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Transnational Relations and World Politics:

An Introduction

JOSEPH S. NYE, JR., AND ROBERT O. KEOHANE

STUDENTS and practitioners of international politics have traditionally concentrated their attention on relationships between states. The state, regarded as an actor with purposes and power, is the basic unit of action; its main agents are the diplomat and soldier. The interplay of governmental policies yields the pattern of behavior that students of international politics attempt to understand and that practitioners attempt to adjust to or control. Since force, violence, and threats thereof are at the core of this interplay, the struggle for power, whether as end or necessary means, is the distinguishing mark of politics among nations.¹ Most political scientists and many diplomats seem to accept this view of reality, and a state-centric view of world affairs prevails.²

It is obvious, however, that the interactions of diplomats and soldiers do not take place in a vacuum. They are strongly affected by geography, the

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¹ This is, of course, the orientation of Hans J. Morgenthau, but it also reflects the general point of view of eminent scholars like Raymond Aron and Kenneth N. Waltz. See Morgenthau, *Politics among Nations: The Struggle for Peace and Power* (4th rev. ed.; New York: Alfred A. Knopf, 1967); Aron, *Peace and War: A Theory of International Relations*, trans. Richard Howard and Annette Baker Fox (New York: Frederick A. Praeger, 1967); and Waltz, *Man, the State and War: A Theoretical Analysis* (Topical Studies in International Relations No. 2) (New York: Columbia University Press, 1959).

² International lawyers and economists seem less prone to accept the state-centric paradigm as much of the literature in international economics and international law indicates. See, particularly, the works of Richard Cooper, Raymond Vernon, and Philip Jessup.

nature of domestic politics in the various states, and advances in science and technology. Few would question that the development of nuclear weapons has dramatically altered the nature of twentieth-century international politics or deny the importance of internal political structure for relations between states. From the state-centric perspective geography, technology, and domestic politics comprise aspects of the "environment" within which states interact. They provide inputs into the interstate system but for considerations of analytic convenience are considered to be outside the system.

The environment of interstate politics, however, does not include only these powerful and well-known forces. A good deal of intersocietal intercourse, with significant political importance, takes place without governmental control. For example, among the major Western countries this includes most trade, personal contact, and communication. Furthermore, states are by no means the only actors in world politics. Arnold Wolfers noted more than a decade ago that "the Vatican, the Arabian-American Oil Company, and a host of other nonstate entities are able on occasion to affect the course of international events. When this happens, these entities become actors in the international arena and competitors of the nation-state. Their ability to operate as international or transnational actors may be traced to the fact that men identify themselves and their interests with corporate bodies other than the nation-state."³

Although Wolfers and others have pointed out the importance of intersocietal interactions and "transnational actors" in international affairs, the impact of these phenomena on world politics has often been ignored both in policy-oriented writings and more theoretical works.⁴ When they have been recognized, they have often been consigned with the factors mentioned above to the environment of interstate politics, and relatively little attention has been paid to them or to their connections with the interstate system. This

³ Arnold Wolfers, "The Actors in World Politics," in *Discord and Collaboration: Essays on International Politics*, ed. Arnold Wolfers (Baltimore, Md: Johns Hopkins Press, 1962), p. 23. This essay was first published in 1959 in William T. R. Fox, ed., *Theoretical Aspects of International Relations* (Notre Dame, Ind: University of Notre Dame Press, 1959). Other political scientists who have departed from the state-centric paradigm are John W. Burton, *Systems, States, Diplomacy and Rules* (Cambridge: Cambridge University Press, 1968); James N. Rosenau, ed., *Linkage Politics: Essays on the Convergence of National and International Systems* (New York: Free Press, 1969); Karl Kaiser, "Transnationale Politik: Zu einer Theorie der multinationalen Politik," *Politische Vierteljahresschrift*, 1969 (Special Issue, No. 1), pp. 80-109; and Horst Menderhausen, "Transnational Society vs. State Sovereignty," *Kyklos*, 1969 (Vol. 22, No. 2), pp. 251-275.

⁴ The most striking examples of neglect of transnational relations and complete concentration on state policies appear in the literature on the North Atlantic Treaty Organization (NATO). See, for example, Henry A. Kissinger, *The Troubled Partnership: A Re-Appraisal of the Atlantic Alliance* (New York: McGraw Hill Book Co. [for the Council on Foreign Relations], 1965). On the more theoretical side the editors of a recent volume of essays on international relations note that, despite ardent disagreement over methods, "each author clearly conceives the subject to consist of the individuals and groups who initiate and sustain the actions and interactions of nation-states." Klaus Knorr and James N. Rosenau, eds., *Contending Approaches to International Politics* (Princeton, N.J: Princeton University Press, 1969), p. 4.

volume, by contrast, focuses on these "transnational relations"—contacts, coalitions, and interactions across state boundaries that are not controlled by the central foreign policy organs of governments. It treats the reciprocal effects between transnational relations and the interstate system as centrally important to the understanding of contemporary world politics.

A glance at the table of contents will reveal that we are interested in a wide variety of transnational phenomena: multinational business enterprises and revolutionary movements; trade unions and scientific networks; international air transport cartels and communications activities in outer space. Yet, we do not explore transnational relations simply "because they are there"; on the contrary, we hope to use our analysis to cast light on a number of empirical and normative questions that are directly related to the contemporary concerns of statesmen and students of international affairs.

These questions can be grouped into five broad areas of inquiry: 1) What seems to be the net effect of transnational relations on the abilities of governments to deal with their environments? To what extent and how have governments suffered from a "loss of control" as a result of transnational relations? 2) What are the implications of transnational relations for the study of world politics? Is the state-centric view, which focuses on the interstate system, an adequate analytic framework for the investigation of contemporary reality? 3) What are the effects of transnational relations on the allocation of value and specifically on asymmetries or inequalities between states? Who benefits from transnational relations, who loses, who controls transnational networks, and how is this accomplished? 4) What are the implications of transnational relations for United States foreign policy? Insofar as the United States is indeed preponderant in transnational activity, what dangers as well as opportunities does this present to American policymakers? 5) What challenges do transnational relations raise for international organizations as conventionally defined? To what extent may new international organizations be needed, and to what extent may older organizations have to change in order to adapt creatively to transnational phenomena?

We elaborate these questions later in this introduction and return to them in the conclusion, drawing on evidence presented in the various essays to document our assertions, reinforce our speculations, and propose hypotheses for further research. We do not pretend to be definitive; we realize that we are just beginning to explore this field and that even our best-documented beliefs are only provisional. We hope to stimulate inquiry, not to codify knowledge.

Before considering these five broad questions in detail, however, it is necessary to define the two aspects of transnational relations on which we concentrate in this introduction—transnational interactions and organizations—and to analyze some of their effects on interstate politics. Definition and descrip-

tion therefore take priority at this point, although our broader and more speculative inquiries should not be forgotten. We return to them beginning with section III of this introduction.

I. TRANSNATIONAL INTERACTIONS AND ORGANIZATIONS

In the most general sense one can speak of "global interactions" as movements of information, money, physical objects, people, or other tangible or intangible items across state boundaries. We can distinguish four major types of global interaction: 1) communication, the movement of information, including the transmission of beliefs, ideas, and doctrines; 2) transportation, the movement of physical objects, including war matériel and personal property as well as merchandise; 3) finance, the movement of money and instruments of credit; 4) travel, the movement of persons. Many international activities involve all four types of interaction simultaneously. Trade and warfare, for example, both require coordinated movements of information, physical objects, money, and persons; so does most personal participation by individuals in foreign societies—"transnational participation"—as discussed in Donald P. Warwick's essay.

Some global interactions are initiated and sustained entirely, or almost entirely, by governments of nation-states. This is true of most wars, a large amount of international communication, considerable trade, and some finance. These we consider "interstate" interactions along with conventional diplomatic activity. Other interactions, however, involve nongovernmental actors—individuals or organizations—and we consider these interactions "transnational." Thus, a transnational interaction may involve governments, but it may not involve only governments: Nongovernmental actors must also play a significant role. We speak of transnational communication, transportation, finance, and travel when we refer to nongovernmental or only partially governmental interactions across state boundaries. Thus, "transnational interactions" is our term to describe the movement of tangible or intangible items across state boundaries when at least one actor is not an agent of a government or an intergovernmental organization.⁵

Another way of looking at transnational interactions, and of distinguishing them from interstate interactions, is to refer to a diagram that we found useful in thinking about the subject. The classic paradigm of interstate politics, depicted in figure 1, focuses on governments as the agencies through which societies deal politically with each other. Interstate politics is conceptually distinguished from, although linked indirectly to, domestic politics; transna-

⁵ As our conclusion explains at greater length, "transnational interactions" constitute only one aspect of "transnational relations" by our definition. Yet, most of the essays that follow focus on transnational interactions and transnational organizations. Thus, in order to understand the essays, our definition of transnational interactions is crucial.

tional interactions are ignored or discounted. Governments may, however, interact through intergovernmental organizations; thus, this is included in the classic paradigm.

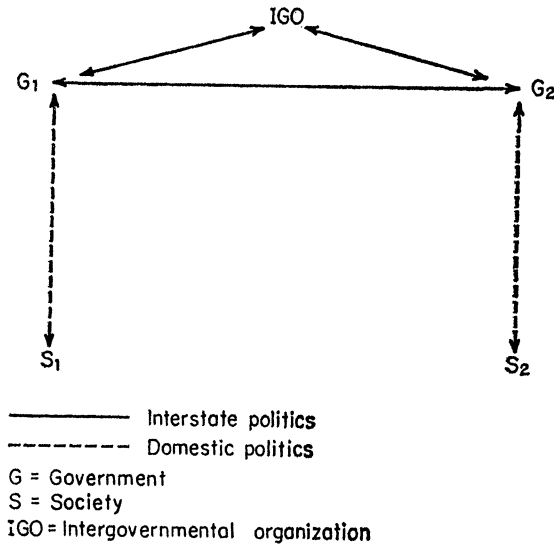


Figure 1. A state-centric interaction pattern

The additional lines drawn in figure 2 indicate what we mean by transnational interactions. For each of the interactions represented by these lines at least one of the actors is neither a government nor an intergovernmental organization. The point can be made somewhat differently by referring to J. David Singer's distinction between two ways in which individuals and organizations in a given society can play roles in world politics: 1) They may participate as members of coalitions that control or affect their governments or 2) they may play direct roles vis-à-vis foreign governments or foreign societies and thus bypass their own governments.⁶ Only the second type of behavior is transnational by our definition.

At the Center for International Affairs Conference on Transnational Relations the objection was raised that a definition such as ours concentrates exclusively on the position of an actor—whether within a government or outside it—and does not raise the question of whether governmental actors necessarily play governmentally defined roles. It was pointed out that even high officials may take actions that cannot be ascribed to their status as governmental actors. Military officers in the United States, for example, frequently share common interests with military men in allied countries and may sometimes act in con-

⁶ J. David Singer, "The Global System and Its Subsystems: A Developmental View," in Rosenau, p. 24.

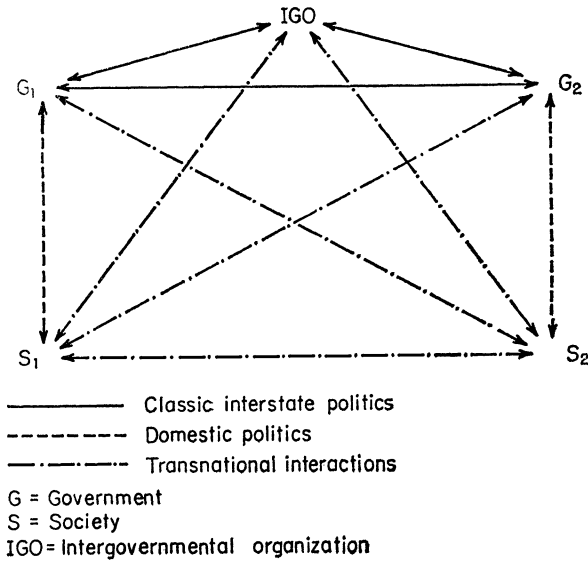


Figure 2. Transnational interactions and interstate politics

cert with these foreign military officers against other elements of the American government to achieve common political goals.⁷ Leon N. Lindberg and Stuart A. Scheingold have noted the development of coalitions among agricultural officials from various countries of the European Economic Community (EEC): "The Ministers of Agriculture of the six and their aides and advisors, charged with primary negotiating responsibility along with the Commission, have come to share preoccupations and expertise. They are subject to similar constituency demands, engaged in annual budget battles against their respective Ministers of Finance, and they seek the same general goals of improving the conditions of farmers and of modernizing agriculture. Indeed, in the eyes of many of their colleagues in other governmental ministries, they have come to form 'an exclusive club, thoroughly defended by impenetrable technical complexities.'"⁸

The position of a governmental actor, however, is more visible and thus more easily known than his behavioral role. Furthermore, an actor's position is classifiable in one of three categories—governmental, intergovernmental, or nongovernmental—whereas his role may slide back and forth between the three. Even with perfect knowledge it would become extremely difficult and ultimately arbitrary to say exactly where a governmental agent stops playing

⁷ Robert O. Keohane, "The Big Influence of Small Allies," *Foreign Policy*, Spring 1971 (Vol. 1, No. 2), pp. 161-182.

⁸ Leon N. Lindberg and Stuart A. Scheingold, *Europe's Would-Be Polity: Patterns of Change in the European Community* (Englewood Cliffs, N.J.: Prentice-Hall, 1970), p. 160. Their quotation is from "How Not to Rule the Roost: More Trouble in the Poultry Market," *Common Market*, July 1963 (Vol. 3, No. 7), p. 131.

a governmentally defined role and begins to act "on his own." Furthermore, since the essays in this volume focus primarily on nongovernmental activities and organizations, a definition that stresses the governmental/nongovernmental/intergovernmental distinction focuses attention on the relationships with which we are most concerned here. For a first approximation that can be easily applied in widely varying essays, therefore, we use the narrower and more precise definition, centering on the position of an actor, rather than a broader and vaguer definition in terms of role. In the conclusion, in which we contrast a world politics paradigm with the state-centric paradigm, we reintroduce the dimension of role and discuss the problems and prospects that it raises. The reader should be aware, therefore, that in this introduction we use the phrase "transnational relations" as shorthand for "transnational interactions and organizations," whereas in the conclusion we also consider relations between governmental actors that are not controlled by the central foreign policy organs of their governments.

Many transnational interactions take place without the individuals involved leaving their localities or the organizations maintaining any branches outside their countries of origin. Domestic industries, trade unions, and farmers engage in international trade without necessarily changing their loci of activity; bankers can move vast sums of money without leaving their offices; student groups may broadcast their views via world television while remaining in Paris, Cambridge, or Tokyo; the *New York Times* would somehow be obtained in other world capitals even if it did not maintain sales offices abroad. Thus, purely domestic organizations, such as national trade unions, can participate in transnational interactions.

Yet, we are also concerned with the activities of nongovernmental organizations that do operate regularly in several states. Transnational relations by our definition therefore include the activities of transnational organizations, except within their home states, even when some of their activities may not directly involve movements across state boundaries and may not, therefore, be transnational interactions as defined above. Thus, the activities of IBM in Brazil or Unilever in the United States are within the context of transnational relations even though some of these activities may take place entirely within Brazil, on the one hand, or the United States on the other. It would seem extremely artificial, for example, to exclude an arrangement made between Standard Oil Company of New Jersey and the French government from the arena of transnational relations merely because all negotiations for the agreement may have taken place in Paris.⁹

Multinational business enterprises, international trade union secretariats,

⁹ It would seem equally absurd, on the other hand, to consider a grant by the Ford Foundation to Newark, New Jersey, or the sale of computers by IBM in Des Moines, Iowa, to be transnational activities. Thus, we exclude from transnational relations the activities of transnational organizations within their home states if the organizations retain such national identification.

global religious organizations, and far-flung foundations are all transnational by our definition. This does not imply, however, that they are staffed by "citizens of the world" or that they are necessarily controlled by individuals from several states. In fact, most transnational organizations remain linked primarily to one particular national society. Multinational enterprises tend to be managed by citizens from the home state; thus, according to Sidney Rolfe, 21 percent of the employees, but only 1.5 percent of the managers, of 150 United States-based multinational enterprises in the 1960s were non-American.¹⁰ In this volume J. Bowyer Bell points out that transnational revolutionary movements often aspire to become nationalist regimes, and Peter D. Bell shows that the Ford Foundation's international staff remains predominantly American. These organizations are transnational by our definition, but they are not "geocentric."¹¹ An organization becomes geocentric only when the composition of its leadership and its pattern of behavior indicate that it has lost all special ties to one or two particular states.

Intergovernmental organizations often devote considerable effort to assuring that they will be geocentric in fact as well as in name: One need only note the continuing attempts by less developed states in the United Nations to assure "equitable geographical distribution" of positions in the secretariat. Transnational organizations, by contrast, are rarely established as such but usually evolve gradually from national organizations. Furthermore, they frequently do not have autonomous constituent units—such as the states in intergovernmental organizations—to insist on geocentricity. Thus, transnational organizations tend to become geocentric gradually and quite frequently move in that direction only after pressure has been brought from outside, particularly by host governments.¹²

II. SOME EFFECTS OF TRANSNATIONAL RELATIONS ON INTERSTATE POLITICS

How do transnational interactions or organizations affect interstate politics? At the most general level our contention is that these transnational relations increase the sensitivity of societies to one another and thereby alter relationships between governments. This point is illustrated by two examples, one from the area of international trade and finance, the other from global mass communications.

¹⁰ Sidney Rolfe, *The International Corporation* (Paris: International Chamber of Commerce, 1969), p. 76.

¹¹ For these terms see Howard V. Perlmutter, "The Tortuous Evolution of the Multinational Corporation," *Columbia Journal of World Business*, January-February 1969 (Vol. 4, No. 1), pp. 9-18.

¹² To encompass transnational organizations as well as interactions figure 2 would have to be three-dimensional. Transnational organizations would appear on the third dimension, linked to governments, national societies, and intergovernmental organizations by a variety of interactions. Since such a representation is beyond our artistic powers, the reader will have to be content with the reminder that transnational relations under our definition include these organizational activities as well as the interactions that figure 2 depicts.

Richard N. Cooper has convincingly argued the case for the economic arena: As the decision domains of business and banking transcend national jurisdictions, small changes in one state's policies may have large effects on the system.¹³ The essay by Lawrence Krause in this volume makes a similar point. States may be able to reduce their sensitivity to outside influence but only at the high price of reducing the concomitant benefits which result from their intercourse.

As a result of global mass communications various groups in different societies, such as radical students, military officers, or racial minorities, can observe each other's behavior and copy it when it seems appropriate. Thus, student radicals may suddenly develop similar political demands and tactics without direct contact with one another. Their international "conspiracies" are carried on in public and transmitted with the assistance of attentive media. Precursors of this phenomenon can be found, but its scale, scope, and speed are largely products of global television. Although its immediate effects are on the sensitivity of one state's domestic politics to that of another, its secondary effects—or the effects of efforts to halt unwanted communication—may well have consequences for interstate politics.

We can become more specific by suggesting five major effects of transnational interactions and organizations, all with direct or indirect consequences for mutual sensitivity and thereby for interstate politics. Four of these may result from transnational interactions even without the presence of transnational organizations, although transnational organizations may produce them as well; the fifth effect necessarily depends on the presence of transnational organizations as autonomous or quasi-autonomous actors. We summarize these effects under the following headings: 1) attitude changes, 2) international pluralism, 3) increases in constraints on states through dependence and interdependence, 4) increases in the ability of certain governments to influence others, and 5) the emergence of autonomous actors with private foreign policies that may deliberately oppose or impinge on state policies. Our categorization does not pretend to be exhaustive or definitive but is rather designed systematically to suggest some effects of transnational relations on interstate politics.

Transnational interactions of all types may promote *attitude changes* which may have possible consequences for state policies. As Warwick's essay suggests, face-to-face interactions between citizens of different states may alter the opinions and perceptions of reality of elites and nonelites within national societies. Transnational communication at a distance, transmitted either electronically or through the printed word, may also promote attitude changes.

¹³ Richard N. Cooper, *The Economics of Interdependence: Economic Policy in the Atlantic Community* (Atlantic Policy Studies) (New York: McGraw-Hill Book Co. [for the Council on Foreign Relations], 1968), especially chapters 3, 4, and 6.

Similar results may follow, although probably less directly, from transnational transportation, travel, and finance. World peace may not, as the IBM slogan has it, come through world trade, but buying a Toyota or a Fiat may very well influence one's attitudes toward Japanese or Italians.

New attitudes can also be fostered by transnational organizations as they create new myths, symbols, and norms to provide legitimacy for their activities or as they attempt to replicate Western beliefs, life-styles, or social practices elsewhere in the world. Thus, James A. Field, Jr., traces the activity of missionaries and the "cultural package that accompanied the Protestant gospel" in the nineteenth century as well as the economic and evangelical activities of multinational business enterprises in the twentieth century. Peter B. Evans argues that advertising by these multinational enterprises affects popular attitudes in less developed societies to the detriment of their autonomy and economic development; Robert W. Cox refers to the multinational enterprise as the new hero of functionalist theory. Cox also gives examples of the justifications for transnational economic activity developed not only by corporations but also by certain union leaders. Examining the ideas of some trade unionists, Cox perceives an emerging "policy of symbiosis" between the trade union and the corporation in which both share power and through which unions would replace nation-states as the chief countervailing force to corporate dominance of the world economy.

It is clear to Cox and to other authors in this volume that the nation-state will not be as easily replaced as such visions might imply. Indeed, many of the essays in this volume focus on the role of the state in transnational networks. Bowyer Bell observes that even transnational revolutionaries usually seek power within a state, although they may draw support from outside; Peter Bell and Ivan Vallier focus a good deal of their attention on relations between the Ford Foundation and the Roman Catholic church, on the one hand, and the nation-states within which they operate on the other. Whereas Krause and Raymond Vernon argue for new international agreements to accommodate increases in transnational exchanges, Robert Gilpin speculates that governments will be led to support regional intergovernmental organizations as defenses against global transnationalism. A welter of divergent trends, predictions, and proposals emerges from these essays. What is clear to anyone, however, is that the attitudes produced by transnational relations will not necessarily lead to either universal concord or to the continued growth of transnational relations themselves.

A second effect of transnational relations is the promotion of *international pluralism*, by which we mean the linking of national interest groups in transnational structures, usually involving transnational organizations for purposes of coordination. The essay by Kjell Skjelsbaek documents the rapid growth of international nongovernmental organizations which link national organi-

zations having common interests. After their creation these transnational organizations may stimulate the creation of new national affiliates and thus contribute to the internationalization of domestic politics. But transnational organizations themselves are apparently the product of increasing specialization of societies combined with the phenomena of transnational communication, travel, and transportation which allow people to perceive the possibilities for transnational organizations and to implement their visions. The creation of organizational linkages, as the essay by Edward Miles indicates, may in turn affect attempts by national groups to influence governmental policy.

It is interesting to note that the first two suggested effects of transnational relations are similar to those that have been most frequently observed by students of European integration. The "cybernetic" school of theorists has stressed the effect of transactions on mass attitude changes, whereas the "neo-functional" approach emphasizes the roles of interest groups and elites, or international pluralism.¹⁴ Theorists of both varieties attempt to specify certain effects of transnational relations that are likely to constrain governments and make their policies more cooperative.

A third effect of transnational relations, the creation of *dependence and interdependence*, is often associated with international transportation and finance. The essays by Krause and Edward L. Morse focus on this relationship, and the essays by Field, Gilpin, Robert L. Thornton, and Vernon also give it a good deal of attention. Yet, as we have suggested above, one may also become dependent on a transnational communication network or on transnational travel. Even totalitarian states, if their governments want to keep pace scientifically, may have to allow their scientists to read foreign journals and to participate in international conferences. States may also become dependent on transnational organizations, particularly if those organizations provide something—goods, services, information, managerial skills, religious legitimacy—that they need.

Dependence is translated into policy most directly when certain policies which a government might otherwise follow become prohibitively costly. Integration into a world monetary system may make it impossible for a state to follow an autonomous monetary policy without drastic changes in its economy; dependence on foreign companies for technology, capital, and managerial skill may deter less developed countries from following highly nationalistic and socialistic economic policies. Where transnational organizations become important within a host society, they may alter the patterns of domestic interests so that certain governmental policies become prohibitively costly politically even if they might be feasible economically. Furthermore, new actors, such as multinational enterprises, with new patterns of behavior may raise

¹⁴ See Peter J. Katzenstein, "Hare and Tortoise: The Race toward Integration," *International Organization*, Spring 1971 (Vol. 25, No. 2), pp. 290-295.

difficulties for bureaucratized governments that tend to follow standard operating procedures when reacting to change. Following an effective policy toward a new transnational actor may therefore be too costly on bureaucratic grounds.

Coping with dependence and interdependence raises special problems for large states. Small or weak states may well be able to make their decisions solely by considering the costs and benefits of various alternative policies to themselves, taking into account, of course, the probable reactions of other states. More powerful states, however, must also consider the effects of their own policies on the system of transnational relations. Insofar as the state benefits from a particular set of linked transnational arrangements, it will need to exercise care lest a reversion to autonomy in one area sets off retaliatory measures by other large states that could—quite apart from their direct effects on the first state—destroy the entire system. Yet, only if statesmen perceive both interdependence and system-fragility will they allow considerations such as these to constrain their actions. Perceptions of transnational relations by governmental elites are therefore a crucial link between dependence or interdependence, on the one hand, and state policies on the other.

We have just noted that transnational relations may make all states dependent on forces that none of them controls. But they may have a less even-handed result as well by creating *new instruments for influence* for use by some governments over others. Among powers of roughly equal weight both sides may be able to take advantage of these instruments, as in the use of the Pugwash Conferences on Science and World Affairs by the United States and the Union of Soviet Socialist Republics to explore questions of arms control. But among unequal states transnational relations may merely put additional means of leverage into the hands of the more powerful states, located at the center of the transnational networks, to the disadvantage of those which are already weak.

Governments have often attempted to manipulate transnational interactions to achieve results that are explicitly political: The use of tourists as spies or the cultivation of sympathetic ethnic or religious groups in other states are examples of such "informal penetration."¹⁵ Governments may also seek, however, to direct the flow of economic transactions to their own politico-economic ends. Through the use of tariff and quota policies powerful governments may attempt to affect the flow of international trade—for example, they can discourage manufacturing in less developed countries by levying higher tariffs on imports of processed and semiprocessed goods than on raw materials. Or, as the essay by Krause indicates, governments may try to

¹⁵ See Andrew M. Scott, *The Revolution in Statecraft: Informal Penetration* (Random House Studies in Political Science, 551) (New York: Random House, 1965); and Richard W. Cottam, *Competitive Interference and Twentieth Century Diplomacy* (Pittsburgh, Pa: Pittsburgh University Press, 1967).

produce changes in international monetary arrangements by unilateral or multilateral action. Insofar as states become dependent on one another, some states may acquire new means by which to influence others.

Transnational organizations are particularly serviceable as instruments of governmental foreign policy whether through control or willing alliance. This has been evident in the use of United States-based multinational business enterprises by the American government. Thus, in the mid-1960s the United States sought to retard the development of France's nuclear capability not by sending an ultimatum or launching a war but by forbidding IBM-France to sell certain types of computers to the French government. The United States has also used its influence over United States-based multinational enterprises as a means of internationalizing its embargoes against the People's Republic of China (Communist China) and Cuba.¹⁶ Cox gives examples of British and American trade unions which, following private foreign policies similar to the public foreign policies of their governments, interfere in the domestic politics of other countries to combat real or imagined communism. Even when there is no explicit coordination, transnational organizations can be useful to states. The Ford Foundation has been one of few American links to many Arab states since 1967. Vallier argues that states which hold key positions in transnational resource systems are able, often with decisive advantage, to draw on, and to some degree mobilize, all the "funds" that the system encompasses.

The fifth effect of transnational relations on interstate politics depends on the presence of transnational organizations as *autonomous* or quasi-autonomous *actors* in world politics. Several essays in this volume discuss such organizations—revolutionary movements, trade unions, multinational business enterprises, and the Roman Catholic church among others—that maintain private foreign policies. In some cases these organizations possess enormous resources: In 1965 some 85 business enterprises each had annual sales larger than the gross national products of some 57 voting members of the United Nations.¹⁷ As Krause points out, in the monetary field the resources in the hands of some twenty banks can, at least in the short run, render nugatory the efforts of national monetary authorities even in very powerful countries. Thus, autonomous transnational organizations are potential and sometimes actual opponents of governmental policy in a wide variety of areas—whether the policy is liberalizing divorce in Italy, living at peace with Israel in the Middle East, enforcing economic plans in France, or maintaining a strong balance-of-payments position in the United Kingdom. The conflict between govern-

¹⁶ For a discussion of some of the controls used by the United States for these purposes see Jack N. Behrman, *National Interests and the Multinational Enterprise: Tensions among the North Atlantic Countries* (Englewood Cliffs, N.J.: Prentice-Hall, 1970), chapter 7, pp. 101-113.

¹⁷ G. Modelski, "The Corporation in World Society," *The Year Book of World Affairs, 1968* (London: Stevens & Sons [under the auspices of the London Institute of World Affairs], 1968), pp. 64-79.

ment and transnational organizations may reflect the policies of a home government standing behind the transnational organization, but it may also result from differences between the policies of a host government and those of a transnational organization, without the home government, if any, becoming involved in the dispute.

Where home governments are involved, the presence of transnational organizations may exert a distinctive effect on the interstate relations that develop. Thus, it would be difficult to understand British-Iranian relations during 1951-1953 or American-Cuban relations between 1959 and 1961 without appreciating the role of certain international oil companies in both situations.¹⁸ In these cases actions by the oil companies almost certainly aggravated existing interstate conflicts. It is possible, however, for a transnational organization also to facilitate good relations between states; certainly, these same oil companies have tried to foster cooperation between the United States and the Arab world. Their efforts have, in turn, been partially foiled by a very powerful transnational force—namely, Zionism—which has worked effectively for good American relations with Israel even at the expense of United States relations with Israel's adversaries. Not only may a struggle between transnational organizations, or between transnational organizations and states, lead to interstate conflict; interstate conflict, such as the Arab-Israeli conflict, may lead to struggles for influence among transnational organizations or movements. The interrelationships are complex and often reciprocal, but they can hardly be ignored.

III. TRANSNATIONAL RELATIONS AND "LOSS OF CONTROL" BY GOVERNMENTS

Our observations about changes in world politics do not deny that governments remain the most important players in the game. Although transnational organizations are immensely more plentiful and significant now than before 1914 or 1945, governments have attempted since World War I not only to maintain but also to extend their control over outside forces and events. Previously ignored areas of activity have been brought within the regulation and concern of governments. International monetary flows, for example, were of much less importance to governments before 1914 than they are now. In those years few governments consciously attempted to plan economic growth or to promote full employment at home. As Cooper has stressed, new tasks for governments "place greater burdens on the available instruments of policy" and make it more difficult to accept "the intrusions of international economic integration on national economic policy."¹⁹ Thus, the sensitivity of govern-

¹⁸ For a discussion of these cases see Michael Tanzer, *The Political Economy of International Oil and the Underdeveloped Countries* (Boston: Beacon Press, 1969), chapter 24, pp. 319-348.

¹⁹ Cooper, p. 151.

ments to changes elsewhere increases as governments become more ambitious. Increased aspirations for control and increased interdependence go hand in hand.

It therefore becomes clear that to pose questions such as we did at the outset in terms of an alleged "loss of control" is to put the issue in a misleading way. Governments have generally not been able to control their environments successfully for long periods of time whenever those environments have changed rapidly as a result of large-scale social forces or advancing technology. Small and middle powers, and even great powers within a balance-of-power system, have had to accustom themselves to a very small degree of environmental control; they have had to adjust to changes rather than to shape the forces of history. It may be that United States policymakers have less control now than in the 1950s, but it was the 1950s that were exceptional, not the present.

As governments become more ambitious, however, the impact of transnational relations does create a "control gap" between the aspiration for control and the capability to achieve it. The essays by Morse, Krause, and Vernon discuss various facets of this problem. At the same time, as Vallier and Evans argue, transnational relations may redistribute control from one state to another and benefit those governments at the center of transnational networks to the disadvantage of those in the periphery.

It seems better, therefore, to raise the issue of governmental control as a question for investigation rather than to prejudge the issue at this point in terms of "loss of control." It is clear that governments are becoming more ambitious and that this forces them to react to, and often to adapt to, transnational interactions and organizations. The further governments seek to extend their reach, the more they involve themselves with the environment of interstate politics and particularly with transnational relations. Insofar as they are unwilling to pay the price for complete control, they must contend with relatively autonomous transnational forces. From the analyst's perspective, therefore, their behavior becomes more and more difficult to predict without a rather detailed knowledge of transnational relations. Our next question is therefore posed: Does the phenomenon of transnational relations make the state-centric paradigm inadequate for understanding contemporary world politics?

IV. TRANSNATIONAL RELATIONS AND THE STATE-CENTRIC PARADIGM

Sophisticated proponents of the state-centric view have observed transnational interactions, and they have certainly not been blind to the fact that actors other than states exist. Yet, they have deliberately excluded transnational relations from the interstate system on the grounds that their direct

political importance is small and that their indirect effects enter, along with domestic factors, into the formation of national foreign policies. Although this conclusion has partially relied on a definition of politics merely in terms of state behavior, it does contain a solid core of insight. States have been and remain the most important actors in world affairs, acting both directly and through intergovernmental organizations to which states, and only states, belong. States virtually monopolize large-scale, organized force which remains the ultimate weapon and a potent bargaining resource. Thus, there would be no point in ignoring the nation-state. Instead, one might ask the following questions: Should more attention be paid to the effects of transnational relations on interstate relations, and is the state-centric paradigm adequate if we wish to explore these effects? Evans has expressed this feeling pungently although in a somewhat "loaded" way: "It is not interesting to exclude traditional state behavior and then study the residual only. What is interesting is the contamination of interstate relations by transnational relations."²⁰

If we depart from a state-centric, institutional definition of politics, the need for a broader focus becomes evident immediately. The classic model as depicted in figure 1 normally assumed as a definition of world politics the actions and interactions of states. Students of domestic politics, however, have moved away from such exclusive reliance on the state and have focused more broadly on the process by which societies make binding decisions.²¹ The problems with definitions such as David Easton's are well known: Departing from a traditional, narrow view of politics seems to lead one to a definition without clear limits. Until we adopt a broader definition, however, we continue to view governments as more clearly unique than they are, and we are foreclosed from examining the politics of trade unions, industrial corporations, or schools. Likewise, with international politics, a definition of politics in terms of state behavior alone may lead us to ignore important nongovernmental actors that allocate value and that use means similar to those used by governments to achieve their ends.

We therefore prefer a definition of politics that refers to relationships in which at least one actor consciously employs resources, both material and symbolic, including the threat or exercise of punishment, to induce other actors to behave differently than they would otherwise behave. Using this definition of politics, we define world politics as all political interactions between significant actors in a world system in which a significant actor is any somewhat autonomous individual or organization that controls substantial resources and participates in political relationships with other actors across state

²⁰ This is a close paraphrase of a remark made by Evans at the Center for International Affairs Conference on Transnational Relations, Harvard University, June 4-5, 1970.

²¹ For a discussion of this trend see David Easton, "Political Science," *International Encyclopedia of the Social Sciences*, ed. David L. Sills (17 vols.; n.p.: Macmillan Co. and Free Press, 1968), Vol. 12, pp. 282-298.

lines.²² Such an actor need not be a state: At any point where a transnational organization employs techniques such as economic boycotts, airline hijackings, or religious excommunication to achieve the modification of other actors' behavior, it is behaving politically. International oil companies, for example, insofar as they act to maintain political stability in producing countries, are transnational political actors by this definition.²³

If the effects of transnational relations were slight, variable, and perhaps transitory, consigning them to a vaguely specified and generally ignored environment would be acceptable as a parsimonious simplifying device. Yet, this entire volume testifies to the fact that the effects of transnational relations are much more important and pervasive than that. Knowing the policies and capabilities of a set of governments may not allow us accurately to predict outcomes or future characteristics of the system if significant transnational interactions or powerful transnational organizations are involved. Even if states in some sense "win" confrontations with transnational forces, their anticipation of these forces, and of the actions of transnational organizations, may lead states to alter their policies in advance to avoid costly confrontations.

Transnational relations are not "new," although, as Skjelsbaek's essay indicates, the growth of transnational organization in the twentieth century has been spectacular. Yet, our contention is not only that the state-centric paradigm is inadequate for reasons indicated above but also that it is becoming progressively more inadequate as changes in transnational relations take place. As a partial view of international politics it was more useful in the past than in the present, and it is still more useful now than it is likely to be in the future. The essays shed some light on changes in transnational relations; the conclusion to this volume attempts to draw the evidence together in order to buttress the case that has been sketched above and to introduce our alternative "world politics paradigm" as a substitute for the state-centric analytic framework.

V. TRANSNATIONAL RELATIONS AND VALUES

Thus far in this essay we have been viewing transnational relations largely from an empirical perspective, but they can also be evaluated normatively. This immediately raises the question of who benefits from transnational relations. It could be argued that transnational relations enrich and strengthen the strong and the rich—in short, the most modernized, technologically adept segments of the world—because only these elements are able to take full advantage of its network of intersocietal linkages. The continuing debate on the effects of multinational business enterprises on welfare, for example, has

²² These definitions borrow heavily and consciously, although with substantial modification, from an essay by Oran R. Young, "The Actors in World Politics," in *The Analysis of International Politics*, ed. James N. Rosenau, B. Vincent Davis and Maurice A. East (Glencoe, Ill: Free Press, forthcoming).

²³ For an analysis of the activities of these corporations see Tanzer.

raised numerous questions about the value of transnational relations for less developed countries in particular.²⁴ Many of the essays in this volume, particularly those in parts III and IV, raise questions of this kind. In producing a volume that emphasizes transnational interactions and organizations we mean to point out their importance, not necessarily to celebrate their effects.

Some would regard transnational relations as a new name for the old phenomenon of imperialism. As one scholar has noted, however, the word "imperialism" is "entirely at the mercy of its user."²⁵ It is sometimes used to describe virtually any relationship across state boundaries between unequals that involves the exercise of influence. If this definition is used, "imperialism" includes most of world politics and thereby becomes virtually devoid of analytic value.

Imperialism may be used, however, in a more restricted although not very precise way to refer to cross-national relationships in which unequal power is used to achieve "unfair" allocations of value. Some actors, whether states or not, exploit others. Given an agreed concept of "fairness" (which is, of course, the chief difficulty) some transnational relations would presumably be "imperialistic" and others would not. Yet, the ambiguities present even in this use of "imperialism" are so great that we would rather ask directly about the effects of transnational relations than inquire whether a given set of transnational relations is "imperialistic" or not. Focusing on "asymmetries" or "inequalities" seems more useful to us than trying to employ older terms encrusted with many layers of ambiguous or contradictory meaning.

The reader should therefore bear in mind while reading these essays Harold Lasswell's definition of politics in terms of "who gets what." Do the activities of multinational business enterprises, trade unions, or the Ford Foundation redistribute economic resources? If so, in what direction does the flow go? Do these transnational organizations, or transnational interactions generally, differentially affect the welfare, security, or autonomy of various states or regions? To what extent are the effects unidirectional and to what extent are cross-currents more typical, with some benefits and some costs for each state or region? Once again, the conclusion attempts to draw together evidence from the essays in order to give at least a tentative answer to these questions.

²⁴ For some recent works on the subject see Charles P. Kindleberger, *American Business Abroad: Six Lectures on Direct Investment* (New Haven, Conn: Yale University Press, 1969); Harry Magdoff, *The Age of Imperialism: The Economics of U.S. Foreign Policy* (New York: Monthly Review Press, 1969); and Harry Johnson, "The Efficiency and Welfare Implications of the International Corporation," in *The International Corporation: A Symposium*, ed. Charles P. Kindleberger (Cambridge, Mass: M.I.T. Press, 1970), pp. 35-56.

²⁵ Hans Daalder, "Imperialism," in the *International Encyclopedia of the Social Sciences*, Vol. 7, p. 108.

VI. TRANSNATIONAL RELATIONS AND UNITED STATES FOREIGN POLICY

As Field points out in his essay, Americans have always had a propensity for transnational activity. The United States has the world's most highly modernized, as well as its largest, economy. American social units such as corporations, foundations, labor organizations, and universities involved in transnational activities often have annual budgets greater than those of the governments in whose territories they operate. Vernon and Peter Bell indicate in their essays that perhaps three-fourths of the world's multinational enterprises and 29 of 32 foundations with assets over \$100 million have their origins in the United States. In ironic counterpoint hostility toward the American colossus is one of the few ties uniting the revolutionary movements described by Bowyer Bell.

At the same time it would be a mistake to view transnational activities as a purely American game, let alone a United States government game, particularly if one looks at recent trends. Stephen Hymer and Robert Rowthorn have concluded from an analysis of comparative growth of European and American firms that the future will see increasing European direct investment in the United States as multinational firms from the Old World vie with those from the New World to "establish world-wide market positions and protect themselves from the challenges of each other."²⁶ Rainer Hellmann has pointed out that although American direct investment in Europe is more than double European direct investment in the United States, if one includes portfolio investments the totals are almost exactly equal. Furthermore, "since 1967 European companies have for the first time increased their direct investments in America more rapidly than American firms increased theirs in Europe."²⁷ Apart from the economic realm America is by no means dominant even now: The United States is not the center of transnational political parties, revolutionary movements, or the Roman Catholic church. It is, however, the most important focus of transnational activity in basic science and one of the major centers of transnational trade unionism. Not all roads lead to New York; some still lead to Rome, Peking, Geneva, or even Damascus.

We can therefore see an emerging dialectic between American predominance, at least in the economic area, and European or Japanese challenges, with less developed states as bystanders, victims, or junior partners as the case may be. Such a dialectic raises the question of whether United States foreign policy should seek to defend, ignore, or countervail the transnational effects of American society. Is the United States like an elephant in a hen-

²⁶ Stephen Hymer and Robert Rowthorn, "Multinational Corporations and International Oligopoly: The Non-American Challenge," in Kindleberger, *The International Corporation*, p. 81.

²⁷ Rainer Hellmann, *The Challenge to U.S. Dominance of the International Corporation*, trans. Peter Ruof (Cambridge, Mass. Dunellen, University Press of Cambridge, Mass., 1970), p. 306. Hellmann estimates that 60 percent of worldwide direct investment originates in the United States while 30 percent originates in Europe (p. 305).

house—so powerful that it causes problems regardless of its intentions—or is the United States more like Great Britain in the late nineteenth century—still dominant, but imperceptibly losing the advantages on which its dominance is based? Although few authors in this volume confront these questions directly, most of the essays are highly relevant to such problems of foreign policy. The reader should be aware of these policy issues as he reads this volume; we return to them in the conclusion.

VII. TRANSNATIONAL RELATIONS AND INTERNATIONAL ORGANIZATION

A discussion of the effects of transnational relations on values and of America's role in transnational networks raises the inevitable further question of intergovernmental cooperation to control these effects and to limit or legitimate American dominance. It is clear that most if not all governments will find it very difficult to cope alone with many aspects of transnational relations in the decade of the 1970s and thereafter. In reading this volume students of international organizations, international politics, and international law will surely ask themselves what tasks intergovernmental institutions can be expected to assume in their attempts to influence and control transnational trends. Outer space, the oceans, and the internationalization of production are only three of the most obvious areas in which intergovernmental control may be demanded in the form of new international laws or new international organizations or both. The new laws and organizations will have to take into account important nongovernmental actors, perhaps including them in the organizations as well as acknowledging them in the laws. Whether governments will cooperate more successfully in regulating transnational relations than in controlling each other's conflict behavior remains to be seen.

Yet, a few tentative steps in this direction can be discerned. The European Economic Community aspires to convert its trade bloc into a single currency area during the 1970s.²⁸ Less sweeping alterations have been made in Atlantic and global intergovernmental arrangements in the area of monetary policy to cope with disruptions caused by transnational financial activity. There has been considerable discussion in Europe of developing an EEC-wide incorporation law to assist the growth of European multinational corporations to combat the "American challenge."²⁹ By declaring the sea to be "the common heritage of mankind" the United Nations General Assembly has taken a symbolic step toward controlling the activities of transnational organizations, such as multinational business enterprises, as well as the activities of states in their exploitation of the sea and seabed for commercial and military purposes. The recent Treaty Prohibiting the Emplacement of Nuclear Weapons on the Sea-

²⁸ *New York Times*, February 10, 1971, p. 1.

²⁹ Hellmann, p. 301. See also J.-J. Servan-Schreiber, *The American Challenge*, trans. Ronald Steel (New York: Avon Books, 1960).

bed and Ocean Floor has limited states' rights to use the seabed by banning atomic arms, and limits on the encroachments of transnational organizations are likely to follow.³⁰ The United Nations Conference on the Human Environment, to be held in 1972, will certainly have to come to grips with the transnational, as well as governmental, actors that help determine environmental improvement or decay.

Most of these are small steps, significant only if they represent the opening edge of a wedge. Whatever their impact, it is clear that none of them was taken automatically; individuals had to perceive present and future problems and act on them before governments could be expected to cooperate. Basic research, directed at describing and explaining important phenomena, is a necessary prerequisite to such anticipation of future difficulties as well as to intelligent policy analysis and recommendations after problems have been identified. Students of international law and organization should therefore become involved in the study of transnational relations not merely for the sake of understanding reality but also in order to help change reality. The essays that follow are intended not only to improve our understanding but also to improve the ways in which we can increase the general welfare by controlling the forces that shape our lives.

³⁰ *New York Times*, February 12, 1971, p. 1.