Beyond the Great Divide: globalization and the theory of international relations

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Abstract. This article assesses the general significance for International Relations theory of the literature on globalization. It argues that globalization is a pervasively unsettling process which needs to be explained not only as an issue in its own right but for the insight which it affords into cognate areas of theory. In short, it advances an analytical model whereby globalization itself can be understood and utilizes this as a theoretical scheme that may be applied more generally. The predominant conceptualization of the globalization issue within International Relations has been the debate between the proponents of state redundancy and the champions of continuing state potency. In turn, these arguments rest upon an image of state capacities being eroded by external forces, or alternatively of external forces being generated by state action. In either case, there is the assumed duality of the state(s) set off from, and ranged against, a seemingly external environment. Instead, this article argues that the state occupies a middle ground between the internal and external and is itself both shaped by and formative of the process of globalization.

In the same way that sovereignty represents both a set of domestic political arrangements and a set of principles of international order which are mutually reinforcing and mutually redefining,1 so globalization is not the mere environment in which states find themselves, but an element within the (shifting) identity of the state itself. If this argument is allowed with respect to globalization specifically, what might be its more general import for theorizing within the field?

Traditionally, the discipline of International Relations has tended to reinforce the notion of a Great Divide, that the ‘international’ represents a field of political and economic forces distinct from the ‘domestic’ and hence needs to be studied within a separate framework and by means of its own tools of analysis. Typically, these have included anarchy, states-as-actors, balances of power and the resort to war. The occasional appeals to domestic ‘analogies’, intended to soften this separation, have, if anything, served simply to reconfirm it.2 Neorealism, in turn, amounted to a formidable reassertion of the autonomy of the international as a domain with its own political structure. Notwithstanding, recent years have witnessed a flurry of writings devoted to the idea of globalization.3 While much of this literature concen-

2 The validity of the analogy is discussed in H. Sugarman, The Domestic Analogy and World Order Proposals (Cambridge, 1989).
trates on the implications of globalization for the potency of the state, there has been little attempt to address explicitly the import of globalization for the wider theoretical assumptions which undergird the discipline. This article presents globalization as an opportunity to rethink the Great Divide and the analytical schemes which have been deployed to legitimate it. It does so by presenting the state as the common but contested ground which brings the international and the national together, rather than as the barrier which keeps them apart. In this way, it will be argued that globalization is more significant for its erosion of the internal/external divide than for its erosion of state capacity. More directly, it will be suggested that such an analytical shift, already apparent in some of the International Political Economy discussions about the demise of national economies, might have utility for rethinking related issues about the viability of state capacity in the normative, democratic and security spheres as well.

There are a number of areas within IR theory which have been undergoing substantial repositioning for a number of years, mostly related to the seemingly more permeable nature of the territorial state. This has led to questioning of the idea of a national economy (within IPE), of the viability of the state as provider of security (within security studies), of the moral identity of the state (within normative IR theory) and of the sustainability of democratic institutions on a territorial state basis (within political theory). The issue of globalization permeates all these problems, and is to varying degrees portrayed as the cause of them. It follows that the manner in which we debate these problems is very much dependent upon our conception of globalization itself. At the same time, the way in which the processes of globalization are analysed may provide us with a model for moving forward along a broad theoretical front. While the separate issue areas each carry their own substantive agenda, they share common analytical frameworks. A convenient starting place for making these frameworks explicit is that provided by structural realism. Accordingly, this article will review the import of globalization for the analytic division between systemic and reductionist theories as set out in Kenneth Waltz’s writings, less as an end in itself than as a preliminary stage to an engagement with the wider spectrum of areas in which the state is thought to be in a globalization-induced crisis.


4 One exception is R. Palan and B. Gills (eds.), Transcending the State–Global Divide: A Neostructuralist Agenda in International Relations (Boulder, CO, 1994). As the editors suggest, their book ‘asks how global processes interact with other processes of state/societal transformation occurring at many other levels’ (p. 3). However, as its title implies, the volume remains within an overall structuralist perspective not all of the assumptions of which are shared by the present author.

5 Esp. K. Waltz, Theory of International Politics (Reading, MA, 1979).

6 The present article cannot cover all these aspects. This is part of a larger project, under the same working title, which will be published as a book by Oxford University Press and which will attempt to explore the impact of the globalization literature upon each of these bodies of IR theorizing.
According to one definition, globalization ‘refers broadly to the process whereby power is located in global social formations and expressed through global networks rather than through territorially-based states’.7 Such a rendition emphasizes the antinomy between state and globalization. Rather than approach these issues from a dichotomized state-versus-external-forces perspective, this article argues that they can be better understood as denoting a reconstitution of the state within the vortex of social forces that surround and suffuse it. Indeed, the very progress of globalization demonstrates this transformation at work. When Scholte contends that there is ‘little indication that transborder capital and the state form a contradiction, and every sign that they are complementary’,8 it needs to be added that the contradiction is avoided by the change wrought in the nature of the state itself, and it is this political dynamic that needs to be made explicit in any theorizing about globalization. This is the core of Cerny’s claim that globalization ‘is a domestic as well as a transnational and international process’.9

If this can be understood in relation to globalization, it should also assist in thinking about other domains of state activity. For instance, there are a number of issues within normative theory that continue to be addressed within familiar structured polarities, such as particularism and universalism, or communitarianism and cosmopolitanism. The relevance of the above analysis of globalization to these normative concerns is that it begins to move us away from the notion of these categories as fixed and static and towards the idea that they themselves become mutually constituting: what is particularistic at any one moment in time is fluid in its relationship to what is universalistic.10 Adapting Walzer’s recent terminology,11 we might then argue that normative theory is not a dialogue between the two settled categories of the ‘thick’ (embedded in the state) and the ‘thin’ (challenging from outside). Rather, the two are engaged in endless mutual adjustment that constantly redefines the state itself. Just as the state is recreated by internal and external forces of globalization, so the normative state is pushed and pulled by the fluid interaction between the thick and the thin. Symptomatically, it has been suggested that such quintessentially ‘thick’ conceptions as those of citizenship, and national systems of rights, are in process of transformation. As Sassen remarks, the ‘latest bundle of rights that came with the welfare state does not constitute the ultimate definition’.12

The contemporary discussions of democratization provide a telling illustration. In common parlance, democratization refers to the spread of democratic forms to individual ‘national’ political systems. However, within the context of globalization, the much more interesting question is about the potential for democratization of these capacities that might be seen to have leaked out of the individual states into the non-territorial sphere. Accordingly, the contradiction that is commonly depicted

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10 This is akin to Andrew Linklater’s argument about the fluidity of community: ‘Too little is known about the ways in which communities come to be bounded and distinct from one another and too little is known about how boundedness and separateness change over time’. A. Linklater, ‘Community’, in A. Danchev (ed.), Fin de Siècle: The Meaning of the Twentieth Century (London, 1995), p. 183.
11 M. Walzer, Thick and Thin: Moral Argument at Home and Abroad (Notre Dame, IN, 1994).
12 Sassen, Losing Control?, p. xiii. See also the comments on citizenship, pp. 96–7.
is that between systems of authority governed by democratic procedures and those rights-impinging globalized activities which operate outwith any democratic surveillance. This is the nub of Scholte’s observation that ‘contemporary globalizing capital presents a challenge not to the survival of states, but to the realization of democracy’. But as any number of commentators have testified, the problem cannot be solved simply by extending ‘domestic’ democratic practices to multilateral activities, not least because many areas of globalized activity lack any observable institutional form, or seem remote from any political control. The problem then for political theory is not that of fitting the existing off-the-peg democratic state into a changing external environment but rather that of conceptualizing the changed nature of the democratized, in the same way that we have to rethink the nature of the globalized, state. Hutchings has attacked the ‘logic of the mutual exclusiveness of particularity and universality’ from the perspective of ethical contextualism: this article attacks it on the basis that particularism and universalism penetrate the state as shifting categories, not as reified or static bodies of normative thought, and have the capacity to reshape the state accordingly.

The globalization debate

For its part, the utility of globalization as a theoretical concept has been much disputed: in typically robust fashion, Susan Strange has dismissed a number of ‘vague and woolly words’ used within the discipline, amongst which she rates globalization as the ‘worst of them all’. Nonetheless, there is a strong body of support behind it. It has, for instance, been asserted that ‘globalization may be the concept of the 1990s, a key idea by which we understand the transition of human society into the third millennium’, and that it is ‘the most significant development and theme in contemporary life and social theory’. Indeed, it has also been claimed that, in the face of the scholarly challenges presented by the end of the Cold War, globalization ‘survived . . . when many of our other ordering and explanatory concepts did not’. Others again have emphasized the utility of globalization in drawing attention to the continuities between the Cold War and post-Cold War

13 Scholte, ‘Global Capitalism’, p. 452. Similarly, the point has been made by Mittelman that ‘the contradiction between the emergence of a clear preference for democracy in national political units and the lack of means to ensure accountability in world markets is a central feature of global restructuring’. J. H. Mittelman, ‘Restructuring the Global Division of Labour: Old Theories and New Realities’, in S. Gill (ed.), Globalization, Democratization and Multilateralism: Multilateralism and the UN System (London, 1997), p. 79.


17 Waters, Globalisation, p. 1.

18 Albrow, Global Age, p. 89.

periods, even if preoccupation with the Cold War framework obscured the fundamental and ongoing changes which were taking place.20

The literature on globalization is riven along a number of differing axes: ideological, sectoral, definitional and historical. Thus Hurrell and Woods identify a powerful cluster of liberal assumptions that are attached to the concept: that it fosters economic efficiency and encourages international institutions and problem-solving. It is thus to be welcomed for the effect that it has in promoting ‘societal convergence built around common recognition of the benefits of markets and liberal democracy’.21 Scholte likewise records the liberal expectation that ‘contemporary globalization offers the prospect of at last fully realising the promise of modernity’.22 As against this, critics view globalization as simply another phase of exploitative capitalism, as a pretext for socially regressive governmental economic policies, and as the means by which both domestic and international inequalities are becoming further entrenched.23 It will, for these reasons, evoke counter-globalist political movements and reactions on the part of the most disadvantaged.24

The debate closest to the theory of International Relations concerns whether globalization is some kind of autonomous force, driven by technology, economic organization, communications or cultural patterns, or reflects actual states of international relations and distributions of international power.25 Liberal versions of globalization adhere to the former point of view insofar as ‘states and governments are bystanders to globalization: the real driving forces are markets’,26 whereas the latter standpoint denies that globalization has ‘its own inexorable logic’,27 and thereby maintains that it may well be discontinuous and reversible.

These perspectives have structured the debates into the proponents of globalization as an autonomous force, as against those who regard it as politically driven and sustained.28 Although they hedge their arguments with significant qualifications, both James Rosenau and Phil Cerny lean towards the former position. Rosenau maintains that ‘some globalizing dynamics are bound, at least in the long run, to prevail’,29 and elsewhere that it is ‘the processes of globalization that are setting the

25 This issue is discussed extensively in I. Clark, Globalization and Fragmentation: International Relations in the Twentieth Century (Oxford, 1997).
27 Waters, Globalization, p. 46, describing Robertson’s position.
29 Rosenau, Along the Domestic–Foreign Frontier, p. 82.
terms and shaping the structures of the emergent global order’.30 Cerny, although speaking more restrictively about financial globalization, deems it to be ‘irreversible’.31 This contrasts with expressions of the view that the persistence of globalization is contingent upon political dynamics and frameworks. Thus Hirst insists upon the necessary role of ‘appropriate public institutions’ in sustaining a liberal trading order.32 The most cogent exponent of this view is E. Helleiner, who has repeatedly argued that economic globalization is reversible33 and that ‘the contemporary open global financial order could never have emerged without the support and blessing of states’.34

At the same time, this raises questions about definition and historical development and whether globalization is to be regarded as a qualitatively novel stage or not. Definitionally, a number of analysts insist upon a precise understanding of globalization that marks it off sharply from other forms of interdependence and internationalization.35 For Scholte, what is new about globalization as a process, and insightful about it as an analytical concept, is its core meaning, not about the crossing of borders but about their transcendence, and this distinction then forms the basis of the claim that globalization is a new and transformative phase going beyond previous levels of interconnection.36 Indeed, in some accounts, globalization’s irreversibility is deemed to derive precisely from its novelty, from the fact that it represents a ‘new stage’ of capitalism: since, historically, previous periods of internationalization have been challenged and turned back, the novelty of globalization becomes a logically necessary part of the case for its irreversibility.37

While there can be no objection to a precise definition of globalization, definitions should not be permitted to resolve the underlying issues of substance and interpretation: even if, as end-state, globalization can be distinguished from greater interdependence between national entities, as a matter of historical process and development it is legitimate to suggest that the two are not so readily separable. At the very least, degrees of internationalization and interdependence may have been causally related to the advance of globalization.38

Semantically, it also seems that a view of globalization as transcending space/territory/state misrepresents the nature of the process and the role of the state within it. Indeed, an absolute distinction between internationalization and globalization itself rests upon a version of the Great Divide in that the former is thought simply

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38 As is argued in Clark, Globalization and Fragmentation.
to reconfigure the external, whereas the latter is understood to erode the significance of the internal. This reproduces an analytic separation which fails to admit of any linkage between the two spheres. How then are we to conceive of the role of the state in the process of globalization? This leads back directly to the problem of the Great Divide.

The Great Divide

It is commonplace to note that in its intellectual development, International Relations has been beset by a number of fundamental dualities. In a crude sense, the discipline has operated an explicit division of labour whereby political science or comparative politics deals with the ‘internal’, whereas International Relations is the study of the ‘external’.39 Such a separation echoes the distinction classically made by Martin Wight in which political theory, devoted to the ‘good life’, is sharply marked off from international theory which has not been able to get beyond the instrumentalities of survival.40 On this basis, International Relations has been accused of contributing to the myth of ‘two distinct and separate realms of activity, the domestic and the foreign or international’.41

This basic dichotomy has been replicated in various other aspects of the discipline. In normative theory, it is reproduced in the debate between communitarian and cosmopolitan perspectives, the former resting on the principle that values are grounded in the ‘domestic’ constituency (state, polis, community, citizens), whereas the latter makes ‘external’ appeal to universal rights and values attaching to humankind.42 More recently, and as a variant on the same essential theme, theorists of democracy have begun to question the viability of a closed conception of democracy, self-contained within the individual polity: as opposed to a world of democracy in parts, theorists are attempting to devise schemes for a cosmopolitan democracy of the whole.43 This is felt necessary because much governance is now international or transnational in aspect and yet it ‘is not tenable to maintain that an

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39 The notion which is challenged in Keohane and Milner (eds.), Internationalization.
42 These schemes pervade the literature but find cogent expression, e.g., in C. Brown, International Relations Theory: New Normative Approaches (London, 1992), and A. Linklater, Men and Citizens in the Theory of International Relations (London, 1982). Of course, there have been other attempts to bridge this normative divide by searching for a via media but along different routes. Most commonly this has been done within frameworks of ‘international society’. However, this often raises issues removed from the present discussion, such as Chris Brown’s exploration of society as middle way between system and community. See C. Brown, ‘International Theory and International Society: The Viability of the Middle Way?’, Review of International Studies, 21.2 (1995). Similarly, while Robert Jackson considers the pluralistic normative obligations that might be experienced, he is not directly using the appeal to international society as a device for making claims about the reshaping of the state. See R. Jackson, ‘The Political Theory of International Society’, in K. Booth and S. Smith (eds.), International Relations Theory Today (Oxford, 1995).
aggregation of democratic states produces democratic multilateralism’. The root problem goes back to the same essential bifurcation within the discipline: ‘because democracy has hitherto been understood as a form of state—it is difficult to know what “democratization” of the international system can mean’.

Finally, these binary oppositions reveal themselves not only in normative analyses but equally in positivist approaches within the discipline. The general fault-line here runs between the study of foreign policy (looking from the inside out), on the one hand, and the study of international relations (looking from the outside in), on the other. This compartmentalization permeates all the discussions of ‘levels of analysis’ and ‘images’ within the subject, and also overlaps with the more generalized agent/structure motif to be found in the social sciences as a whole. The most influential manifestation of this duality is the now well-entrenched Waltzian separation into ‘reductionist’ and ‘systemic’ theories.

According to Waltz’s much-discussed formulation, a systemic theory postulates a structure as well as the interacting units. By contrast, a reductionist approach concentrates on the units alone. In his quest for the construction of a genuinely systemic theory, Waltz was driven by the realization that similar outcomes, generated by dissimilar units, implied the possibility of a structural constant. Fundamental to his enterprise was an insistence upon a sharp distinction between systemic and unit levels:

The claim to be following a systems approach or to be constructing a systems theory requires one to show how system and unit levels can be distinctly defined. Failure to make and preserve the distinction between structure, on the one hand, and units and processes, on the other, makes it impossible to disentangle causes of different sorts and to distinguish between causes and effects.

In order to preserve the distinction, it then becomes necessary to omit certain elements from the structure, and amongst these Waltz lists the units’ social and political institutions and their ideological commitments. As Waltz elaborates his position, he resorts to another image to refine it. He likens his structure to ‘a field of forces in physics’ on the grounds that interactions ‘within a field have properties different from those they would have if they occurred outside of it’. This carries with it a number of serious implications. Since he also maintains that the international and the domestic possess different structures, the former with an organizing principle of anarchy and the latter one of hierarchy, it follows logically that the international and the domestic constitute separate fields of forces. Indeed, he states

46 For a succinct summary, the best overview is M. Hollis and S. Smith, Explaining and Understanding International Relations (Oxford, 1991).
47 Waltz, Theory, p. 78.
49 Waltz, Theory, p. 80.
50 Ibid., p. 73.
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this categorically: ‘A systems theory of international politics’, he avers, ‘deals with the forces in play at the international, and not at the national, level’.51

What is so deeply misleading about this exposition is that, even if it is true that at the extremities the fields of forces appear distinct, the state acts within both and the fields intersect: the area of their intersection is inexplicable in terms of reductionism or a systemic theory alone. Moreover, as Waltz concedes, it is not only the field which affects the objects, but conversely ‘the objects affect the field’.52 This is assuredly the case and must mean that the state as an object affects both fields simultaneously. Accordingly, the objective for International Relations must now be to elaborate a framework which recognizes this fact.

One possible objection needs to be cleared away at the outset. Waltz relegates interactions between the units to the unit level. At this level, he certainly accepts that unit actions are influenced by interactions with the external, by the ‘international’. Accordingly, Waltz’s scheme does allow for interaction between the domestic and the international. Could it not then be counter-argued that the present discussion misses the point? We can recognize internal/external interaction while still leaving intact his claim to a reductionist/systemic division of labour. So what is the problem?

The critique developed here goes beyond such a defence. It does not simply restate the uncontroversial position that the international influences the domestic, and vice versa. It goes further in insisting that the ‘domestic’ is what it is because it constitutes part of a distinctive international structure, and the international structure is what it is, at discrete historical moments, in consequence of the polities which are embedded within it: state and international structure are mutually constituting and there is a continuous two-way power play between them.

The point can be illustrated using Waltz’s own diagrams in Theory of International Politics. He depicts a reductionist theory as follows:

(Figure 1)

51 Ibid., p. 71.
52 Ibid., p. 73.
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Waltz prefers the systemic version:

Figure 2

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\begin{array}{c}
N_1 \quad X_1 \\
N_2 \quad X_2 \\
N_3 \quad X_3 \\
\end{array}
\]

The circle represents the structure

(Waltz, Theory, p. 100)

Two features of these diagrams are striking. The first is Waltz’s decision to find different notations for the state in its internal and external aspects, thus visually confirming the radical separation which he portrays. Secondly, as regards Figure 2, it becomes clear that \( N_1, 2, 3 \) are givens, wholly outwith the international structure: even if ‘affected’ by that structure, states are certainly not constituted by it, nor is the structure constituted by them. They are ontologically separate domains. By extrapolation, such a conception issues in a debate about the extent to which the ‘structure’ of globalization has induced a retreat of the state.

The structured state: retreat or reconstitution?

The predominant imagery associated with the concept of globalization is of a decline in the capacity of the state: the obverse side of globalization is of the state everywhere in retreat.\(^{53}\) Some go beyond claims about the undermining of the state’s operational controls and speak explicitly about the end of sovereignty.\(^{54}\) The pervasive implication of much of this writing is that the globalization/state capacity relationship is a zero-sum one in which a remorseless globalization now has the upper hand. This at least seems to be Falk’s suggestion that globalization ‘has already won out in the sense that the language and imagery of a state-centric world

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\(^{53}\) The argument is to be found in its crude version in K. Ohmae, The End of the Nation State: The Rise of Regional Economies (London, 1995), and in a much more complex and subtle version in Strange, Retreat of the State. R. Reich, The Work of Nations (New York, 1991), p. 3, admits that there ‘will no longer be national economies’. Some of the complexities in the discussion are reviewed in W. Muller and V. Wright, ‘Reshaping the State in Western Europe: The Limits to Retreat’, in W. Muller and V. Wright (eds.), The State in Western Europe: Retreat or Redefinition (London, 1994), p. 7.

have become anachronistic in crucial respects’.55 In similar vein, it is contended that globalization erodes control over national economies such that ‘states faced with a declining autonomy . . . grapple to articulate the modifications in behaviour required to claim back control over their policy agendas’.56

It would be churlish to deny that there is force to these comments: this is the way that much of the globalization debate has been presented. Nonetheless, there are equally compelling reasons for putting an alternative analytical gloss on the issue. From a second perspective, the notion of a loss of state capacity to globalizing forces misses the essential point that states are not only the vehicles of globalization but are also themselves reconstituted by it.57 In this sense, we can endorse the view that the ‘state is a key element within processes of globalization rather than something opposed to them’.58 The present argument reaffirms the following critique:

there is a tendency to ignore the extent to which today’s globalization both is authored by states and is primarily about reorganising, rather than bypassing, states; it promotes, in this sense, a false dichotomy .59

In saying this, however, we must equally avoid the danger of sliding from the view of the state as an agent of globalization to that of the state as the passive formation of global systems: the attempt to bridge the Great Divide must not end by simply refashioning another version of structuralism. However, there is such a tendency within some of the literature, to emphasize the materialist and capitalist basis of the new post-Cold War hegemonic order. From this perspective, the 1980s witnessed the removal of the final barriers to a genuinely world system. Through the 1980s, the Third World was disciplined by the destruction of its vestigial ‘national development’ and ‘revolutionary’ projects and fully incorporated into the economic strategies set by the key capitalist institutions. Additionally, defeat in the Cold War ensured that the separate world of socialist development would be swept away, thus leaving a single international division of labour.

Furthermore, the argument continues, the main characteristic of states at the capitalist core during the 1980s and 1990s has been the neoliberal revolution which they have undergone, driven by the need to compete in a more adverse set of economic conditions and in the face of emerging challengers.60 The neoliberal state has become much less the instrument for national economic management and more

57 Note Sassen’s comment about a ‘global–national duality’: ‘This duality is conceived as a mutually exclusive set of terrains where the national economy or state loses what the global economy gains. Dualization has led the proposition that the national state must decline in a globalized economy’. Sassen, *Losing Control?*, p. 6.
‘connected’ to the needs of highly mobile capital and production. Above all, in this intensely competitive environment, the state can no longer afford the economic costs of national welfare programmes, and so the period has been associated with an attack on the welfare state.61 Deregulation and privatization have been extended into the sphere of provision of essential social services. According to such claims, ‘national regimes of extensive labour rights and social protection are thus obsolete’ and the state can ‘only provide those social and public services international capital deems essential at the lowest possible overhead cost’.62 As part of this process, however, the national state is further eroded in its operational powers since it was on the management of the national economy, and the provision of welfare services, that the state had reached the apogee of its controls in the 1950s and 1960s.

Although differing nuances are to be found in such accounts, what unites them is a shared assessment that the state functions from the top down, as a conduit whereby external demands are imposed upon national societies. Moreover, within a spectrum of writings, these demands are presented in such a way as to amount to an alternative structuralism to that found in neorealism: states are constrained to behave in similar ways for structural reasons, but the pertinent structure in this case shifts from the anarchy/power features singled out by Waltz to the competition/neoliberalism of the post-embedded-liberal global economy.

This outside-in interpretation of state behaviour can be found in a plethora of writings. It is very much present in Cerny’s analysis of the ‘competition’ state which is constrained to ‘act more and more like a market player’.63 This tends towards a uniformity of state policy as each minimizes welfare provision to make itself more internationally competitive: ‘the functions of the state become re-organized to adjust domestic economic and social policies to fit the exigencies of the global market and global capitalist accumulation’.64

The idea that these external constraints constitute an element of the international structure, at least on a par with that found in the Waltzian analysis, has accordingly been set out in a more self-conscious and systematic way. The initial statement of this theme was provided by Webb in his discussion of the effects of international capital mobility:

[All] of the governments included within the scope of this study … responded in a similar, though not identical, fashion to change in international capital mobility … [W]e are justified in thinking that there may be some kind of structural effect at work … This mobility has persisted over time … and is likely to continue to persist. We are therefore justified in considering it an element of the international economic structure and studying the effects of its structure on the policies of individual governments.65


62 Hirst and Thompson, Globalization in Question, pp. 175–6.


This adaptation of neorealist theory, which expands the concept of ‘structure’ to include aspects of the economic system, was further elaborated by Andrews who, in turn, emphasized the currently existing structural constraints ‘to either unilateral or collaborative reversal of these trends’. The view has been endorsed by Milner and Keohane who reach the conclusion that ‘[l]ike anarchy, exposure to the international capitalist economy has become a fact that individual states confront and can only ignore or seek to change by paying such high costs that no state can afford it’ capital mobility and deregulation may not determine but they assuredly constrain the range of choice.

It is not the intent of this article to challenge the evidence which has led to such findings. However, in terms of an attempt to confront the division of the discipline into systemic and reductionist approaches, it would be equally unsatisfactory to elide this dichotomy by simply opting for a restatement of the systemic position in which the state is ‘reduced’ to an outside-in artefact: this does not take us beyond the Great Divide but simply reinvents it in another guise. It gives too much weight to structure and takes too little account of the resultant political impact upon the states.

What therefore needs to be recognized is that those interpretations which are cast in terms of the ‘retreat of the state’, and the logical if extreme culmination of them in which the state is no more than a fabrication of the (economic) system, are leading us off in the wrong direction. Instead of a zero-sum relationship in which globalization erodes state capacity, it is more instructive to think in terms of globalization and a reconstitution of the state occurring in tandem. Indeed, a shift of attention away from the decline of the state to a recasting of the state is precisely the point that has been made in criticism of Susan Strange’s most recent work. Questioning why reconstitution should be conflated with retreat, Douglas comments: ‘Why the historical transformation of a particular form of state (the Keynesian Welfare State) should be taken to be equivalent to the historical transcendence of the state itself is left unexplained’. The observation has force, and the alternative perspective which it brings to bear has a major potential advantage: by eschewing an outside-in determinism, it leaves open the possibility of this reconstituted state reacting differently in future to the ‘structural constraints’ in which it finds itself. Instead of a mechanistic, timeless and depoliticized account of globalization in which recent trends are bound to reproduce themselves endlessly into the future, such an approach recaptures both politics and a sense of real history. This is not how globalization has unfolded in the past nor is there any reason to believe that this is how it is destined to unfold into the future. The complex reflexivity between the state and the field of forces in which it finds itself is too unpredictable to allow of such simplistic and unilinear projections into the future: the state may strike back in ways which are less supportive of globalization.

This returns the discussion to the conception of the state and to the political dynamics which might conceivably impel it to act in ways not able to be coun-

tenanced within the above structuralist accounts: the strategy must be to construct a framework which moves beyond the internal and the external but which does not do so by simply reducing the one to the other.

Beyond the Great Divide: the broker state and globalization

How might the analysis of globalization contribute to the development of an alternative model? An answer can be set out in both historical and theoretical terms.

Historical

The suggested way forward has been latent for a number of years and arises as a by-product of historical analyses of the post-1945 international and economic orders: the intensification of the study of globalization in the last ten years now makes explicit the challenge to IR theory that has for some time been implicit in these historical interpretations. Accounts of the post-1945 order have long emphasized its unique quality of melding an international order with types of domestic order in such a way that they would be mutually reinforcing and stabilizing, so much so that they became necessary parts of each other. The classic rendition was offered by J. G. Ruggie:

This was the essence of the embedded liberalism compromise: unlike the economic nationalism of the thirties, it would be multilateral in character; unlike the liberalism of the gold standard and free trade, its multilateralism would be predicated upon domestic interventionism.70

In short, this suggested that no understanding of the international order was possible without an analysis of the domestic orders on which it was based: the two were functionally integrated in a way that defied analytical separation. More recently, the same theme has been further developed:

[W]hat the post-Second World War settlement did was to reconstitute nations, national identities, and national political systems within a new set of international constraints. To speak, then, of a postwar world order, or international system, without attending to the transformation of national realities, is to miss what was really at stake in the turbulent politics of the early Cold War era.71

The historical evidence then points to oscillations in globalizing trends. The following schematic presentation is much simplified but offers a rudimentary explanatory framework. It follows from, and develops, the embryonic exposition found in Gilpin.72 Gilpin suggests that in the nineteenth century international norms

(gold standard, *laissez-faire*) took precedence over domestic stability. During the interwar period, this was reversed, and international norms were abandoned in favour of unilateralist, domestic needs: ‘all major states’, Cerny notes, ‘tried to recapture hierarchical control over their economic processes’.73 After 1945, a balance was struck between the two, and the international and the domestic reinforced each other. This explanatory model is revealing and can be extended. It might then be suggested that since the 1970s there has once more been a tendency for states to respond to international norms in the very specific sense of the disciplines of a highly competitive international market: it is upon this evidence that the new structuralist accounts examined above, however overdrawn, have been based.

The claim that international norms have been given priority over domestic needs refers solely to the brokerage role played by the state and to the resulting distribution of political costs. Since 1970, the political costs have again tended to be transferred to the state level, as unemployment, deregulation and challenges to the welfare state have all been imposed as necessary adjuncts of the drive for international comparative advantage. What this suggests is not necessarily that globalization is about to be reversed, but that the political costs of its continuation are now much more apparent.74 In the 1950s and 1960s, when growth was universal and seemingly permanent, globalization was relatively cost-free. Such a conclusion seems to fit with the evidence of state incapacity at century’s end, and with the increasing levels of disillusionment which this has engendered amongst citizens. In large part, the so-called contemporary crisis of the state, and associated democratic deficits, are products of its shouldering the political costs of globalization.75 This is but a reflection of the tensions between international disciplines and domestic needs, and the higher political price that states are now having to pay for the levels of globalization that have already occurred.

What does such a framework imply? At the very least, it calls into question assumptions about a remorselessly progressing globalization. The stark political reality, as Kapstein notes, is that ‘the fate of the global economy ultimately rests on domestic politics in its constituent states’.76 This holds out the possibility of growing instability77 and of ‘revolts against an open international economy’.78 Indeed, instead of viewing this as a contingent by-product, some prefer to see a dialectical tension as part of the very concept of globalization and define it to incorporate its ‘polito-economic and socio-cultural counter-tendencies’.79

One might then anticipate symptomatic increases in domestic dissatisfaction, signalling the erosion of the international/domestic compacts within which postwar globalization has been nurtured. If embedded liberalism represented the bargain

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74 See the similar analysis in Zurn, ‘Challenge of Globalisation’, p. 150.
76 Kapstein, ‘Workers’, p. 17.
79 S. Gill in Gill (ed.), *Globalization*, p. 5.
struck, then neoliberalism marks a tendency towards a ‘disembedding’.\textsuperscript{80} In this case, and if one were to assume the irreversible erosion of state powers, then the postwar bargain could not be resurrected. However, if it is also the case that domestic tensions can no longer be resolved by ‘renationalization’, then this may rebound upon globalization itself: the contradiction here is that if the social compact ‘unravels altogether, so too will international liberalization’.\textsuperscript{81}

This prospect underlines the need for a more fluid, dynamic and interactive conception of power than is captured by a solely structural or systemic account. With Panitch, we can register reservations about overly ‘“top-down” interpretations of the power relations between the “national” and the “international”’.\textsuperscript{82} The process of globalization is more contested than this implies and gives rise to its own ‘counterforces’.\textsuperscript{83}

\textit{Theoretical}

If such a tendency has been latent in post-1945 historical studies, its implications are now brought to the forefront by the study of globalization as it too emphasizes the necessity for exactly the same kind of integrated approach to the internal and external: globalization must be seen, not narrowly as a \textit{transformation in relations between states}, but at the same time as a \textit{transformation in the nature of the state itself}.

The need to develop an integrated approach which moves beyond the Great Divide has been expressed widely throughout the discipline: it is the analysis of globalization which epitomizes a more general disquiet. As noted, it emerges from a strand of historical interpretation which emphasized the balance between domestic and international needs in constructing a generalized postwar order, issuing in ‘a form of multilateralism consistent with the maintenance of domestic stability’\textsuperscript{84} and in which ‘the postwar liberal democratic order was designed to solve the internal problems of Western industrial capitalism’.\textsuperscript{85}

A number of disparate writings point towards this same general conclusion. Developing a historical-sociological account of economic development and change, Hobson makes essentially the same complaint. ‘I argue’, he affirms, ‘that the international and national realms are not discrete’ and elaborates: ‘The central claim is that the national and international economy are embedded not only in the inter-

\textsuperscript{82} Panitch, ‘Globalisation and the State’, p. 71.
\textsuperscript{83} Albrow, \textit{Global Age}, p. 82.
\textsuperscript{84} Ruggie, ‘At Home Abroad’, p. 508.
\textsuperscript{85} Ikenberry, ‘Myth of Post-Cold War Chaos’, p. 84.
state political system, but also in the domestic political realm. From a quite different starting point, and one not sympathetic to the concept of ‘globalization’ per se, Susan Strange tends to agree. On the basis of her analysis of the structural power of some states, and of the marked cleavages of interest within these states, she sets forth the stark conclusion: the political battle within the structurally influential states becomes a battle with global consequences. The conventional rationale for the separate study of interstate politics and domestic politics disappears. Exit International Relations. If melodramatic, this at least requires us to redefine the subject in such a way that the troublesome separation disappears. Even at the normative end of the spectrum of theory, similar manifestoes have been set out, celebrating the fact that ‘International Relations is . . . poised to overcome its peculiar separation from Political Theory’. Yet others have joined in Rosenau’s call for ‘one integrated theory of the state and interstate relations’. To note the problem is not, of course, to offer a solution to it, and Williams himself concedes the ‘extraordinarily ambitious’ nature of the project. Hobson’s approach is instructive. Lambasting what he sees as the failure of all IR theory ‘to take the state seriously’, he outlines his own conception in the following terms:

The key to my theory of state power is the notion that states are both domestic and international actors . . . They are situated centrally within national society, but are also embedded within an external decentralised inter-state system and a global capitalist economy . . . I depict states as residing within an international/national vortex. Indeed, there are actually no such things as the international and national systems understood in pure terms. Although they can be separated for analytical purposes . . . nevertheless they are embedded in each other. Neither is self-constituting, but each ‘dimension’ is constantly structured by interaction with the other.

This is about as close as one can get to an adequate rendition, even if parts of it remain problematic: the imagery of ‘interaction’, whatever the intent behind it, tends to perpetuate at a deep-seated level the reification of the two distinct spheres. What is required is a radical reconceptualization in which the two are analytically subsumed. What we are then left with is a unified field of action within which a significant range of processes, if by no means all, is filtered through the political complexes of states: states are the nodal points within this field. A diagrammatic

89 H. Williams, International Relations and the Limits of Political Theory (Basingstoke, 1996), p. 152.
90 Ibid., p. 152.
92 Ibid., pp. 11–12.
93 The following builds on, and hopefully develops, part of the argument set out by B. Buzan, C. Jones and R. Little in Logic of Anarchy. In their own recasting of Waltz, they argue that ‘One of the attractions of Structural Realism’s approach is precisely that it does neatly incorporate the mutually constitutive relationship between unit and system . . . Structural Realism certainly does not assume that states are constructed entirely by forces generated from within. Because this is so, it can and should serve as a linking framework for theories at the unit and structural level’ (p. 50).
representation of the present argument might take the following form, in contrast to the Waltzian position in Figures 1 and 2 presented above:

Figure 3

The circles represent the domestic and international structures. NX_{1,2,3} is the state acting in the field of forces where the two structures intersect.

Globalization can be accounted for neither by a reductionist nor by a systemic theory, nor by any combination of them. Reductionism posits globalization as something occurring at the unit level. And yet, following Waltz, we might suggest that in the past two decades there has been sufficient uniformity of outcome in the adoption of neoliberal policies to warrant some assumption about a structural constant. But such a reversion to unmodified structuralism does not convince either, because it holds out the prospect of a timeless reproduction of globalization, contrary to any historical sense. Only by a direct political interplay between the domestic and the international, bringing them into the same field of forces where the outcome depends upon the pressures both bring to bear on the state, can this basic tension be demonstrated. The shaded area in Figure 3 represents the analytical scheme for the process of globalization.

Hopefully it is not too paradoxical to suggest that the state, if it has been the source of the problem of the Great Divide, also offers a solution to overcome it. Such a solution lies in reiterating what Ikenberry, following Nettl, has dubbed the Janus-faced state. Much state theory is concerned with the issue of autonomy, in the twin senses that the state be not reduced to the agent of national social forces, nor alternatively to the mere expression of international capital: the state operates between the two and is fully the prisoner of neither. States indeed derive their strength from operating within two fields of forces as ‘units’ of an international order, structured from the top down and expressions of “societies” from the bottom.

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up’. Ikenberry’s analysis opens up the wider project which lies at the heart of the present argument:

The idea of an autonomous and purposive state, lodged between national and international systems, raises issues of the alternative political domains in which state goals are pursued, and of the trade-offs between them. The present analysis has sought to explore the logic of the Janus-faced state in the context of national adjustment to international economic change.96

The import of this image is that while, in a spatial sense, the state appears to generate the separation between the domestic and the international, as a political broker it is in fact the state which brings the two together as the medium through which costs are transferred both inwards and outwards. Once this essential point is grasped, it becomes impossible to sustain any separation between systemic and reductionist analyses, because the fundamental political process is about how costs are distributed between the two realms through the state which operates in both.

The focus on globalization, and the role of the state in globalization, illustrates the general claim. If the argument sketched in this article is valid, it is hyperbolic to think that there will be a sudden collapse of the state in the face of the corrosive effects of economic globalization. Globalization is not a wholly autonomous force and, historically, has been shaped, encouraged and thwarted by wider currents of international relations. It has also, and fundamentally, been mediated through the activities of states.

The state has been the broker of globalization, a key player in determining whether the costs of international disciplines should be borne domestically (e.g., nineteenth-century free trade and the gold standard) or the costs of domestic disturbance should be borne by the overthrow of international regulation (e.g., in the 1930s). In contrast, the Cold War period was characterized by a convenient balancing of international and domestic needs, leading to specific forms of domestic political bargains which effectively nurtured a liberal international economy. Metaphorically, one might think of the state as a bidirectional valve, responding to the pressures that are greater, sometimes releasing them from the domestic to the international and sometimes absorbing domestically the greater pressures from the international.97 This echoes the finding that ‘states are not mirrors of external processes, nor are they merely filter mechanisms’, but instead ‘states actively process and channel international influences to bolster their domestic position’.98

Any such analysis requires a collapsing of the distinction between the systemic and the reductionist: only by a consideration of the state caught between the competing pressures emanating from both fields can the impact of globalization, and its likely future development, be understood. As Hobson has argued, states play ‘each spatial dimension off against the other’ and ‘balance the international with the national in order to shift the social balance of power or “terms of rule” inside and outside society in their favour’.99 to understand the international structure, one must

96 Ikenberry, ‘State and Strategies’, p. 76.
97 This reworks the notion of the state as ‘gate-keeper’. See ibid., p. 54.
look at the states which help to create it, and to comprehend the behaviour of states we need to see them as the repositories of distinctive international orders. Compartmentalized analytical schemes prevent precisely the insight which only such an approach can offer.

**Conclusion**

Globalization as concept is in too embryonic a stage of development to substitute as a viable theory of International Relations. As noted, it remains deeply contested along a number of dimensions: even the extent of the empirical reality which it purports to describe is a matter of substantial controversy.

These reservations notwithstanding, the concept is now raising fundamental issues which mainstream theory can no longer choose to ignore, not least as it reinforces doubts about the Great Divide that has for long been regarded as a problematic foundation for the discipline. Globalization has not invented this scepticism but has powerfully accentuated it.

The deficiencies which the Great Divide encapsulates are an impediment to innovative thinking in normative International Relations theory, democratic theory and diagnoses of the post-Cold War international order. The Great Divide remains rooted in a belief that, *for analytical purposes*, we can pretend that there are two separate spheres of political action, the domestic and the international. Transcribed into neorealist theory, this manifests itself as a faith in two forms of theory, reductionist and systemic, each developed around a separate domain with its own organizing logic.

The historical evidence about the oscillating development of globalization, as well as the critical debate about whether globalization is reversible or not, renders such a separation both artificial and misleading: neither a systemic nor a reductionist account, individually or sequentially, can provide an adequate interpretation of these issues.

Instead, there must be an integrated approach that captures globalization as a process, uncertain in its outcome, but the trajectory of which will be plotted by the counter-pressures emanating simultaneously from the international structure and from the state units themselves. The Waltzian image distorts because it assumes distinct fields of forces, operating at different levels, which do not seem to intersect. In reality, they do so through the medium of the state. Unless the imagery and terminology of the Great Divide is abandoned, International Relations may seem to embrace globalization but it will not be able to offer a meaningful engagement with it: if part of the reason for this failure may be the elusiveness of globalization itself, a substantial share of the responsibility will nonetheless lie with the theoretical apparatus which International Relations brings to the encounter.