

Netherlands Institute for
Multiparty Democracy

The End of the Nation-State (?)

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Ladies and gentlemen!

On 10 November 2018 a number of political activists gathered in The Hague in the Netherlands, to proclaim what they called 'the European Republic'. Standing on a balcony in the city center and using a megaphone, they read aloud from a Manifesto that stated the following:

'The Europe of nation-states has failed. The vision of the European integration has been betrayed. Without political underpinning, the Single Market and the euro fell easy prey to a neoliberal agenda which runs counter to the goal of social justice.'

The activists in The Hague were not alone, for at exactly the same time the European Republic was proclaimed from other balconies too, by kindred spirits in a host of cities and towns throughout Europe. The date was not chosen at random. On that same day, the centennial anniversary of the end of the First World War was commemorated. So, exactly a hundred years after a war that brought about the dissolution of the Habsburg and Ottoman empires and the establishment of a global political system of nation-states, European citizens across the continent renounced this system and called it a failure.

In the same vein, the Manifesto then announces: 'The sovereignty of states is hereby replaced by the sovereignty of citizens'. And as if that were not already bold enough, it declares the European Republic as 'the first step on the path to a global democracy'.

This may remind us that, in spite of the European Parliament, the European Union is anything but a fully-fledged democracy. Most power is invested in the European Commission and the European Council, even though neither of these institutions is under direct democratic control. Here, the interests of the individual nation-states are preeminent. This serious flaw in the set-up of the EU exists because the emergence of representative democracy as we know it is intertwined with the rise of the nation-state. Both came into being in the 19th century and developed in close conjunction with each other. However, although they are historically and logically connected, these entities start to contradict each other on the supranational level, where integration is the goal. The

nation-state is, in fact, a formidable impediment to the development of the European Union in line with its own founding principles. A European Republic that is not founded on the idea of the nation-state, therefore, would indeed require a 'post-national' democracy.

Here it is useful to refer to the so-called 'inescapable trilemma of world economy'. In these times of globalization, each country has to make a choice between three interconnected variables, namely economic integration, the nation-state and democracy. A country can never have all three of these fully. This is because choosing any combination of two variables is done at the expense of the third. Thus, a country can choose integration and the nation-state, but then its democratic control over technocratic institutions at the supranational level will diminish. If the country instead opts for integration and democracy, then to some extent it will lose its sovereignty as a nation-state. Lastly, a country can opt for nation-state and democracy, but then it will become disconnected from the world economy and is likely to become poorer.

The latter seems to have been the choice of our British friends with their Brexit. Most other member states of the EU have opted for national sovereignty and the material benefits of economic integration. As a result, they have had to come to terms with a democratic deficit. The European Republic that was proclaimed last November is a clear decision in favor of democracy and integration, and means giving up the nation-state altogether.

This is a remarkable choice, because for most of us 'a world in which political power is not organized on the basis of territorial sovereignty' is difficult to imagine. Despite this, the geographically defined nation-state as a mode of organizing political activity is actually not so very old. It came to full fruition only after the First World War, when American President Woodrow Wilson proposed the principle of 'national self-determination' and founded the League of Nations. Apparently though, just one hundred years later, people have begun thinking the unthinkable. They are trying to go beyond the limits of seeing the nation-state as the universal and permanent template for human political organization.

In a way, this was to be expected. We are in the midst of the Third Industrial Revolution. Digital technology is pervading all sectors of society and profoundly changing everything it encounters in ways that we are only beginning to understand. It is very likely that this exponentially growing, often disruptive innovation will also fundamentally change the way we govern ourselves. In our globalizing and integrating world, in which everybody is connected to everybody else, it seems doubtful that a political infrastructure with the nation-state as the chief protagonist can persist. In his important book *If Mayors Ruled the World*, the late Benjamin Barber puts it like this:

‘Today, after a long history of regional success, the nation-state is failing us on a global scale. It was the perfect political recipe for the liberty and independence of autonomous peoples and nations. It is utterly unsuited to interdependence.’

For one thing, modern technology affects the most crucial characteristics of the nation-state: borders, territory, jurisdiction and sovereignty. It thereby also undermines certain monopolies and prerogatives held by the nation-state under the Social Contract, which make it legitimate in the eyes of its citizens.

What we call cyber space is increasingly making geographical space meaningless. The static space of places is being overruled by dynamic spaces of flows where nation-states have no control. A case in point is the elusive, deregulated financial world over which nation-states exert little if any authority. We all remember the financial crisis of 2008, when the practices of financial institutions made many people across the globe lose their savings and livelihoods. Few of these institutions were held accountable under any national jurisdiction.

Money flows are processed in myriads of electronic networks, they don't take place ‘somewhere’, they are not spatially defined as the nation-state is, they take place ‘off-shore’, wherever that may be. This also means that wealth amassed in this way can evade taxation – which is one of the hallmarks of the nation-state – even though this wealth can become truly immeasurable. Oxfam-Novib reported recently that 1% of

the world population owns 50% of the world's assets, and the wealth of just 42 of the richest individuals equals that of the 3.7 billion poorest.

This is keenly felt, for instance among a fast growing number of citizens, who have to struggle to make ends meet and constantly face economic insecurity in spite of a booming economy. British economist Guy Standing sees a new class emerging here that he dubbed the 'precariat'. Paradoxically, this class is susceptible to populist ideas about a mythological lost past and former national greatness, with strong isolationist, xenophobic and sometimes racist overtones. However, this nationalism is a symptom of the decline of the nation-state, not a sign of its revival. Today, economic growth benefits capital only, not labour, and national governments can do little about it. This a worldwide trend. A recent study by the Mo Ibrahim Foundation, for instance, shows that Africa's economies taken together have grown 40% in the last 10 years but no new jobs have been created.

The authority over capital is not the only monopoly the nation-state is losing. The scrutiny of citizens' lives is another. Although restricted by civil rights, gathering certain data about citizens was once the exclusive privilege of the state. Not anymore. The big tech companies' business model has led to what is known as 'surveillance capitalism'. They now know more about us than we ourselves do. Moreover, with the help of algorithms and machine learning, they not only make huge profits, but also furtively influence national politics and democratic processes. Cambridge Analytica, we know, used personal data of tens of millions of people handed over by Facebook and used it secretly in the Trump campaign and the Brexit referendum. After the scandal had surfaced, Cambridge Analytica was quickly dissolved and nobody among those responsible was prosecuted. Mr Zuckerberg of Facebook, who once called Facebook users 'dumb fucks', sometimes appears before National Government Committees -- if he feels like it -- but they have no legal means to take him to task.

Put differently, Apple, Facebook, Google et cetera have become power units to be reckoned with. Which is, without doubt, the reason that Denmark recently appointed one of its senior diplomats as so-called

'tech ambassador'. This new office, according to its website, 'has a global mandate and a physical presence across three time zones, in Copenhagen, Silicon Valley and Beijing – transcending borders and regions and rethinking diplomacy.'

Another crucial monopoly once held by the nation-state, namely its monopoly on physical force, is also in decline. For example, in the United States, millions of people among those who can afford it now live in gated communities. They tax themselves heavily to pay for privatized protection. It seems that these towns behind guns and walls represent one of the fastest growing segments of the residential real estate market. Another example: 20 years ago, the private security sector in the UK already had more employees than the entire police force. This sector it is thriving, both in the UK and elsewhere, on surprising possibilities for making profit such as private incarceration or even combat and warfare. These activities are becoming increasingly privatized. A few months ago, the founder of the infamous company Blackwater tried to convince the American government to privatize the war in Afghanistan. He claimed he could do the job for 3-5 billion dollars, which is indeed a lot cheaper than the 1000 billion the war has cost so far.

A tentative last example of the weakening of nation-state monopolies is, of course, the appearance of e-currencies such as Bitcoin and Ethereum. Remarkably, this time it was initially not the corporate world that appropriated what was once an exclusive state prerogative. Instead, it was individual hackers and nerds, and loose global networks of these digital natives. Even now, as I have also shown in my other examples, nation-states seem to be incapable of producing adequate answers. But Facebook does. It has recently announced its cryptocurrency Libra and the American government is not amused. Last July, U.S. lawmakers repeatedly pressed Facebook's top blockchain executive David Marcus to halt development of the Libra cryptocurrency during a contentious hearing on the project. They didn't get far. Mr. Marcus, the CEO of Facebook's subsidiary Calibra, reiterated his promise that Libra would not launch until regulators' concerns were fully addressed. But he stopped short of committing to freezing technical work on the project, much to the irritation of House Financial Services Committee members.

In an important essay published in *The Guardian* some time ago, Rana Dasgupta showed that the 'demise of the nation-state', as he calls it, is certainly not only a western phenomenon. He argues that it can also be detected in former western colonies, albeit for different reasons and caused by a very specific dynamics in the contemporary history of these countries. He points to Islamic terrorism in particular, as a phenomenon both caused by and resulting in this demise. After World War II these colonies were granted independence rather hurriedly and the nation-state was exported everywhere, with little consideration for local circumstances. In many cases, this was disastrous. It led to very instable 'infant states', often held together with brute force by dictators and supported by one of the two superpowers vying for world hegemony during the Cold War. The semblance of stability they acquired was proven false when, after the Cold War, the support offered by Russia or the US quickly diminished and several countries – Yemen, South Sudan, Syria, Somalia, Afghanistan, Mali, the Central African Republic – became essentially dysfunctional hotbeds for 'post-national forces' such as ISIS, al Shabaab, Janjaweed, Boko Haram, Ansar Dine or al-Qaida.

'Their adherents', Dasgupta then goes on to note, 'have lost the enchantment for the old slogans of nation-building. Their political technology is charismatic religion, and the future they seek is inspired by the ancient golden empires that existed before the invention of nations. Militant religious groups in Africa and the Middle East are less engaged in the old project of seizing the state apparatus; instead, they cut holes and tunnels in state authority, and so assemble transnational networks of tax collection, trade routes and military supply lines.'

Ladies and Gentlemen!

To be sure, I am not saying that the nation-state will disappear any time soon. However, what I *am* trying to suggest is that we are witnessing the end of an era in which the political system that we all know is changing fundamentally. What we can observe, in fact, is a transformation from a relatively monolithic political infrastructure into a multitude of power units, both bigger and smaller than the nation-state. These can all exert substantial influence on the course of things in our globalized,

interdependent world. Put differently, the nation-state will not vanish, but will become just one source of authority among many others.

In his seminal book *The End of Power*, former minister of the then democratic government of Venezuela, Moisés Naím, has aptly captured this development with the metaphor of the 'political centrifuge'.

'It is', he writes, 'as if a political centrifuge had taken the elements that constituted politics as we knew it and scattered them across a new and broader frame.' In other words, we are witnessing the emergence of a new political system characterized by multiplicity. This is in line with all other sectors of society and congruent with the post-modern condition. What we see developing, is a heteronomous and polycentric patchwork of overlapping and competing power units. These can be national, supranational, local, regional, transnational, non-governmental and even individual.

We have to come to terms with this systemic change. This is difficult or perhaps even terrifying, because we are used to a particular mode of political organization with the nation-state at its core and we know nothing else.

The political philosopher Antonio Gramsci said that when an old world is dying and a new one is struggling to be born, the period in between is the time of the monsters. We have seen quite a few of those recently and they shall not be named here. However, their appearance gives an acute sense of urgency. It sometimes seems as if we are facing a New World Disorder. Something has to be done, but what?

One of the most critical issues at hand is the regulation of global finance. This will require a lot of courage, intellectual stamina and political resolve. What we need is a political form that operates at the same scale as transnational money flows. It will therefore be capable of regulating, and indeed taxing, these flows as well as organizing global redistribution of wealth. In terms of the trilemma mentioned earlier, the choice is clear: economic integration and democracy at the expense of the nation-state. I am not sure about the chances of a full-grown World Government appearing in our time, but some form of supranational

authority should come into being to tackle what Barack Obama has called the 'defining challenge of our time', namely inequality. The same is true for closely related problems such as migration, climate change and terrorism, which are all beyond the influence of individual nation-states. As Stephen J. Kobrin once put it in a visionary essay: 'The challenge is to ensure that transnational and transterritorial solutions be found to the problems posed by the emergence of a postmodern, digital world economy.'

As the proclamation of the European Republic already suggested, this also means that the nature of democracy has to change. Because the nation-state is in decline, democracy has to be disconnected from it and re-invented. It has to become, in some way or other, a form of post-national democracy.

Here I recall with some pleasure that in 2004 an NIMD colleague founded the website theworldvotes.org, which made it possible for everybody to cast a vote in the US presidential elections. This initiative generated a lot of interest and was, for instance, well-received by senior diplomatic correspondent Yoichi Funabashi in the leading Japanese newspaper *Asahi Shimbun*. This website was a very early endeavor to concretely, if playfully, create something like a global democracy. Rana Dasgupta, dwelling more seriously on a similar idea in his recent essay mentioned earlier, puts it as follows:

'If democracy is supposed to give voters some control over their own conditions, for instance, should a US election not involve most people on earth? What would American political discourse look like, if it had to satisfy voters in Iraq or Afghanistan?'

Inventing a post-national, global democracy must also mean that the way we think about citizenship has to change. As expected, the *Manifesto of the European Republic* is very explicit about this. It quite radically declares that as of 10 November 2018 everyone who so wishes can become a European citizen. Some of you might by now have come to the conclusion that the European Republic is dismissably crackpot, not to be taken seriously. In that case, however, I might point to the Baltic republic of Estonia that has made it possible for anybody to

become an Estonian 'e-resident'. With such an e-residency anybody can register an EU-based company and receive access to Estonian government e-services. The innovation-focused magazine *Wired* was wildly enthusiastic about this indeed bold move. It could, as *Wired* stated, 'fundamentally redefine what it means to be a country'. The magazine might have a point there, given that, in addition to many digital nomads, the Japanese prime minister, Shinzō Abe, the German chancellor, Angela Merkel and even Pope Francis are now also Estonian e-residents! As post-modern individuals, we have multiple identities and multiple loyalties. Why not also have multiple citizenships?

All this is easier said than done and it seems important to break such a huge vision down into manageable and practical steps. Therefore, to conclude this presentation, I would like to refer to a very concrete endeavor to find transnational and transterritorial solutions to 21st century problems, namely the Global Parliament of Mayors, founded by the late Benjamin Barber, which had its inaugural convening in The Hague in 2016.

Earlier we saw that Barber has argued that in times of interdependence the nation-state has become dysfunctional. He proposes the city as the alternative central political unit in a new political system. The city, he claims, 'has in today's globalizing world once again become democracy's best hope.'

In a way this is not surprising. After all, as of 2007 more than half of the world population lives in cities and the number of city-dwellers will keep growing in the years to come. Moreover, it is in cities where a critical mass of very diverse and talented people are compressed into a limited space. The city then becomes, as it were, a pressure cooker of economic growth and innovation in all sectors of society. The special dynamics or energy of the city have been aptly referred to as the 'inclusive urban swirl' – a force which blends reformers, scholars, literati, journalists, politicians, scientists, entrepreneurs, artists, architects and other movers and shakers, and thereby produces a unique intellectual and creative output. Almost by nature, therefore, cities are democratic. Their governments have a pragmatic and problem-solving attitude. They

are much less 'prone to partisanship and ideological excess' than national governments.

This idea of the city as a laboratory of change and innovation is at the heart of Benjamin Barber's Global Parliament of Mayors, a sort of localist version of the United Nations, or perhaps the first Hanseatic Society since the Middle Ages, though now on a global scale. Typically, the member cities of this Parliament have pledged to develop what they call 'common policies and common action to pressing cross-border issues', especially migration and climate change. In other words, they intend to develop their own foreign policy and they are serious -- for instance they have agreed to financially support so-called 'sanctuary cities' in the US, which face cuts in federal funds by the Trump Administration.

Ladies and gentlemen!

If what I have discussed here has any validity, then this global network of local governments is indeed an important and innovative contribution to a new political infrastructure. We urgently need to replace the one we are used to, as it is quickly becoming obsolete. However, this is only one step in a series we need to take if we want to change the way we govern ourselves and adapt our political organization to the 21st century -- with the ultimate goal, as the mayors put it in their so-called *The Hague Declaration*, 'to achieve a more equitable, sustainable future for all'.

With these encouraging words, I have come full circle and I am back in The Hague where I began this talk. Therefore, I think I will stop here for the time being. I look forward to your remarks and questions and an interesting discussion.

Thank you.

References

- The European Republic is an idea of Ulrike Guérot, a German political scientist and director of the European Democracy Lab in Berlin (<https://europeandemocracylab.org/en/>), as well as the Austrian author Robert Menasse, who in 2017 published a fine novel about Brussels, entitled *Die Hauptstadt* ('The Capital').
- I read about the 'inescapable trilemma of world economy' for the first time in the weekly *The Economist*, which did not mention a source. It appeared to be an idea of the Turkish economist Dani Rodrik, professor at Harvard.
- I quote a few times from the visionary essay by Stephen J. Kobrin, professor of multinational management at the University of Pennsylvania, entitled 'Back to the Future: Neomedievalism and the postmodern world economy' (1998), which can easily be found on the Internet.
- The same is true for the great essay by Rana Dasgupta in *The Guardian*, entitled 'The demise of the nation-state'. I found it while writing this talk. It often confirmed what I was considering and it was revealing with regard to the special political dynamics in the erstwhile European colonies.
- The late Benjamin Barber was a political scientist of international renown whose book *If Mayors Ruled the World; Dysfunctional Nations, Rising Cities* (2013) made a great impression on me. His Global Parliament of Mayors is continued also after his untimely death. In October 2020 it will convene again in Palermo, Italy.
- 'The dynamic spaces of flows' is a concept of Manuel Castells from his article 'Materials for an exploratory theory of the network society' (in: *British Journal of Sociology*, Vol. 51, No 1, January-March 2000), which concisely deals with a lot of his thinking.
- I refer to a report by Oxfam-Novib from 2019. In January 2020 this international NGO published new figures that, incidentally, are no less

shocking: <https://www.oxfamnovib.nl/nieuws/miljardairs-rijker-dan-60-procent-van-de-wereldbevolking-nieuws>

- The British economist Guy Standing explains the term ‘precariat’ clearly in this TED Talk:
<https://www.youtube.com/watch?v=nnYhZCUYOxs>
- The report of the Mo Ibrahim Foundation that I refer to is ‘2018 Ibrahim Index of African Government’.
- ‘Surveillance capitalism’ is a term by Shoshana Zuboff, professor at Harvard. She published a book about it in 2019 that should be read by many: *The age of surveillance capitalism; The fight for a human future at the new frontier of power*.
- For more information about the Danish tech-ambassador, see: www.techamb.um.dk
- At the World Economic Forum in Davos of 2020 both President Donald Trump (73) and Greta Thunberg (17) were the most important speakers. One could ask oneself about Greta Thunberg, varying on Stalin: ‘How many divisions as she got?’ Moisés Naím gives an answer in his *The End of Power; From boardrooms to battlefields and churches to states, why being in charge isn’t what it used to be* (2013).
- The website theworldvotes.com was an idea of my former NIMD-colleague Wiebe de Jager. It does not exist anymore.
- The Swedish anthropologist Ulf Hannerz introduces the term ‘inclusive urban swirl’ in his book *Cultural complexity: Studies in the social organization of meaning* (1994), in which he analyses the creative energy that can surface in the city. In that connection he compares Calcutta during the so-called Bengali Renaissance in the 19th century, Vienna during the *fin-de-siècle* and San Francisco during period of the Beat Culture in the fifties of the 20th century.