

The Crisis of the State

An Analysis of the Institutional Changes of the State System in the Third World

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The threats to the sovereignty of the nation-state are nothing new. The emergence however, of a new world order in the form of globalization has deepened the crisis of the state. The end of soviet communism, and the hurried adaptation of Chinese communism to global capitalism, has resulted in the development of a new brand of capitalism in the form of globalization. It has shown its capacity to use efficiently the networking logic of the information age to induce a dramatic leap forward in productive forces and economic growth. It has also displayed its exclusions, as millions of people and large areas of planet are being excluded from the benefits of the information revolution, both in the developed and developing world.¹ Along with this new phenomenon, modern technology, ethnic wars, population, poverty and environmental degradation are but the major political fallout of the state system. Europe, which is considered to be the home of the modern state system, finds itself divided into smaller ethnic entities even as it is trying to unite economically. While the politicians struggle with the baggage of history, a new generation is emerging from the digital landscape, free from many an old prejudice of nationhood. The globalization of commerce and communication, of economic production and finance, of the spread of technology and weapons, and above all, of ecological and military risks, poses problems that can no longer be solved within the framework of nation-state or by the traditional methods of agreement between sovereign states. Today, we have to acknowledge that the World is in a mess.

Geography has shifted from under our feet within a single generation. The world has been interconnected in ways unknown in the past. The nature of transactions between people has changed dramatically, first with the fax machine and now with e-mail. It is

not just technology that has changed. The last vestiges of competing ideologies have disappeared, and with them the elements of Cold War. The new order lacks a clear balance of power. Many new nation-states have come into being, while some other states have begun to relinquish their sovereignty. Global capitalism has marched apace. More than 500 active satellites are sweeping the globe with the spiral of modernity. Even in areas denied electricity, such as the Niger in West Africa, satellite dishes and solar panels have launched millions of people "from their village life into a planetary dimension", as Bertrand Schneider, general Secretary of the Club of Rome, puts it.² Five hundred corporations control nearly half the world's resources. Of the hundred biggest economies in the world, 49 are nation states and 51 are transnational companies.³ The gap between the rich and poor has widened throughout the world and there are now 19 countries whose per capita income is lower today than it was in 1960.⁴ At the same time massive increase in foreign aid to poorer countries has failed to free them from the vicious circle of poverty and debt.⁵ The welfare state everywhere is in retreat.

The security mechanism of the state is in a vulnerable position with regard to its most basic function namely, the maintenance of order, stability and safety. Ethnic conflicts and low-intensity warfare are the order of the day in the Third World. As a result of immigration and emigration, 80 million people now live in countries where they were not born. Another 20 million live abroad as refugees from disasters and political oppression.⁶ Terrorism in the form of dubious ideologies or fundamentalism in the guise of religion continues to shape the politics of contemporary societies. Extensive conflicts of this nature may cause cleavages in relationships among governments, armed forces and peoples. Conditions such as rapid population growth, the incidence of serious diseases that take on an epidemic proportion, unchecked criminality, scarcity of resources and the activities of drug cartels, can force the Third World today to sink into a quagmire of chaos and anarchy. Colonial capitalism was replaced by neo-colonial capitalism without presaging any significant development for a majority of populations.

External non-state actors including private armed groups have stepped into the void left by the colonial masters, sometimes as proxies and sometimes as independent agents. The economies of the poor states have been restructured to serve the needs of foreign capital. There have been instances where the state could not pay local and foreign contractors and the suppliers simply refused to do

business with states that were rapidly becoming bankrupt. As a result, the state could not conduct national census, could not maintain peace and order, lacked a capacity to maintain a rural-urban balance and could not protect the environment. With corruption and waste spreading all over, the state in such a situation remained helpless, increasingly becoming "totally irrelevant" to the people. As far as their daily lives and survival were concerned, the state became useless, irresponsible and weak. The crisis seems to be so serious in Africa that in at least some states, the most unthinkable solution e.g., 're-colonization', is being propagated by some experts.

State in the Third World

Any comparative study of the state in Third World countries requires a distinction between the situation in Latin America and that in Africa and Asia. In the vast majority of Latin American countries, the classic colonial period came to an end more than a century and a half ago, followed by the gradual development of the nation-state. In most African and Asian countries (with exceptions such as China, Japan and possibly India), a similar process did not begin until the mid 20th century. However, the term 'Third World' is used generally in analysing the problems of both the underdeveloped and developing countries of Asia, Africa and Latin America. The prototypical Third World state can be seen to possess certain basic characteristics.⁶ The most important of these are: a lack of internal cohesion in terms of both economic and social disparities; major ethnic and regional fissures coupled with a lack of unconditional legitimacy of state boundaries, state institutions and governing elites. Many of the Third World states today are easily susceptible to internal and inter-state conflicts; distorted and dependent development, both economically and socially; marginalization, especially in relation to the dominant international security and economic concerns and easy permeability by external actors, whether they are developed states, international institutions or transnational corporations. In the real world, individual Third World states exhibit different degrees of vulnerabilities, weaknesses, and insecurities.

Problems of State Building

Political institutionalization is one of the most significant dilemmas of the governments of the Third World. Institutionalization requires the effective establishment of government authority over society through political structures and organs. In its most elementary form,

political institutionalization is a state-building process. The institutionalization involves more than the mere mechanical penetration of society by various governmental organs and institutions. It carries with it an implied emotional and ideological acceptance, whether forced or voluntary, of the credibility of institutions, which emanate political power. In other words, institutionalization, determines solidity of the nexus between state and society. Institutionalization cannot take place when political institutions are either not strong enough or do not have a single and identifiable social mass to penetrate. In such societies, deep communal divisions and conflicting allegiances prevent the effective domination of one group over another and result in the emergence of community-exclusive authority structures.⁷ Thus, in places like Mandatory Palestine, Northern Ireland, Cyprus and Lebanon, 'political authority is divided between the sovereign political centre on the one hand, and the institutionalized political centres of the constituent communities on the other'.⁸ For institutionalization to take place, there needs to be a dominant centre of power that is capable of enforcing its authority over other social forces. Without such domination by any one group, political institutionalization cannot occur and a 'stateless society' similar to that of Lebanon in the 1970s and 1980s emerges.

Many researchers strongly believe that Third World politics is a mystery that is not properly understood because many of the theoretical proposals that aimed at explaining politics and government issues have proved to be a complete failure since their independence.

State vs Civil Society

It can be seen in many African states that the institutions of civil society as well as its real leadership are fragile and ineffective. There is no doubt that these institutions, which include labour unions, intellectual groups, student organizations, business societies and places of worship, play a pivotal role in defending the special interests of these groups and in confronting the domination of despotic authorities. The experience in the post-colonial period in Africa has proved that the downfall of the economy and loss of legitimacy and respect on the part of state institutions has led to tensions in state-society relations. The downward slide in the economy makes the state fragile, and incapable of organizing society and executing public

policies efficiently. Thus, the state in this case could not be strong enough to meet social needs of the society. It is known that when the society-state relations are tense, the state often resorts to the use of suppressive means and transforms itself into a despotic state. All of this affects the state's legitimacy, and then it becomes an alien and unrepresentative institution to the people.

New public management reforms pose a number of challenges to the developmental and nationalist mission of the state. Downsizing, for instance, threatens the viability of public sector unions, which in the Third World context are known to have played major roles in the evolution of civil society. The density of public sector wage employment, union membership, and contributions to union funds have suffered considerably as a result of the macroeconomic crisis and the state sector reforms.

African countries, such as Uganda and Ghana, have reduced the size of their civil service staff by 40 and 50 per cent. Public sector unions were central to the anti-colonial struggle of the 1950s, in the Third World. They retained much autonomy and vigour in advancing livelihood, equity and governance issues. They were also at the forefront of the wide-ranging campaigns against structural adjustment programmes in the 1980s. But now they have been forced to accommodate the logic of retrenchment and privatization in exchange for severance pay or "the golden handshake". In other words, the central pillar of civil society—organized labour—has been on the retreat in most of the Third World countries. It is important to note that labour unions constitute one of the few non-state institutions that have been national in composition and character. Historically, they have articulated and embodied civic values. Their current decline under the new public management reforms may weaken civil society in the direction of a civic-based as opposed to an ethnic-based social order.⁹

The Civil-Military Relation Dilemma

One of the prominent trends in Third World politics during the post independence period is that of frequent overthrows of civil governments by the army. In this context, the military leadership too became politicized, as in Pakistan or in many other African states. Today, they form the most important challenge to democratization. The ruling elite that tightly holds on to power in some states still fears the emergence of pluralistic democracy. Therefore, the elite

offers different insights and explanations that would allow them to continue in power as long as possible. The One Party system has proven to be a failure in all the Third World countries, whereas the emergence of Multi-Partyism has been linked to the rise of caste, communal, tribal, ethnic and geographical loyalties.

The state is entirely tuned into patrimony by political elites for their own personal profits. The crisis of state in the Third World, or more specifically, the crisis of sovereignty in African states, derives from many upsets and conflicts. But the root of the problem lies with a disempowerment of institutions. 'Predatory rule' characterizes most of the military's conquest of the state apparatus and the rise of national defense budgets have produced an exponential growth in the numbers of men and women under arms in Africa.¹⁰ Current estimates put the number of soldiers in sub-Sahara Africa at well over 8,00,000 at the cost of almost 58 billion.¹¹ The real figure may well be over one million if armed rebel groups, which have proliferated in the 1990s, are included. The military is seen in most of the African and Asian countries as an obstacle to the growth of civil society and democratic politics. Indeed, a large number of military rulers have been able to adjust their strategies of dominating the state system by embracing the prevailing wind of democratization.¹² They have organized elections and manipulated their outcome to their advantages, as in Pakistan. Despite the process of democratization there have been 15 military coups in Africa since 1990.¹³ The reform programme in fact failed as part of structural adjustments in the context of military in Africa. In other words, when political and civic institution are found weak or unstable—as in many countries in Africa, Latin America and Asia—the military may ask for more concessions and may ultimately, appropriate the state itself.

African states have engineered a process of individualization of ruling classes. This seems to apply to bloody dictatorial rule such as that of Mobutu in Zaire or of "Emperor" Bokassa in the Central African Republic, as well as several pseudo-democracies. Since the state control is personalized, the institution is basically separated from the population, access to state power means access to wealth. It follows a pattern of violent confrontation between various sections in the society, which has ultimately resulted in the emergence of military hegemony in most of the African states.

Globalization and the Changing Role of Government

It is important to stress that the economic crisis in the Third World constitutes a crisis of the state, a frightening reminder of the political consequences of the failure of government. It may also be noted that the state in the Third World has basically failed to choose among current options in terms of either political structures or economic strategies. The failure of civil society to ensure accountability of the state has resulted in a concentration of power exercised for narrow self-interests and not for the development of the country. Self-aggrandizement, corruption, clientele-ism and patronage politics have become rampant. It is also to be noted that most of Africa's corrupt and oppressive leaders such as Col. Mobutu of Zaire came to power and were maintained in power with the overt and covert support of their western patrons. As Ali Mazrui has rightly noted,

The African State since Independence has been subject to two competing pressures—the push towards militarization and the pull towards privatization. In the capitalist western countries state ownership is regarded as an alternative to or even opposite to private ownership. In post-colonial Africa, on the other hand the question arises whether the state itself can be privatized or become privately owned.¹⁴

With the new international trade regimes of the 1980s and 1990s, a globalized economy is taking root throughout the world. As capitalism reaches across borders in search of markets, raw materials, and lower labour costs, transnational corporations are beginning to have an even more profound impact on the economies of individual nations. In this new economic era, when corporations rule the world, what is the role of government in setting a nation's economic agenda and ensuring the economic security of its citizen and communities?¹⁵ The reduction in state autonomy at the economic level is the most striking feature of this regeneration. Major decisions about the organization of production are now taken by TNC's. Capital flows and investment decisions, fiscal and even monetary policy are increasingly determined by the actions of international banks, commodity brokers, currency speculators, market makers and the like. Debtor states must submit themselves to policies and programmes imposed by the international financial institutions. As a consequence, in many cases, national rules and regulation have lost much of their traditional meaning in controlling and developing the market. For instance, national legislation to control monopoly makes less sense in the face of international economic competition.

As a result, the state's ability or competence to meet demands of its citizens for employment, welfare services and basic necessities is severely affected. This may take the form of its declining ability to collect taxes, enforce statutes, control crime and violence or prevent rebellion or secession. In extreme cases, the "no-go" areas or even proto-states (for instance in Mexico, Peru and South East Asia) have developed in the Third World.¹⁶ External dominance, competence and capacity tend to undermine the state's legitimacy to the extent that it is unable to provide even basic services to its citizens or to protect them from the depredations of the powerful groups.

The state in the situation ceases to command allegiance. Inasmuch as national governments blame global economic forces or international organizations for their own failure to satisfy citizen demands, their own credibility is substantially eroded. The cases of Mexico, Argentina, Brazil and Chile are contemporary instances which illustrate the point further.¹⁷ The Third World states with their undeveloped economy, and fragmented society, is unable today to accommodate the market changes, which are increasingly going on in the name of globalization. In that they are also at a serious risk of losing control of their boundaries, both actual and ideological. The World Bank itself has emphasized this loss in its annual report for 1997, entitled *The State in a Changing World*. "Without an effective state" we are told, "sustainable development both economic and social, is impossible"¹⁸

Decline of Welfare State

The dismantling of the welfare state is on the agenda everywhere. Flexibility has been mentioned as an advantage of economic globalization. But it often proves to be the reverse of stability and security. Certainly, the state may not be needed in all those areas in which it presently intervenes but the idea of marginalizing the welfare state is patently regressive. In the name of globalization today, is a destruction of the content of the welfare state that developed in the middle of the 20th century on the notion of social solidarity. The privatization of social protection creates new mechanisms of inequality accentuating the growth of "winners-take all, losers-lose all" markets and income patterns. It leads to worries about accountability.

Privatization of public enterprises and resources has reached massive proportions in the Third World. Every sector of the economy

has been affected including for example: highways, natural resources, zoos, parks, steel plants, utilities, and telecommunication networks. Privatization is a part of global strategy, but it has its impact on civil society, the welfare state, and democratic politics. Today privatization is carried not solely to alleviate the socio-political and economic conditions of the state but in accordance with the orders of imperially controlled international banks. The time frame and scope of privatization is dictated by the economic super powers. Privatization thus seems to represent a clandestine strategy of capturing the economy of the poor state by destabilizing its economic structure. The privatization process relegates social organization, movements and citizens to marginal roles. It is almost associated with the de-nationalization of an economy. It is also a process of undermining social organizations, labour, popular power and it reverses social welfare. Privatization brings two basic changes—both negative—to the development of a national economy. Firstly, privatization deprives a national economy of a lucrative source of accumulation, particularly when the new investors send their earnings abroad. Secondly, and most important, it affects the state system and its priorities on education, employment and health. Private investors are only too happy to proclaim that “the economy is doing great, only the people are doing badly”.¹⁹

This type of privatization of the state and its resources by the rulers in its train sets the stage for militarization of the state. In the past, armed forces have often justified their intervention in politics by abolishing private privilege and suppressing the civilian leaders. The consequent militarization of the state has often led to further impoverishment, deprivation, misery and poverty for the people. Colossal amounts of money have been spent on the import of arms and for military budgets. Such wasteful expenditure has led to an ever-mounting debt burden on many of the Third World countries making them highly vulnerable to external intervention and domination.

To sum up, the Third World states currently suffer three major crises: a crisis of capacity, a crisis of governance and a crisis of security. The capacity crisis relates to the fiscal basis of the state; administrative inefficiency, corruption, unfavourable work ethics etc. The governance crisis involves the failure to develop institutions for a competition that would encourage politicians and pressure groups to conduct politics through constitutional as opposed to violent methods. The security crisis highlights the social and physical effects of organized and random violence as in the 1990s. These have taken a high toll of the social fabric and civic culture of many

societies, both in rural and urban areas. They stem from the high levels of militarization of both the state and society and the continued interference of the army in public governance of many states. The condition of global competitiveness coupled with social disintegration is not favourable to the system of democracy and liberty. Freedom and confidence go well together. When confidence (about the system, law and order) begins to crumble, freedom soon turns into a primordial condition: the war of all against all. People begin to doubt the wisdom of the fathers of their constitution if liberty leads to anarchy. They look for a way out, for authority.

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