The Boundaries of
Life's Responsibilities

Community and Nation in a
Global Environment

Gary Sturgess

occasional papers

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Key Points

      most people have loyalties to several communities

      multiple loyalties make it difficult to decide the extent of social obligations, 'the boundaries of life's responsibilities'

- globalisation is adding to the complexity of these decisions
- globalisation continues a long-term trend toward coordinating certain activities over larger areas

      the nation-state itself, thought by some to be threatened by globalisation, is a product of this trend

      the rise of the nation-state was facilitated by economic changes, as is the case with globalisation today

      the different forms of political community are not completely replaced, but their functions change

- there needs to be a rethinking of the functions of the different levels of government
- despite globalisation, there is scope for reducing the feeling of a 'democratic deficit' by creating more involvement at a local level
- various state/nation configurations are possible: multinational states, multistate nations, stateless nations, non-territorial states, territorially non-contiguous states

Foreword

'Globalisation' is one of the buzz words of the 1990s. Most people who have given the idea some thought recognise that traditional national boundaries are less important than in the past. Most nation-states are less distinct economic zones than they once were, with greater proportions of national production being exported and more of national consumption being imported. International treaties commit nation-states to following broadly common policies in particular areas, reducing the capacity of national parliaments to pursue independent courses of action. In Australia's case, international treaty commitments are used to constrain state parliaments as well.

While the fact of growing globalisation is clear, attitudes toward it are not. In 'The Boundaries of Life's Responsibilities', delivered as a Bert Kelly Lecture in Sydney on 12 July 1995 and updated for this Occasional Paper, Gary Sturgess notes that there is a feeling of 'democratic deficit' as power moves upwards. Globalisation conflicts with strong feelings of national loyalty, though at the cash register economic nationalism is less evident than it is in the opinion polls. As Sturgess says, it seems to be a case of 'shop global, vote local'. Many people seem to have an unresolved tension between their role as a citizen and their role as a consumer.

Sturgess argues that dealing with conflicting loyalties is nothing new. The development of the nation-state in the nineteenth century saw a division of loyalty between local areas and the new, larger national regions being created partly, as they are today, to accommodate new economic realities. National loyalties did not obliterate local identities; rather they added another identity to the existing local ones. Globalisation adds to the complexity.

Policy-makers cannot abolish this complexity, but they can ameliorate the democratic deficit that currently seems to accompany it. The principles of subsidiarity require that governance be done at the lowest possible level. Even in a globalised economy, many decisions can still be taken, and many services provided, at a local level. In Australia, much of the democratic deficit may be the result of unwarranted centralisation of power at State or Commonwealth levels rather than globalisation. Sturgess points to evidence suggesting that some politicians are now aware of this.

While globalisation is seen by some as something that reduces our control over our lives, this need not be the case. For individuals as

consumers, globalisation means more control ⁻ they now have a wider choice among those goods and services that are tradeable internationally, and are less subject to the indifference of protected local producers. For individuals as citizens there is a problem, as international decision-making is not subject to democratic control. However, with a more comprehensive rethinking of our systems of governance it is possible to delegate some political authority downwards at the same time as other matters are taken into the international sphere. As with the building of the nation-state there are specific reasons for some decisions covering a wide region, but where these reasons do not apply government can remain at lower levels. Australians do not have to choose between one of global, national, state and local. Rather, the task is to work out the functions appropriate to each.

Greg Lindsay
Executive Director

About the Author

Gary Sturgess was Director-General of the Cabinet Office of New South Wales from 1988 to 1992. After training as a lawyer, he worked as a journalist for The Bulletin, and as a policy adviser to Nick Greiner. He is the co-author of Water Rights *in* Rural New South Wales (CIS, 1993). He is currently a member of the NSW Police Board and through his consultancy, Sturgess Australia, provides policy advice to governments.

The Boundaries of Life's Responsibilities: Community and Nation in a Global Environment

Gary Sturgess

In spite of their obvious popularity over the past century or more, the concepts of 'nation', 'nationalism' and 'nation-state' have proven difficult to define. The European historian, Eric Hobsbawm (1992:5) observed that 'there is no way of telling the observer how to distinguish a nation from other entities *a priori*'. Hobsbawm's thesis was that nations could only be recognised once they had become formalised as states, and he quoted Ernest Renan to the effect that 'getting its history wrong is past of being a nation'.

There are few nations on earth which got their history 'wrong' (in this sense) more often than the English. (In an attempt to simplify this discussion I will refrain from dealing with the British.) It is true that England's geography meant that it existed as a (relatively) coherent tersitorial state long before, say, Italy or Germany, and nationalist themes can be discovered in English history from an early date. But we cannot speak of Great Britain as a nation-state, in the modern sense of that term, until the final decades of the nineteenth centuty.

Nation-states in this modern sense did not exist until transportation and communications technology, economic infrastructure and managerial know-how permitted stable governance on such a scale. Political power followed economic power as it shifted upwards; nation-states proliferated as policy entrepreneurs sought to find structures to govern the emerging national economies.

This upward movement of economic and political power from local community to national polity brought with it changes in loyalties. No longer were we just residents of a town or district or members of an ethnic community; now we were also citizens of a nation-state. The boundaries of our responsibilities were widened, and over time more of us began to think of ourselves first and foremost as Australians.

Today we are witnessing yet another upward movement of eco-

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nomic and political power, from the national to the supranational. Those in the vanguard of these reforms – diplomats, environmentalists, human rights activists, business travellers and those engaged in the global finance industry – already think of themselves as 'citizens of the world', but they carry with them residual loyalties to the nation-state and local community.

It seems probable that the impact of globalisation will be to add new loyalties on top of the old, rather than merely supplanting tribalism with universalism. The nation-state will respond to this thickening of obligations by changing form and reaching an accommodation with the old subnational and the new supranational loyalties.

This paper explores the foundations of the nation-state and concepts such as sovereignty and nationalisation. It looks at the impact of globalisation on these foundation stones and explores some of the alternative structures which might emerge as a response to the changing boundaries of life's responsibilities.

Sovereignty

The concept of sovereignty as supreme political authority is usually dated from the publication of Jean Bodin's *De la république* in 1576. It came to be accepted as the dominant principle of international law, among European nations at least, at the Peace of Westphalia in 1648. And likewise it was in the second half of the seventeenth century that the kings and parliaments of England came to acquire the reality of internal sovereignty.

Until the Civil War, the English Crown still had an ambiguous attitude towards the private armies of the great lords. For centuries the English kings had progressively regulated the military power of the nobility by licensing the crenellation of their fortified houses and limiting the numbers of their armed followers.

And yet when the apprentices in London rioted or there was a major disturbance in East Anglia due to poor harvests or trade embargoes, it was to the nobility and the leading gentry that the Crown looked to restore the peace because only they could raise significant numbers of armed men quickly. And it was from the retinues of the nobility that royal armies were raised to prosecute wars against the French or the Scots, in most cases under the leadership of one of the great lords.

So when, in the middle of the seventeenth century, Thomas Hobbes put the case for Leviathan, he wrote with some conviction. He had been a personal witness to the disorder which could flow from the

absence of sovereignty.

'Nationalisation'

But the nation-state cannot be understood solely in terms of sovereignty and territoriality. It is impossible today to speak of the nation-state without thinking of a government that manages, or seeks to manage, a national economy; provides a social welfare system for its citizenry; and, amongst democratic nations, provides a voice for its people in the determination of policy.

Even in France and in England, the oldest of the European nations, the nation-state in this modern sense did not emerge until late last century.' This is not the impression one would get reading English history through the eyes of Maitland (1926) or Plucknett (1956). But if we turn (say) to Sidney and Beatrice Webb's history of English local government, then the story is quite different.

As late as 1836, there were around 15,000 local governments in England, a category which included Metropolitan Vestries, Parish Committees of provincial Vestries, Municipal Corporations, Boards of Guardians, Courts of Sewers, Highway Boards, Turnpike Trusts, Improvement Commissioners, and Boards of Health (Webb 1922:478-9). Adam Smith may have favoured government intervention in the provision of physical and social infrastructure, but he much preferred local institutions for its delivery.

By the end of the nineteenth century all of this was changing, forever. Let me illustrate with the example of prisons administration, a service close to the core business of the state. This is the Webbs writing in 1922 about the British Prisons Act of 1877. Until that time, prisons in the United Kingdom had remained substantially under the control of local government:

> A great administrative service, extending throughout the whole country, which had been for centuries within the sphere of Local Government, was transferred en bloc to a department of the National Government. In no other branch of public administration has such a change been made in England. Whenever such a transfer has been proposed - as it has at different dates for police, for elementary schooling, for lunacy, for main roads, and indeed, for

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1 William Pfaff records the observation that 'there was no French nation until Jules Perry established free universal education in the nineteenth century' (Pfaff 1993:15).

other services - the charactelistic English preference for local over central administration has hitherto always proved too strong to be overcome. In prison administration alone has centralization prevailed (Webb 1922:201).

The term used by the Webbs to describe this upward shift in political power was 'nationalisation', a word which they used to include not only the takeover by the state of private services, but also the centralisation of local government functions into the hands of the national government (Webb 1922:246).

A number of explanations could be (and, indeed, have been) offered to explain this upward shift in political power from the local community to the nation-state. In my view, the evidence is clear: throughout the nineteenth century a new generation of communications and transportation technologies broke down the boundaries between local and regional economies and, for the first time in history, produced a truly national economy.

Of course, the authority of sub-national communities was never entirely supplanted, as the many federal and quasi-federal systems of government around the world bear witness. But gradually the boundaries of our world were expanded and we began to think of ourselves first and foremost as Australians or Italians or Germans, rather than as members of the village, district or province from which our parents and grandparents had come.

Throughout nineteenth centuty Britain, perhaps the most dramatic example of this upward migration of economic power was the progressive amalgamation of the railways. The 'nationalisation' of the railways was not completed until 1946 when they were taken over by the state in the rush of centralised planning which followed the war. But the early railway builders - in Britain, in the United States and in many parts of Europe - were local capitalists who hoped to capture a competitive advantage for the industries of their regions.

As it turned out, the great value of the railways lay in their interconnection and by the middle of the nineteenth century, this new technology had undermined the independence of the regional economies it had originally been built to reinforce. The railway rapidly became a symbol of national unity and economic progress, and it wasn't long before every government insisted on having one of its own.

In the 1830s, when Belgian nationalists revolted against economic and political domination by the Dutch, they used the promise of a state-owned railway as a means of defining their aspirations for nationhood.

A decade later, the Union of German Railway Administrations became one of the symbols of incipient German nationalism and of course, nationalisation of the German railways was an integral part of Bismarck's nation-building throughout the 1870s. More than anything else, it was the railways and telegraphs which enabled the creation of the first truly national economies and in turn, generated the demand for national governments.

In this country, where our political institutions were erected in the wake of the Industrial Revolution, much of the English preference for local governance was bypassed in favour of state ownership. One needs to be careful, however, in making such a statement since much of the popular history of local government in Australia is 'wrong', in Renan's sense of that term. Some of the earliest examples of local government in New South Wales were community-based and operated under permissive legislation rather than being established by the state. Examples include parish road trusts, volunteer fire brigades, drainage unions, bore water trusts and irrigation trusts (Larcombe 1976:222-251; DMR 1976:10-25).

In those public services which were still emerging in the late nineteenth century, such as electricity and tramcars, we are able to trace these same centripetal forces at work. For example, the electricity industry in NSW began as a series of local monopolies, run by local councils and by private companies such as the Balmain Electric Light and Power Corporation (in Sydney) or the Adelaide Electric Supply Company.

As technology changed and it became more economical to supply electricity on a regional basis, individual councils resisted pressure to hand these facilities over to the colonies (and later the States) by creating special purpose regional governments, known as county councils. Of course, technology, economics and community expectations continued to change, and by the end of the Second World War, there was overwhelming public support for the takeover of electricity generation and transmission by the States.

In NSW, the electricity undertakings of Balmain Light and Power and the Sydney County Council were resumed by the Cahill Government in 1950, needless to say, over strong opposition by the councils. The distribution facilities of the Sydney County Council were finally taken over by a Liberal-National Party State government in 1990, at the same time as negotiations were beginning on an interstate (or national) grid.

In Europe, the Competition Policy of the European Union is moving towards the creation of an international electricity industry, with regulatoty control increasingly moving out of the hands of national governments up to the supranational level. For obvious reasons, this final upwards shift in the electricity industry is unlikely to take place in Australia, although it is conceivable that Australia might become subject to international reporting provisions on the competitive environment within which its public services, such as electricity, operate.

In each of these examples, there was an upward shift in economic power as a result of technological innovation. This was only later followed by institutional change as governments sought to adjust political space so as to realign it with the new economic space. The histoty of the late nineteenth and early twentieth centuries, then, is one of regional economies being converted into national economies, of local and regional governments being amalgamated into nation-states – in a word, 'nationalisation'.

It is for this reason that I make the claim that the nation-state did not begin to emerge until the late nineteenth century. In Germany and Italy this was literally the case; Australia did not become a nation-state until 1 January 1901; and of the 185 nation-states in the world today, 135 did not exist when the United Nations was established in 1945.

In Europe, the process of 'nationalisation' did not begin until the development of the railway in the mid-nineteenth century and in the United Kingdom, it was not widespread until the end of the Second World War. In the developing world, the nationalisation of foreign enterprises was still commonplace in the 1970s.

'Internationalisation'

So, contrary to the impression one might get from reading English constitutional and political history, the nation-state is not a natural and historically-inevitable institution of governance. It is a relatively recent phenomenon, one which emerged from the revolution in transportation and communications technology over the course of the nineteenth century.

Of course, that revolution did not come to an end with the installation of the telegraph. It continued to evolve and, somewhere in the past decade or two, it began to have a profound impact on the costs of organising enterprises on a multinational basis. We are now witnessing a process of 'globalisation' or 'internationalisation'. Once again political space is chasing economic space, and there is every reason to

believe that the impact on the nation-state will be at least as profound as the impact of nationalisation on the parishes and boroughs of England in the course of last century.

Global markets: Perhaps the earliest indication that globalisation was going to have a structural impact on government was the emergence in the 1960s of the multinational corporation. Of course there was nothing new about international trade. That had been going on for thousands of years. Nor was there anything novel about multinational business ventures. We have legal records from the fourth century BCE, of a multinational enterprise bringing together the resources of merchants from Carthage in Africa, Massilia (ancient Marseilles) in France and Elea in Italy to import oils and perfumes from Africa and Arabia into Alexandria, where they were sold to the government for manufacture under contract by the private sector (Wilcken:90-102).

What has changed in recent decades is the degree of interconnection. Transnational corporations today organise their manufacturing and distribution processes on a global basis, without any particular loyalty to state or nation. Indeed, the organisation of some of these corporations has become so complex that it is impossible to speak of them in terms of nationality at all.

In 1991, Harvard academic Robert Reich, soon thereafter appointed as Secretary of Labor in the Clinton administration, published a book entitled *The* Work of Nations, in which he recanted on the nationalist approach to industry policy which had dominated his professional writings. He opened the first chapter of his book with this forecast:

> We are living through a transformation that will rearrange the politics and economics of the coming century. There will be no national products or technologies, no national corporations, no national industries. There will be no national economies, at least as we have come to understand that concept. All that will remain rooted within national borders are the people who comprise a nation. Each nation's primary assets will be its citizens' skills and insights (Reich 1991:3).

By and large, classical liberals and the business community have welcomed global markets. Transnational corporations have been able to escape at least some of the burdensome regulations which governments have imposed on them after the Second World War and states (national and subnational) today find themselves in competition with

one another to attract business investment. For these same reasons, those on the left of the political spectrum have grave reservations about the globalisation of markets, although increasingly they seem to accept that this is a process over which none of us has much control.

Global society: In the years following the war, governments also began to cooperate in the creation of new institutions for bringing order to the community of nation-states. The initial stimulus for this effort at regulating the international community was the war of aggression initiated by Germany and the monstrous abuses of human rights which accompanied it. Of course, the United Nations has since broadened its interests well beyond human rights, to include such issues as environmental protection and the standardisation of technology (to mention only two).

Moreover, the covenants and conventions promulgated by the United Nations have been accompanied by a raft of other institutions, such as the General Agreement on Tariffs and Trade (GATT) and the International Labour Organisation (ILO), which have progressively enmeshed states in a network of obligations that are gradually changing the basis on which the international community is ordered.

At the same time, the development of new telecommunications technologies and the establishment of global media networks have increased the scrutiny which can be placed on states, even within their own borders. Even China, which has pursued an isolationist policy since the fifteenth century, has come to see that it must be part of the global society.

Within this country, conservatives and (classical) liberals have recently begun to react against this thickening web of duties and obligations. Concerns have been expressed at the loss of Australian sovereignty through treaty-making and the burgeoning of an international bureaucracy. To be fair, liberals have generally been supportive of the growing intrusiveness of the international community when it was confined to the removal of non-tariff barriers or the protection of basic human rights. It was only when the watchers and the wardens of the global village began to turn their attention to social and environmental regulation, that liberal-conservatives began to express concern about a loss of sovereignty. Needless to say, the Left has been broadly supportive of this growing intrusion of the international community, with the notable exception of the GATT.

The brute fact is that we are unlikely to have much of a choice as to which of these international systems we adopt. Whether we like it or

not, Australia is now part of the global village, with all of the rules and responsibilities that go with living in a community of 185 households.

Global governance: As the global market broadens in scope and as nation-states are further enmeshed in this dense network of international commitments, it is becoming clear that we are now dealing with rudimentary systems of supranational governance. No one is talking about world government (not seriously at least), but in recent years we have seen the emergence of a quasi-confederal system of governance in Europe, a powerful free trade agreement in North America, international bodies such as the World Trade Organisation, as well as a host of more specialised public and private organisations making rules and adjudicating them at the supranational level.

The challenge facing us is how to create order on such a large scale without the assistance of Leviathan. A few scholars in the field of international affairs have begun to explore this world of 'governance without government', but it has been hundreds of years since institutional architects grappled with a challenge of this kind (Rosenau and Czempiel 1992). The models, if there are any, are to be found in medieval history or science fiction.

Multilevel Order

Of course, this upward shift of political and economic space does not leave a vacuum behind. Globalisation will add a new layer of political authority on the top of the nation-state, but it will not obliterate our sense of national identity, nor will it destroy the need which so many of us feel to be part of a vibrant local community.

Contrary to the mythology which has developed, the struggle between state and community did not result in an unqual ed victory for the nation-state. In most countries around the world, another layer of government was grafted on top of the older institutions. The nation-state was obliged to cut a deal with the states and communities which had preceded it.

One of the outcomes of this concession to regional government was federalism, a curious institution in which two levels of government both profess simultaneously to occupy the status of sovereignty over the same geographic area. Some political leaders in Australia speak of the federation as a nineteenth century colonial compromise of which right-thinking men and women ought to be ashamed.

And yet, many of the most significant states in the world today are not unitary but are, in effect, multi-state nations - in North America, the

United States of America, Canada and Mexico are all federations; in South America, Brazil, Argentina and Venezuela; in Europe, Germany, Russia, Belgium and Switzerland; in Asia, India and Malaysia and, of course, Australia.

Moreover, many of the unitary states (so-called) work with democratically-elected regional governments as a concession to local or ethnic sentiments. This includes decentralised states such as Spain and the Netherlands, as well as nation states like Italy and France, usually thought of as strongly centralised.

Of course, the middle-level provinces, states and regions are themselves a compromise with more primitive and more immediate local communities, and there is no nation   state anywhere in the world, to my knowledge, which tries to rule without governance structures (usually democratically-elected) at this level of the local community.

It seems likely that globalisation will simply extend these compromises upwards one more level. It is probable that global governance will consist of a number of somewhat untidy federations or confederations, overlapping and interlocking, and lacking clear borders or sovereign authority. Observers have used terms such as 'polycentric order' or 'multilevel order' to describe the sort of governance which will result.[2]

The Boundaries of Life's Responsibilities

For you and I as individuals, this will create even more confusion about who is governing us, and new conflicts about loyalty and identity. A visitor to the Centre for Independent Studies, James N. Rosenau, who is Professor of International Affairs at The George Washington University, addressed some of these issues and asked, almost with an air of resignation, 'In a globalised environment, what is it ultimately that people feel loyalty towards?' The question is an important one and deserving of fuller consideration than it can be given in this brief paper.

It is, perhaps, another way of asking the question which the lawyer put to Jesus of Nazareth (later restated by another lawyer, Lord Atkin, in *Donoghue v. Stevenson* ([1932] AC at 580)): 'Who is my neighbour?' How far do my social obligations extend? Where do the limits of my community lie? Indeed, this is the issue raised in the title of this paper:

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2 'Polycentricity' is Vincent Ostrom's term for federal systems (see Ostrom 1991, esp. Chapter 9). Robert Cox has written, 'Globalization transforms the bases of state authority from within and produces a multilevel post-Westphalian world order in which the state remains important but only as one among several levels of authority' (Zacher 1992:81).

In a world of expanding horizons, where do we draw the boundaries of our life's responsibilities?

That is not a philosophical question, although no doubt there are constitutional and political theorists who would be delighted to make it so. It is, rather, an extremely practical question and one which we ask ourselves in different forms several times each day. It is, for example, the underlying issue which Kenichi Ohmae was addressing when he observed in The Borderless World:

> At the cash register, you don't care about country of origin or countiy of residence. You don't think about employment figures or trade deficits. You don't worry about where the product was made. It does not matter to you that a 'British' sneaker by Reebok (now an American-owned company) was made in Korea, a German sneaker by Adidas in Taiwan, or a French ski by Rossignol in Spain. What you care about most is the product's quality, price, design, value, and appeal to you as a consumer (1991:3-4).

'Shop global, vote local' seems to be the principle adopted by many of us in our daily lives. One has only to look at unemployed teenagers driven by the latest fashion trends from an urban American sub-culture to understand how complex our different loyalties have become.

In reality, most of us feel a sense of loyalty to several communities. Ohmae ranked his loyalties in this way – 'as a global citizen, as a resident of my community, and as a Japanese (in that order)' (Ohmae 1991:3-4). In this country, most of us, I suspect, are Australians first and foremost, members of our local community second, and feel only a weak sense of responsibility to the global community. If we were surveying the people of Bosnia at the moment, we would find they rank their loyalties very differently from us. These overlapping and interlocking boundaries make our lives more complex and it is in the tensions between these competing responsibilities that the challenge of governance in a global society surely lies.

The Global Community

Few of us will ever be 'citizens of the world', but all of us are increasingly being drawn out into the global community. When the poorest people in Port-au-Prince watch 'Dallas' and 'Days of Our Lives', it is inevitable that their expectations of life, and the demands they make of their own governments and the international community will change. It is hardly surprising that so many of them risk deportation and drowning trying to escape to the United States.

It is difficult to overstate the impact which global mass media are having on our national boundaries. With satellites and television, the world can now peer over the walls that governments have erected and, perhaps more importantly, the people behind the walls are now increasingly free to look out. In such a world, government is incapable of isolating its people from the influence of outside ideas; the 'official version' cannot wander too far from the truth.

Nowhere was this more evident than during the 'Velvet Revolution' in Czechoslovakia in October 1989 when protesting students defied riot police with the taunt, 'The world sees you.' Through global television networks, the world could see what was going on in Wenceslas Square and within a month Communist Party leader Milos Jakes, who had threatened the demonstrators, 'There are boundaries that should not be crossed', had resigned his office. Without a shot being fired, Czechoslovakia fell to the democrats.

Migration has also made a significant contribution to this broadening of our economic and political horizons. Joel Kotkin has written about the 'global tribes' - transnational economic networks built on a sense of ethnic and religious solidarity - which have played a vital role in the creation of a global economy (Kotkin 1993a, 1993b, 1993c). Joseph Assaf, managing director of Sydney-based Ethnic Communications, has spoken of these networks as 'cultural states' - 'global confederacies which transcend traditional political and tribal confines' (1994:3).

One of the reasons why Sydney is Australia's global city is because of these confederacies. For example, they were exploited (successfully) in Sydney's bid for the 2000 Olympics.[3] And according to executives in American Express, the decision in mid-1995 to locate their regional headquarters in Sydney was heavily influenced by the fact that they could recruit native-speakers of key Asian languages there (Hogan 1995: 1,10).

Italy has now begun to reach out to its global confederacy in a formal way. Legislation has been placed before the parliament which will create a new region, based on Rome, to elect representatives to the

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3 Rod McGeoch, Chief Executive Officer of the Sydney bid, says that 'When Fernando Bello, the (IOC) member in Portugal, came to visit the Lewisham Public School (which had a strong Portuguese community) 3000 parents and kids turned up to meet him. When Mzali from Tunisia went out to Chullora, where there was a strong Arab community, there were over 3000 people from the Arab community to meet him and everyone of them said, "You make sure you vote for Sydney"' (McGeoch and Korporaal 1994: 142).

parliament from Italian communities around the world. It has done this as a way of keeping its citizens abroad involved in policy reforms, such as welfare entitlements, which affect their lives and to find ways of using these networks to promote Italy's national interests overseas.

Obviously, there is a large section of the business community which has also come to acquire an international perspective, but some of the first groups to make the leap into policy hyperspace were the non-government organisations (NGOs) - environmentalists, consumer advocates and human rights activists.

Greenpeace is a classic example of an NGO which has become a significant player on the international stage and is prepared to take on a nation-state as powerful and independent as France. Indeed, as a result of issues such as ozone depletion and global warming, even armchair environmentalists have come to acquire a global perspective on questions of governance.

The Nation-State

These developments have led to a great deal of speculation about the future of sovereign nation-states. In reading in this area, it is now difficult to avoid publications with titles such as *The Twilight of Sovereignty, Challenges to Sovereignty, The Limits of Sovereignty* and *The Waning of the Sovereign State.* And it is certainly true that we are rethinking the traditional *concept* of sovereignty as it relates to the nation-state.

But no one has drawn the conclusion from this that the nation-state is about to disappear. To the contrary, the nationalist spirit has perhaps never been stronger in parts of Russia and eastern Europe. Arguably, what is happening is that nation-states are losing their functionality and, with the decline of functional nationalism, we are seeing a resurgence of symbolic and cultural nationalism.

For example, in July 1993 we saw the recognition of Andorra as the 184th member of the United Nations. Andorra is to be found in the Pyrenees between France and Spain, and has a population of 47,000 people! But it is now a sovereign nation, with a seat at the United Nations and all of the trappings of nationality - flag, currency and stamps (Naisbitt 1994:9). Nationalism on this scale is only possible because functional statehood has become largely it-relevant in Europe: Andorra is able to exist for the very reason that it has no need to defend itself against its neighbours or assert its sovereignty in the European market.

Indeed, this is precisely the argument which Jacques Perizeau, former leader of the Parti Quebecois, put in support of their bid for independence: as long as a country is part of a larger trading bloc (such as NAFTA), the size of a nation-state no longer matters.

All of this suggests that if nations and states are not to decline, they will undergo profound structural change. There is continuing pressure for an increase in the number of nation-states participating in the international community. And yet to allow micro-states such as Andorra (which in international law have an equal vote with states such as China) to multiply is to place the peaceful governance of the international community under considerable strain.

It is difficult to see that the present model of statehood based on national sovereignty and self-determination can survive, but it is also difficult to imagine how order could be maintained in the absence of a system of territo ial states. It seems likely that both nations and states will survive, but in relationships different to the nation-state. If I were asked to paint a number of scenarios of the state/nation configurations which might emerge, then I would suggest the following:

multinational states already exist, for example, in Russia, Belgium and Canada. The United States has long recognised the Indian peoples as non-sovereign nations and they have a limited form of self-government. As symbolic nationalism continues to grow, it is not difficult to see the establishment of more multinational states.

multistate nations are reasonably common. After all, what is a federation but a multistate nation? The British-French condominium which governed the New Hebrides (now Vanuatu) from **1914** to **1980** is a somewhat more colourful example. A more recent model is the new federal system in Belgium, which has two interlocking systems of subnational government, one representing the people along territorial lines, the other on the basis of culture and language.

stateless nations pose more of a problem, because they have traditionally not been recognised by the international community. But Gidon Gottlieb, Professor of International Law and Diplomacy at the University of Chicago, has suggested that the difficulties of (say) the Kurdish people could be addressed through the formal recognition of a non-territorial nation spread across the three states of Turkey, Iran and Syria. Gottlieb argues that we should not confuse state citizenship with issues of national identity (Gottlieb

1994:100-112).

non-territorial states also pose something of a difficulty, The Sovereign Order of the Knights of Malta is a rather exotic example. While not recognised in international law, this non-territorial 'state', which was left over from the Crusades, has maintained formal diplomatic standing with a number of European states. It is possible that, for certain purposes at least, we might be able to carry our government around with us in our wallets, like a credit card. Closer to the mainstream, however, is the recent move by the Italian parliament to represent the interests of its citizens scattered abroad. This is, to my knowledge, the first modern example of a nation-state seeking to represent its people on a non-territorial basis. Greece is now studying this example.

territorially non-contiguous states have also been relatively common throughout history, the most famous example being the Hanseatic League of medieval times. This was a confederation of city-states across northern Europe which combined for purposes of defence and trading power abroad. More recently, the European empires, which survived until the end of the Second World War, were an example of this phenomenon. Until federation and possibly until as late as the 1930s, Australia was a member of a territorially non-contiguous state, the heart of which lay in Westminster. The United States and France retain outlying territories to this day.

There would seem to be little evidence that our sense of nationality in this country is waning. To the contrary, with increased immigration, greater interstate mobility and the pursuit of integrated markets, we have probably never been more united as a people than we are today. At the same time, however, we have probably never felt more alienated from government than we do today, and the upwards pressures of globalisation are adding to that frustration.

The Local Community

We misunderstand the impact of globalisation if we focus solely on the centripetal forces which are at work. As we look at what is happening around the world, and particularly in Europe where this upward shift of economic and political power is most advanced, we find countervailing, centrifugal forces are also at work.

In most nations of Europe, there has been a renewed interest in regional government, at a level comparable to the Australian States. In

Spain, following the collapse of the centralist Franco regime, the national government created autonomous communities; France has established a new level of regional government, in some cases elective; Belgium has become a federation and the Netherlands is moving towards the creation'of a new middle level of urban government. Even in the United Kingdom, one of the strongest unitary states of Europe, the Labour Opposition has committed itself to establishing a Scottish parliament, a Welsh assembly and, where appropriate, regional assemblies throughout England.

In Canada, in addition to the separatist movement in Quebec, the traditionally centralist Liberal Party in 1995 announced a widespread devolution of welfare functions to the provinces. And a similar process is underway in the Republican Congress in the United States, where 'states' rights' is still a potent political catchcry.

In part this is happening because of a resurgence of traditional nationalities and ethnic groupings, but it is much more than that. It would seem that the decline in the autonomy of the nation state (as a result of globalisation) has strengthened the position of subnational governments, in comparative terms, at least. In Europe, strong leaders within some of the provinces and regions have been trying to form an alliance with the institutions of the European Union, at the expense of their own national governments, (Jordi Pujol, the nationalist president of Catalonia, has been one of the leaders of this push.) At the same time we have seen these subnational economic regions forming alliances across national boundaries. The so-called 'Four Motors of Europe', an alliance between Catalonia in Spain, Baden-Württemberg in Germany, Rhône-Alpes in France and Lombardy in Italy, is only the most obvious example.

The other driving force behind this decentralisation or localisation of power has been the growing concern within Europe at the 'democratic deficit' caused by the upward shift of political power. One of the pillars of the Maastricht Treaty is the so-called subsidiarity principle. In simple terms, this is the recognition that power should be exercised a close as practical to the citizen, and it has been built into the foundations of the European Union as an answer to the criticism of the undemocratic nature of supranational decision making.

Australia may not be as far advanced as the nation-states of Europe, but we have already begun to experience this democratic deficit which accompanies globalisation. Much of the concern which has been recently voiced about treaty-making by executive government, stems from the failure to involve our parliaments at a national and State level.

Similar concerns have been voiced at the growing influence of the global financial markets and the disciplines imposed by ratings agencies based in New York.

This is not to say that Australia should not participate fully in this upward shift of economic and political power; by and large this is a process over which we have little control. But there is no excuse for a failure to address the democratic deficit and to do so now.

Indeed, there is some evidence to suggest that politicians and policymakers are sensitive to the demand for greater public participation in the processes of government. This was evident in the Australian Labor Party's election campaign in Queensland in June 1995 where the theme was 'Rebuilding Community Values'. While this concern at the reinvigoration of community surfaced for the first time in the midst of an election, it was based on professional, albeit preliminary, policy work within government.

Perhaps more significantly, Wayne Goss continued this theme of community renewal in a speech on the future of the federation delivered in the final week of the campaign:

> In a future Australian federation, the States and Territories will need to comprehensively reorient their programs to the needs of individual local communities. This is part of a broader problem of a widespread sense of alienation on the part of the general public towards government in general, irrespective of whether it is federal, state or local. There is an increasing sense on the part of the community that governments at all levels may be becoming too 'generic' and insufficiently flexible in their capacity to respond to individual circumstances (Goss 1995:13-14).

The Queensland government was by no means alone among the State and territory governments in seeking to address the democratic deficit which exists at community level. Indeed, one of the first speeches on this topic was delivered in November 1994 by the former Liberal Premier of NSW, Nick Greiner (Greiner 1995).

Likewise in the United States, President Clinton has shown particular interest in the communitarian movement led by academic, Amitai Etzioni. And in the United Kingdom, the Labour Party has laid down a community-based agenda in the report of the Commission on Social Justice (1994) published at about the same time as a leading Conservative parliamentarian, David Willetts, was publishing his own monograph on 'civic conservatism' (Willetts 1994).

To suggest that there has been a major shift in power to the local community would be to overstate this movement. Indeed, it would be fair to say that there are still cross-currents pulling policymakers in both directions. In Victoria, the Kennett government has undertaken a major program of amalgamating local governments, and the Carr government in NSW has fulfilled a commitment to take over and merge rural county councils (which have responsibility for electricity distribution). In Queensland, the Goss government took over community-based ambulance services.

There is nothing inevitable about this reinvigoration of communities and regional-level government. Indeed, within Australia, where there are no natural countervailing forces in the form of territorially-based ethnic communities, there is a real danger that the centripetal forces of globalisation may well triumph over the centrifugal ones.

As a result, we here in Australia have a choice. If we wish to address the democratic deficit brought on by globalisation and renew governance at the community level, then we will need to take a conscious decision as a nation to do so. We will need to conduct an informed public debate about globalisation and its implications for key values such as democracy and national identity. And if our political institutions are inadequate to preserve these values, then we must undertake the reform necessary to ensure that they are. Responsibility for the future shape of the Australian polity rests with us.

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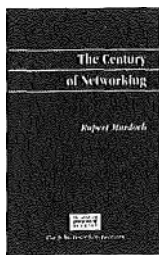
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[OP51]   A\$3.95   NZ\$5.95   ISBN 1 86432 003 6   (1994)   24pp.

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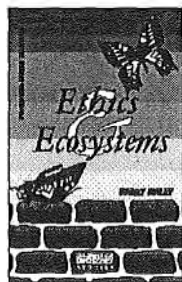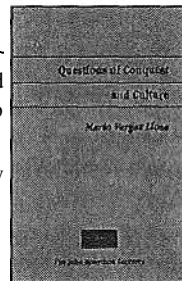
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[PM29]   A\$13.95   NZ\$18.95   ISBN 1 86432 002 8   (1994)   120pp.

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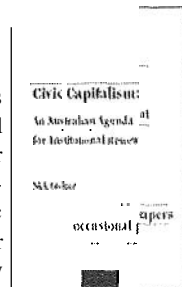
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The Boundaries of Life's Responsibilities
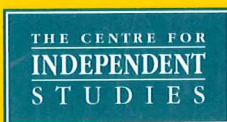## Community and Nation in a Global Environment

Globalisation means increasing international influence on domestic life. Australians are selling and buying more on international markets, and the Australian government is subjecting itself to a wide variety of international treaties and agreements. As Gary Sturgess shows, though, this upwards move has parallels in the creation of the nation-state. In each case, people sought the advantages of cooperating over larger areas.

Changes of this kind create problems. The 'boundaries of life's responsibilities' become more difficult to draw, as people feel conflicting loyalties. Obligations to oneself, family, local region, nation and the global community cannot always be reconciled. As authority moves outside the old political boundaries, it becomes less subject to democratic control.

Gary Sturgess argues that globalisation's tensions can be eased by clarifying the role of each level of government. Many decisions are best made at a local level, and by giving control of these decisions to local communities feelings of a 'democratic deficit' can be alleviated.

Gary Sturgess was Director-General of the Cabinet Office of New South Wales from 1988 to 1992. After training as a lawyer, he worked as a journalist for *The Bulletin*, and as a policy adviser to Nick Greiner. He is the co-author of *Water Rights in Rural New South Wales* (CIS, 1993). He is currently a member of the NSW Police Board and through his consultancy, Sturgess Australia, provides policy advice to governments.