, the OAS monitored 11 national elections in four years.

And monitoring is no longer the passive observation it was in earlier decades. Carried out by a close-knit mix of international organizations and NGOs, it involves a large foreign presence dispensing advice and recommending standards for voter registration, campaign law, campaign practices, and the training of clerks and judiciaries. Observers even carry out parallel vote counts that can block fraud but at the same time second-guess the integrity of national counts.

International financial institutions, too, have inserted themselves more into states' domestic affairs. During the 1980s the World Bank attached conditions to loans concerning recipient governments' policies on poverty, the environment, and even, occasionally, military spending, a once sacrosanct domain of national prerogative. In 1991 a statement of bank policy holding that "efficient and accountable public sector management" is crucial to economic growth provided the rationale for subjecting to international oversight everything from official corruption to government competence.

Beyond involving them in an array of domestic economic and social decisions, the new policies force the World Bank, the International Monetary Fund, and other international financial institutions to forge alliances with business, NGOs, and civil society if they are to achieve broad changes in target countries. In the process, they have opened themselves to the same demands they are making of their clients: broader public participation and greater openness in decision-making. As a result, yet another set of doors behind which only officials sat has been thrown open to the private sector and to civil society.

LEAPS OF IMAGINATION

AFTER THREE and a half centuries, it requires a mental leap to think of world politics in any terms other than occasionally cooperating but generally competing states, each defined by its territory and representing all the people therein. Nor is it easy to imagine political entities that could compete with the emotional attachment of a shared landscape, national history, language, flag, and currency.

Yet history proves that there are alternatives other than tribal anarchy. Empires, both tightly and loosely ruled, achieved success and won allegiance. In the Middle Ages, emperors, kings, dukes, knights, popes, archbishops, guilds, and cities exercised overlapping secular power over the same territory in a system that looks much more like a modern, three-dimensional network than the clean-lined, hierarchical state order that replaced it. The question now is whether there are new geographic or functional entities that might grow up alongside the state, taking over some of its powers and emotional resonance.

The kernels of several such entities already exist. The European Union is the most obvious example. Neither a union of states nor an international organization, the EU leaves experts groping for inadequate descriptions like "post-sovereign system" or "unprecedented hybrid." It respects members' borders for some purposes, particularly in foreign and defense policy, but ignores them for others. The union's judiciary can override national law, and its Council of Ministers can overrule certain domestic executive decisions. In its thousands of councils, committees, and working groups, national ministers increasingly find themselves working with their counterparts from other countries to oppose colleagues in their own government; agriculture ministers, for example, ally against finance ministers. In this sense the union penetrates and to some extent weakens the internal bonds of its member states. Whether Frenchmen, Danes, and Greeks will ever think of themselves first as Europeans remains to be seen, but the EU has already come much further than most Americans realize.

Meanwhile, units below the national level are taking on formal international roles. Nearly all 50 American states have trade offices abroad, up from four in 1970, and all have official standing in the World Trade

Organization (WTO). German *Länder* and British local governments have offices at EU headquarters in Brussels. France's Rhône-Alpes region, centered in Lyon, maintains what it calls "embassies" abroad on behalf of a regional economy that includes Geneva, Switzerland, and Turin, Italy.

Emerging political identities not linked to territory pose a more direct challenge to the geographically fixed state system. The WTO

The shift from national to another allegiance will be a cultural and political earthquake.

is struggling to find a method of handling environmental disputes in the global commons, outside all states' boundaries, that the General Agreement on Tariffs and Trade, drafted 50 years ago, simply never envisioned. Proposals have been floated for a Parliamentary Assembly in the United Nations, parallel to the General Assembly, to represent the

people rather than the states of the world. Ideas are under discussion that would give ethnic nations political and legal status, so that the Kurds, for example, could be legally represented as a people in addition to being Turkish, Iranian, or Iraqi citizens.

Further in the future is a proposed Global Environmental Authority with independent regulatory powers. This is not as far-fetched as it sounds. The burden of participating in several hundred international environmental bodies is heavy for the richest governments and is becoming prohibitive for others. As the number of international agreements mounts, the pressure to streamline the system—in environmental protection as in other areas—will grow.

The realm of most rapid change is hybrid authorities that include state and nonstate bodies such as the International Telecommunications Union, the International Union for the Conservation of Nature, and hundreds more. In many of these, businesses or NGOs take on formerly public roles. The Geneva-based International Standards Organization, essentially a business NGO, sets widely observed standards on everything from products to internal corporate procedures. The International Securities Markets Association, another private regulator, oversees international trade in private securities markets—the world's second-largest capital market after domestic government bond markets. In another crossover, markets become government enforcers when they adopt treaty standards as the basis for market judgments. States and NGOs are collaborating

ad hoc in large-scale humanitarian relief operations that involve both military and civilian forces. Other NGOs have taken on standing operational roles for international organizations in refugee work and development assistance. Almost unnoticed, hybrids like these, in which states are often the junior partners, are becoming a new international norm.

FOR BETTER OR WORSE?

A WORLD that is more adaptable and in which power is more diffused could mean more peace, justice, and capacity to manage the burgeoning list of humankind's interconnected problems. At a time of accelerating change, NGOs are quicker than governments to respond to new demands and opportunities. Internationally, in both the poorest and richest countries, NGOs, when adequately funded, can outperform government in the delivery of many public services. Their growth, along with that of the other elements of civil society, can strengthen the fabric of the many still-fragile democracies. And they are better than governments at dealing with problems that grow slowly and affect society through their cumulative effect on individuals—the “soft” threats of environmental degradation, denial of human rights, population growth, poverty, and lack of development that may already be causing more deaths in conflict than are traditional acts of aggression.

As the computer and telecommunications revolution continues, NGOs will become more capable of large-scale activity across national borders. Their loyalties and orientation, like those of international civil servants and citizens of non-national entities like the EU, are better matched than those of governments to problems that demand transnational solutions. International NGOs and cross-border networks of local groups have bridged North-South differences that in earlier years paralyzed cooperation among countries.

On the economic front, expanding private markets can avoid economically destructive but politically seductive policies, such as excessive borrowing or overly burdensome taxation, to which governments succumb. Unhindered by ideology, private capital flows to where it is best treated and thus can do the most good.

International organizations, given a longer rein by governments and connected to the grassroots by deepening ties with NGOs, could,

with adequate funding, take on larger roles in global housekeeping (transportation, communications, environment, health), security (controlling weapons of mass destruction, preventive diplomacy, peacekeeping), human rights, and emergency relief. As various international panels have suggested, the funds could come from fees on international activities, such as currency transactions and air travel, independent of state appropriations. Finally, that new force on the global scene, international public opinion, informed by worldwide media coverage and mobilized by NGOs, can be extraordinarily potent in getting things done, and done quickly.

There are at least as many reasons, however, to believe that the continuing diffusion of power away from nation-states will mean more conflict and less problem-solving both within states and among them.

For all their strengths, NGOs are special interests, albeit not motivated by personal profit. The best of them, the ablest and most passionate, often suffer most from tunnel vision, judging every public act by how it affects their particular interest. Generally, they have limited capacity for large-scale endeavors, and as they grow, the need to sustain growing budgets can compromise the independence of mind and approach that is their greatest asset.

A society in which the piling up of special interests replaces a single strong voice for the common good is unlikely to fare well. Single-issue voters, as Americans know all too well, polarize and freeze public debate. In the longer run, a stronger civil society could also be more fragmented, producing a weakened sense of common identity and purpose and less willingness to invest in public goods, whether health and education or roads and ports. More and more groups promoting worthy but narrow causes could ultimately threaten democratic government.

Internationally, excessive pluralism could have similar consequences. Two hundred nation-states is a barely manageable number. Add hundreds of influential nonstate forces—businesses, NGOs, international organizations, ethnic and religious groups—and the international system may represent more voices but be unable to advance any of them.

Moreover, there are roles that only the state—at least among today's polities—can perform. States are the only nonvoluntary political unit, the one that can impose order and is invested with the power to tax. Severely weakened states will encourage conflict, as they have in Africa,

Central America, and elsewhere. Moreover, it may be that only the nation-state can meet crucial social needs that markets do not value. Providing a modicum of job security, avoiding higher unemployment, preserving a livable environment and a stable climate, and protecting consumer health and safety are but a few of the tasks that could be left dangling in a world of expanding markets and retreating states.

More international decision-making will also exacerbate the so-called democratic deficit, as decisions that elected representatives once made shift to unelected international bodies; this is already a sore point for EU members. It also arises when legislatures are forced to make a single take-it-or-leave-it judgment on huge international agreements, like the several-thousand-page Uruguay Round trade accord. With citizens already feeling that their national governments do not hear individual voices, the trend could well provoke deeper and more dangerous alienation, which in turn could trigger new ethnic and even religious separatism. The end result could be a proliferation of states too weak for either individual economic success or effective international cooperation.

Finally, fearsome dislocations are bound to accompany the weakening of the central institution of modern society. The prophets of an internetted world in which national identities gradually fade, proclaim its revolutionary nature and yet believe the changes will be wholly benign. They won't be. The shift from national to some other political allegiance, if it comes, will be an emotional, cultural, and political earthquake.

DISSOLVING AND EVOLVING

MIGHT THE decline in state power prove transitory? Present disenchantment with national governments could dissipate as quickly as it arose. Continuing globalization may well spark a vigorous reassertion of economic or cultural nationalism. By helping solve problems governments cannot handle, business, NGOs, and international organizations may actually be strengthening the nation-state system.

These are all possibilities, but the clash between the fixed geography of states and the nonterritorial nature of today's problems and solutions, which is only likely to escalate, strongly suggests that the relative power of states will continue to decline. Nation-states may simply no

longer be the natural problem-solving unit. Local government addresses citizens' growing desire for a role in decision-making, while transnational, regional, and even global entities better fit the dimensions of trends in economics, resources, and security.

The evolution of information and communications technology, which has only just begun, will probably heavily favor nonstate entities, including those not yet envisaged, over states. The new technologies encourage noninstitutional, shifting networks over the fixed bureaucratic hierarchies that are the hallmark of the single-voiced sovereign state. They dissolve issues' and institutions' ties to a fixed place. And by greatly empowering individuals, they weaken the relative attachment to community, of which the preeminent one in modern society is the nation-state.

If current trends continue, the international system 50 years hence will be profoundly different. During the transition, the Westphalian system and an evolving one will exist side by side. States will set the rules by which all other actors operate, but outside forces will increasingly make decisions for them. In using business, NGOs, and international organizations to address problems they cannot or do not want to take on, states will, more often than not, inadvertently weaken themselves further. Thus governments' unwillingness to adequately fund international organizations helped NGOs move from a peripheral to a central role in shaping multilateral agreements, since the NGOs provided expertise the international organizations lacked. At least for a time, the transition is likely to weaken rather than bolster the world's capacity to solve its problems. If states, with the overwhelming share of power, wealth, and capacity, can do less, less will get done.

Whether the rise of nonstate actors ultimately turns out to be good news or bad will depend on whether humanity can launch itself on a course of rapid social innovation, as it did after World War II. Needed adaptations include a business sector that can shoulder a broader policy role, NGOs that are less parochial and better able to operate on a large scale, international institutions that can efficiently serve the dual masters of states and citizenry, and, above all, new institutions and political entities that match the transnational scope of today's challenges while meeting citizens' demands for accountable democratic governance. ②

The contents of Foreign Affairs are protected by copyright. © 2004 Council on Foreign Relations, Inc., all rights reserved. To request permission to reproduce additional copies of the article(s) you will retrieve, please contact the Permissions and Licensing office of Foreign Affairs.