

**FAILED AND COLLAPSED STATES
IN THE INTERNATIONAL SYSTEM**

A report prepared by:

**The African Studies Centre, Leiden,
The Transnational Institute, Amsterdam,
The Center of Social Studies, Coimbra University, and
The Peace Research Center- CIP-FUHEM, Madrid**

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CONTENTS

| | |
|------------------------------------------------|-----------|
| 1. INTRODUCTION | 3 |
| 2. KEY ISSUES | 8 |
| 3. TENSIONS IN THE INTERNATIONAL SYSTEM | 18 |
| 4. SCENARIOS | 21 |
| 5. CONCLUSIONS | 23 |

1. INTRODUCTION

Statehood has undergone dramatic changes in the last decade. New types and new hierarchies of states constitute the new international make-up that emerged at the end of the Cold War era as well as emanating from some other long-term (political, economic) developments.

The main features of the current international system can be traced back several centuries, in the form of the Westphalian system of sovereign states, but also to the years after 1945. The Westphalian system of states entailed a collection of sovereign political entities ruled by rulers or governments that, in theory and largely practice, exercised full control over the territories formally recognized as belonging to those states and over the populations living there. This control was sovereign in the sense that it was exclusivist: no other states or governments could or were allowed to exercise competitive jurisdiction over the territory and people of another state. In addition, the Westphalian system was grafted on the strict recognition of the legal equality of each and every state.

Coupled to this was, as of the nineteenth and twentieth centuries, an international architecture of cooperation between sovereign states that reached its full, and present, institutional forms after 1945. In the wake of World War II, a whole new series of international inter-governmental organizations was created that was based on the recognition of the sovereign and legal equality of the world's states and their voluntary cooperation in the context of these international institutional frameworks with a view to resolve common, i.e. transnational, problems. This addition to the Westphalian system was made because it was felt that, on their own, states could not confront these problems effectively. This was true both for the smaller and weaker countries and the more powerful states – even the most powerful – of the international system. Hence, sovereign states established the United Nations, the Bretton Woods institutions, UNCTAD, NATO, the European economic communities, and a host of other (regional or other) organizations. Although these organizations, certainly the UN and its Security Council, suffered from the effects of Cold War rivalry, by and large this international architecture could be deemed to function and in any case remained intact.

A vital aspect of this international architecture, however, was the premise that its component parts – the sovereign states – were capable to function in a 'Westphalian' sense, i.e. that they could exercise genuine control over at least the larger part of their territory and population and act as sovereign entities in the sense of cooperating with other states, govern according to the rule of law, respect international legal obligations, prevent crime etc. In the context of Cold War competition, with its attendant flows of Western and Eastern bloc aid, as well as the provision of defensive capabilities to the weaker members of the international system, this Westphalian premise could be considered fulfilled to the degree that the international architecture involved could continue to function by and large unaltered.

However, with the end of the Cold War and, in its wake, the withdrawal of superpower intervention in various (regional) theatres of confrontation, this system came under increasing pressure – by now possibly to or even beyond breaking point. The emergence, during the last decade, of a whole series of failed and even collapsed states represents the most serious point of strain in the current international system, as this evolved in the ways described above.

The emergence of failed and collapsed states factored in, however, into a wider long-term development among the world's sovereign states. Several studies have analysed the evolution of Western states into what has been called 'post-modern'

market states, i.e. states which no longer aspire to control all aspects of their societies or provide (minimum conditions of) welfare to their citizens, but confine themselves to guarding and improving free market conditions through which wealth is generated. While Western states can, to varying degrees, be held to function increasingly according to this model, they distinguish themselves in this from state entities which still try to function on the modernist premise, i.e. trying to exercise full control over their national territories, regulate the lives of their populations and, in general, to become strong states. Many of these states are located in what used to be called the Third World. India, Malaysia as well as many other countries could be cited as examples.

However, several other members of the Westphalian system located in the former Third World relapsed or now threaten to relapse into what might be deemed a 'pre-modern' phase of state evolution in which there is no question of sovereign control or an effective monopoly of violence but many parallel and competitive manifestations of exercising power over people and territory. Countries in this category come closest to the phenomenon of 'failed' states - indeed, in the worst cases of political disintegration amount to what is seen as 'collapsed' states. While failed states can still be seen to have official governments and fully collapsed states are characterized by their complete absence, the distinction between them is to some extent a matter of degree. What is central to a failed state is that the state apparatus is unable to uphold an effective monopoly of violence over its whole territory, lacks an effective judicial system to guard the rule of law and promulgate judgements that are internationally regarded as legitimate and sound (especially in commercial matters), is unable or unwilling to fulfil international obligations (such as in debt repayment) and cannot prevent various forms of transnational economic crime or the use of its territory for the perpetration of violence (politically motivated or otherwise) against other states in the international system.

Numerous studies have contributed towards a clear diagnosis of the historical, political and economic contexts within which the long-term process of state collapse takes place. This diagnosis raises the crucial importance of three main and related features. The first is the colonial legacy and post-colonial state building. States formerly submitted to colonial rule may be confronted with a lack (or even total absence) of loyalty of their populations and therefore their domestic or internal authority and power are not only weak but also most often based on dominance rather than legitimacy. The process of the accumulation of centralized power in these countries has consisted of strategies of subordination and assimilation, which tend to maximize the resentment of subordinate groups (ethnic, religious, etc.). The final result has been a profound polarization, based upon disillusionment and dissatisfaction with the state both by the people and the local elites.

The second feature in this process and in many ways the catalyst was the end of the Cold War. If we consider that the world order during the Cold War managed to freeze all of the local struggles that could have brought the two superpowers into direct conflict, then it can be observed that the withdrawal of these powers from the so-called Third World paved the way for factions and rival domestic forces to be strengthened and for the state to lose authoritative legitimacy and become reduced to just another rival group amongst the many.

The third and final feature, and reinforcing the others, is the process of globalization, notably in its socio-economic dimensions. Although globalization, even in its socio-economic form, is actually centuries old (one could consider it a key aspect of world history), the emergence of neoliberal ideology, with its increased integration of markets, the swift and free flow of capital and its implications for de-regulation and the mandatory character of radically market-oriented policies imposed by structural adjustment plans on the poorest countries,

has tended to reinforce the general frailty of regulatory state functions and state abilities to supply basic public goods. More generally, Western (to some extent post-Cold War) visions of the world have imposed an obligation to accomplish the task of state building on post-colonial states not only within an extremely short timeframe but also within a context of compliance with fixed international standards (i.e. democracy, rule of law, good governance, market-oriented economy, etc.), which were met by Western countries only after centuries of state-building.

In view of the above, it would be misleading to address failed or collapsed states merely as a temporary dysfunction of the Westphalia inter-state order. State inability to supply basic public services like justice, health and educational systems is not anymore an anomaly in the 'normal' inter-state system (something to be solved through technical institutional and capacity-building strategies), rather, it has become a structural trait of the contemporary international system. The ideas underlying the Westphalian system, while commendable in themselves, ignored the hard fact that, legal dimensions aside, states are *not* equal. Hence, the state building process that was at the heart of the Westphalia legacy currently faces radical counter-dynamics of state break-up and state failure.

Unfortunately, the strains that have built up have, so far, not been responded to in a systematic way. Rather, Western countries have reacted haphazardly, acting on an ad hoc basis that implied that the current system of sovereign states and the international architecture would remain intact. Development practice still maintains that failed or collapsed states will become 'normal states' after an uncertain period. For the World Bank and liberal ideologues these states will recover their normality after a tough period of market liberalization, while for NGOs and left wing intellectuals they will achieve normality when they attain peace and sustainable, fair development along with an equitable relationship with Northern actors (multinational corporations, states, international financial organizations). During the last decade some research institutes, academics, NGOs and institutions like the World Bank and OECD have begun to take war into account in terms of development, but it is still considered a crisis and not as part of the economic and political make-up of collapsed states' societies, let alone as a manifestation of the changing international system.

In the meantime, the desire for peace to arrive in the societies of collapsed states is redefining their way of living. New domestic economic relationships are born and different legal and illegal ways of integration in the international economic system are developing. As Duffield writes:

Instead of analyzing actual relations and treating systems as if they were fully formed and completely grown, development discourse interposes an image of the teleological stage that the societies it engages with are *thought to be at*. It then proceeds to interpret events and actions in relation to what it is assumed they will become. Essentially, what is minimized or ignored is the possibility that we are witnessing the emergence of new and singular political dynamics in international affairs, something that lies outside the accepted teleological scheme of things.¹

Thus, in this report we treat the emergence of failed and collapsed states as a given and as a characteristic of the international system as it now stands. **It should be realized by policymakers that failed states, and particularly the ones that have collapsed, never return to how they were prior to breaking down**, even in the event that they do succeed in regaining coherence after a period of failure (e.g. Uganda). What a post-state or other new entity will eventually become

¹ Mark Duffield, *Global Governance and the New Wars*, Zed Press, London, 2001, p. 162.

is one of the most important challenges facing the international system. In fact, the reality of failed and collapsed states raises several strategic questions – both for these entities themselves and for the international system as such.

Chapter II will discuss some international dimensions affected by the existence of failed or collapsed states: the exploitation of economic resources, the issue of migration and the different ways that the issue of failed or collapsed states is perceived, represented and processed, both by the populations of the countries directly involved and Western institutions (governments, media etc.). Chapter III discusses the challenges posed by collapsed states to international institutions and policies and the way these are developing into genuine strains in the current international architecture. Chapter IV will present some possible alternative scenarios according to which the international system could develop in the foreseeable future. Chapter V will present some general conclusions.

The present chapter concludes with a short diagnosis of what a context of a failed or collapsed state actually amounts to. What kind of mechanisms (economic, political, cultural) have been fuelling the emergence of collapsed states in the post-Cold War international system? It needs no emphasis that more than 30 armed conflicts around the world and perhaps hundreds of thousands of annual deaths prove that modern war is a dramatic challenge for the international system. Afghanistan, Somalia and the Democratic Republic of Congo (DRC) have already collapsed as states that can govern and operate to the benefit of their citizens. Modern armed conflicts take place especially in the 'less developed' countries: half of the fifty states in this category have experienced war at some point during the last 20 years.

In collapsed states there is a partial or total destruction of the institutional system. There is no rule of law and no democratic system of checks and balances. Corrupted elites model the state according to their private group interests. With no monopoly of violence, armed actors are fragmented, dispersed and privatised. Warlords, paramilitary groups, guerrillas, mercenaries and foreign military advisors may (in part) substitute a state's armed forces. Violence is, consequently, privatised, becoming the main source of living for tens of thousands of people. Since the political pact between citizen and state is severed, with people distrusting the state, a crucial response of social groups is to identify behind a national, linguistic, ethnic, or religious label as a way to consolidate and organize against social and political injustices. In cases ranging from Kosovo and Macedonia to Chechnya and Colombia, armed groups seek to control certain geographical territories or regions and create (sub-)state entities. Identity has emerged as an important factor to gain public legitimacy and popular support in order to achieve their goals. Leaders and intellectuals promoting movements on identity lines often play on existing group traditions and customs or if necessary rewrite history in order to gain support for their cause. These conflicts cause human casualties, the breakdown or destruction of social organizations and physical infrastructures, environmental stress, internal displacements, refugee flows and emigration.

Many of these countries are rich in natural resources (e.g. diamonds, oil, timber, etc.) exploited by local elites, warlords and international legal and illegal actors. Criminal networks trading drugs, weapons, diamonds, timber and people operate out of and within these (collapsed) states, using alliances with local leaders for the channelling of illegal investments, capital fraud and money laundering, besides creaming off the financial surplus generated by international concern with hostilities (development and humanitarian aid). Here it should be realized that **failed states do not actually disappear: rather, through the power vacuum that they create, they draw into their ambit various external political and economic forces.** They are integrated into regional and international affairs through the flows

of refugees they create, their migrants abroad, international crime syndicates and legitimate or illegitimate economic interaction. They provide useful assets for crime groups based in wealthy countries. Even legitimate businesses, including multinational mining and oil companies, may feel obliged to have recourse to illicit methods or circuits. Access to, and the movement, of goods is uneven, both within collapsed states and within well-functioning states. Yet several causes often make the impact of these differing consequences harder on certain populations in fragile or collapsed states. Some of these causal factors will be dealt with in the following chapter on resources. The integration of people into legal or illegal economies, or production models, is thus dependent upon factors, actors and regimes, which are found at work in both the national and international environments. The interaction between these components inevitably creates winners and losers. Failed states, then, do not exist in isolation: they are an integral part of the world system of governance.

The privatization of violence thus coheres with the ascendancy of an illegal economy above the legal one. There is a growing combination of the privatization of violence, corruption, clientelism and criminal integration into international networks.² For millions of people there are no opportunities other than to resort to illegal activities. Insofar as violence goes hand-in-hand with illegal trade or the emergence of wholesale shadow economies, the international economic system may also be weakened since illegal economies do not generate formal taxes. As some shadow economies are also connected to terrorist³ activities, as shown after 'September 11', they also produce challenges in terms of military security. Hence, some analysts and think-tanks, notably in the US, consider failed states primarily from a security point of view, as potential safe-havens for terrorists. As a matter of fact, the US government includes the concept in its National Security Guidelines of September 2002, considering failed states as henceforth a greater threat than states that have ambitions of conquest.

Although rich states gave little systematic attention to the implications of state failure before 11 September 2001, they nevertheless adopted piecemeal policies that have assumed patterns over time, thus shaping the resulting process. It is worth entertaining the question of whether states can be made to fail by deliberate intent. It is widely assumed that this never happens deliberately. Rather, collapse is assumed to be an unintended outcome of uncontrollable chain reactions. These issues cannot be explored here in depth, despite their importance. In the murky business of state collapse, they are among the murkiest. The collapse and disappearance of the Soviet Union, and its replacement by a number of successor-states, several of which have to be considered in the 'failing' category, may have been to some extent the outcome of policies deliberately intended to prevent the resurrection of a former superpower. In January 2003 a probing BBC television interviewer elicited from the US economist Jeffrey Sachs a statement that the US-led aid program for the former Soviet Union in the early 1990s had been driven not by a wish to reconstruct but to destroy. According to Sachs (who, as the leading American architect of reform, was in an excellent position to know), the core purpose was to finish off the state socialist system and conclude the Cold War agenda. Similarly, there is circumstantial evidence pointing to deliberate outside efforts to expedite the collapse of Yugoslavia in the period 1989-1991. Though its knock-on effects in trans-border crime and ruined lives may not have been intended, state collapse can indeed be an objective of policy. However, in many cases no such grand designs are detectable. Medium-term and instinctive drives to

² On the new political economy of modern armed conflicts: Frances Stewart, Valpy Fitzgerald and Associates, *War and Underdevelopment*, II volumes, Oxford University Press, Oxford, 2001.

³ In this report the term terrorism is used to refer strictly to an unconventional technique of warfare, detached from its pejorative connotations. See further chapter III.

defeat rivals, enrich one's self and one's kind, and wreak revenge or crusade for a belief are usually thought to comprise the universe of motives associated with state collapse.

On the other hand, there are now a handful of cases of wealthy and powerful states attempting remedial action in the form of political and military interventions that are intended to stabilise failing or failed states, such as in Kosovo, East Timor, Sierra Leone, Côte d'Ivoire and Afghanistan. While such interventions may be intended as benign, they risk being represented as recolonisation, with other motives imputed. In any event, they clearly mark a major break with the Westphalian norm of non-intervention in the internal affairs of other sovereign states.

2. KEY ISSUES

This chapter will examine some of the key issues that link people in failed or collapsed states with people living in wealthy countries, which we may conveniently define as those that are members of the Organisation of Economic Cooperation and Development (OECD). We have identified three key issues: the movement of resources including both goods and services; the movement of people; and the ways in which these interactions are represented, or in other words how people think of them.

a. Resources

What connects a Hollywood starlet with the attacks of September 11th?

In the 1997 blockbuster film *Titanic*, the British actress Kate Winslet wore a necklace of tanzanite, a blue gemstone mined near Mount Kilimanjaro in Tanzania. The jewellery industry lost no time in calling attention to this, thereby gaining a \$380 million-a-year market for the gems in the United States. At first glance innocuous, the trade in tanzanite takes place largely in East Africa and free trade zones in Dubai via networks of businessmen whose sympathies lie with the terrorist network Al Qaeda, and who have regularly shared profits with it. Thus fashion-conscious American consumers have been unwittingly complicit in mass murder.

Connections between unregulated demand-supply circuits and the funding of autonomous politico-military activities are widely acknowledged to exist but poorly known in detail. These covert connections help bring about – but also rely for their success on – the hollowing-out or outright collapse of state authority. Political and economic circuits overlap and interact with each other. They share complexity and dynamics of cumulative causation. Some common patterns are now becoming apparent.

i. Markets in Goods

This section considers the circuits of material and financial resources as they relate to state failure or collapse. It discusses them in terms of markets or segments of markets with which they are normally associated. One possible starting-point for analyzing the flows of illicit trade is demand emanating in OECD countries and in better-off strata in lower-income countries. This demand is for tradable goods: status or non-essential goods (gemstones, gold, tropical hardwoods, exotic vacation destinations), intermediate goods for conversion into mass products (crude oil,

coltan for use in cell phones) and addictive substances (soft drugs, narcotics, cigarettes). Demand may rise or fall depending on the success of advertising, image, entertainment and other need-creation industries. For some goods, such as those from the petroleum and special metals branches, demand can harden into necessity, i.e. become 'inelastic to price,' as economists put it. This is the case especially where public policy has been brought to bear, thanks also to powerful private lobbies, via trade rules, public subsidies or urban planning.

Shaping these circuits and their capacities for accumulation are:

- limited numbers of suppliers and intermediaries;
- cartel-like arrangements (sometimes operating behind formal trade associations);
- asymmetries of information between buyers and sellers;
- oversight by public authorities that is weak, co-opted, intimidated or wholly absent, particularly where petty commodity producers meet commercial agents;
- the rapid, non-transparent transfer of state-owned assets (firms, real estate, natural resource extraction rights, etc.) into private hands, commonly on the basis of bribery and political patronage;
- the emergence of 'states within the state', especially export-based enterprises (such as in the petroleum and timber sectors) operating with great autonomy from treasuries, central banks and other public authorities responsible for finance, foreign economic relations and even state security;
- the social unacceptability of some products and markets (which the economist Ravi Kanbur terms 'obnoxious' markets, such as in drugs, sex tourism, body parts, rare animal species, etc.) leading to attempts to suppress them, hence driving them into realms where they escape public control.

A combination of these factors helps to create lucrative rackets requiring protection from those that would outlaw these trades, extort rents from them, or merely muscle in on them. To deal with such threats, and to consolidate and protect their advantages, those operating in such markets seek specialist services and political or military protection. Protection by public authorities – sometimes including at the top of political classes – is frequently up for sale, and may extend to 'joint ventures' between racketeers and high officials.

Similarly, political 'big men' often draw clients and followers from among the tens of thousands working in these unregistered sectors. They may strike deals with key figures in 'informal sectors' (which are often organized hierarchies, riddled with exploitative practices) to gain political loyalty in exchange for protection from taxation and regulation. Thus politicians and business people face powerful incentives to collude in keeping both the polity and economy operating outside public rules and public oversight.

ii. Markets in services

Various actors engaged in the markets just noted generate demand for services, chiefly to manage accumulated funds. Conventional stores of wealth – real estate, gold, art – and speculation in currencies and securities have spawned sub-industries. But, as illustrated by private fortunes built on trade in contraband goods (think of the wealth of the Kennedy dynasty in the US, which was built on bootleg alcohol), monies first have to be laundered. Money-laundering thus constitutes a vital connection between illicit and licit economies. Compliant book-keeping and auditing are among the services, such as for mis-invoicing, profit

manipulation and other means of accumulating and moving resources under the noses of the authorities, or of hiding unpleasant facts from shareholders. A continuing cascade of corporate scandals implicating several of the largest global accounting firms shows that even independent guardians of corporate rectitude can collude in deception if the price is right.

Especially in an era of aggressive capital mobility, sovereignty itself becomes a commodity for sale. With their powers to write the rules, states compete to furnish crucial services of secrecy and fictitious residences that shelter firms and wealthy persons from taxes, fees and regulations. Possibly up to half of all liquid assets in circulation are held in, or pass through such tax havens. They range from no or low-tax places such as the Cayman Islands, Oman and Liberia to lands like Liechtenstein and The Netherlands, which offer special advantages to certain kinds of firms or persons. Today about 70 such 'black holes' operate in the world's financial system. Thanks both to private demand and to public law and subsidies from rich countries, they have proliferated since the 1970s. Under scrutiny since the late 1990s by an OECD task force, tax haven authorities plead their innocence of protecting 'hot' money, yet there is no evidence that they have stopped competing to attract monies from various 'underworlds'.

Running parallel, and frequently overlapping, with offshore financial services recognizable as Western, are other systems managed under non-Western legal and political norms. Until recently policy-makers and the media ignored these circuits. One of these is the Islamic banking system, which has grown enormously since the 1970s; another operates among the Chinese diaspora in Asia; a third consists of a myriad of networks linking Africans (or Lebanese or Indo-Pakistani business people in Africa) and their respective diasporas in Europe and North America. There is no doubt that there are others.

In such systems, barriers between formal and informal tend to be porous; circuits typically pass through both chartered banks and informal networks. State regulation of such circuits is low and uneven. While such circuits may be used for entirely legitimate reasons, they may also be used by professional criminals and money-launderers. The licit and illicit therefore interact and even become indistinguishable. Promoted by Western institutions since the 1980s, central banks in low-income countries have gained means and formal mandates to supervise financial sectors. Yet in many places their supervisory powers are not only limited, but may in fact be ensnared with, and provide cover for, many of the *mala fide* practices that central banks are supposed to root out.

Another type of service is the provision of special manufacturing and trading zones where normal taxes, labour regulations, and other rules to protect the common good are minimized or suspended altogether. Some are old contraband ports, like Dubai, that have become major entrepôts in which trade in gold, currencies and many other high-value, low-bulk commodities take place daily with the barest pretence of public oversight. Promoted as fast routes to industrialization, these 'free zones' have been subsidized locally and also by OECD states. Today, more than 250 exist in over 70 countries. However, the jury is still out as to whether the benefits of most of these zones exceed their costs. Driven by ideologies of deregulation, they have spread and legitimized norms and practices by which states struggle to out-bid each other to sell their sovereignty on the most favorable terms to private agents.

A comparable logic of competition has also helped drive decentralization. For more than a decade low-income countries have faced donor and lender pressure to shift public sector responsibilities (especially social service spending) to lower levels of government and to quasi-autonomous institutions. Municipalities are thus

encouraged to compete with one another to attract investors. Recent research shows that this fosters a 'race to the bottom', tilting public policies toward (foreign) businesses and the rich and in turn against poor majorities. Constrained in what revenues they can raise locally and by the quality of staff they can recruit, lower-level public institutions easily slide down spirals of decay, corruption and lack of public legitimacy.

A common denominator of these services is the softening or suspension of normal state powers. This has certain analogies to state collapse, by which normal rules of public order also lose force. Granted, in the case of special trading zones and tax havens the relinquishment of sovereign public authority occurs through deliberate public policy formulated according to statutory procedures, yet their underlying logics – de-regulated space in the interest of private accumulation – are parallel.

iii. Circuits in military goods and services

In this sector, supply is diversifying and relative prices are dropping. Long dominated by subsidized suppliers in the US, Britain, France, Israel and elsewhere, competition to sell light arms and military services has sharpened in recent decades with the entry of suppliers in China, South Africa, etc., and new private agents based in the former Soviet Union, the former Yugoslavia and elsewhere. The supply of mercenaries has grown as professional soldiers, pilots, logistical specialists and simple misfits from combat and support units of Western and other well-organised (e.g. South African) armed forces are demobilized. This supply stimulates its own demand: aggrieved or fearful politicians are taking note of the advantages of military out-sourcing.

Led by the Pentagon since the early 1990s, the private out-sourcing of security and related services has now become normal. For those commissioning them, Private Military Companies (PMCs) have many advantages, including protection against public control (since they operate outside Freedom of Information laws) and little likelihood of a public outcry at combat deaths, as is likely with regular troops. Today, PMCs are seeking to bid for peacekeeping and even rehabilitation contracts up for tender via the UN and the official aid system.

Demand for light arms and military services has surged. Annual global turnover was estimated in the early 1990s to be around \$10 billion, but today is certainly higher. Important watersheds arose in the 1980s, with official backing to low-intensity conflicts in the Cold War and the creation of complex funding schemes for the Contras in Nicaragua, the Mujahedeen in Afghanistan and UNITA in Angola. Such covert official support primed pumps, allowing insurgent groups to capture and expand lucrative rackets in drugs, gemstones, timber and other goods by which they could make their military and political projects self-reliant. A bank specializing in illicit funding of various types – the Bank of Credit and Commerce International (BCCI) – handled funds from crime syndicates, Western intelligence agencies and legitimate investors, all using the same circuits. Its eventual collapse was the largest bank collapse in history at that time. As Cold War funding dried up, groups used their knowledge of illicit markets and shadowy contacts to begin generating their own funds via export networks and the 'taxation' of diasporas in richer places. Assets are thus both physical/territorial and social. Their acquisition has led to a cumulative growth of financial, military and political power. The events of 'September 11' brought that special kind of power dramatically to light, but processes attracting less world attention, from northern Sri Lanka to the Casamance (Senegal), underscore the trend.

Also, means of destruction may be created from ordinary things, from chemical fertilizers to cars to remote-control devices, sold in ordinary ways. Turning these 'multiple use' resources into weapons may require no more than some technical school training and some trawling on the Internet.

iv. Circuits in aid

Though overshadowed by trade, investment and military systems, official aid has been one of the ways by which richer and poorer states regulate their relations and by which donors try to transmit ideas. Aid functions chiefly in pursuit of geopolitical and mercantile objectives but can also have humanitarian and cultural purposes. Yet from the former Soviet Union to Haiti, Afghanistan and much of Africa, states have become fragile or have collapsed outright following their subjection to an aid system. Corrosive effects have been strongest where, over extended periods, the aid industry looms large in public resource use and where it steers wider public policy from macroeconomics to governance itself. The evidence linking aid intensity with state collapse is strong; lines of causation tend to run from aid to collapse. Many aid norms and rules help create incentives that can set the stage for collapse:

- packaged in apolitical terms suffused with technological and bureaucratic optimism, aid creates incentives to define problems accordingly. It often creates disincentives to take seriously the political, historical and global roots of problems in all their cumulative, mutually reinforcing complexity;
- intended to encourage further integration into the world system on Western terms, aid creates incentives to turn polities and economies outward and disincentives to adopt an inward orientation (internal markets, national institutions, inward investment, the building of diverse skills) as a vital prior phase in a sequence of managed integration;
- typically controlled from outside and above, project-based aid tends to bypass and ignore public politics and public sector management (such as control via national budgets) and to account upwardly to donors and lenders; such modes of aid management neglect or even discourage the downward accountability of national authorities toward citizens;
- driven by strong institutional imperatives to 'move the money' even where absorption capacity is weak, aid systems often 'force feed' institutions at receiving ends; under pressure to grow rapidly with little regard for leakage or to long-term sustainability, recipient institutions face big risks of mismanagement, corruption, demoralization and collapse;
- regularly chopped and changed, aid shows discontinuities (in priority issues, regions, management modes, agencies, program duration, etc.) that create incentives to take short term stances, act opportunistically, forget about learning and to treat planning and local self-generation of resources (through taxes and attraction of local savings into local investment) as wastes of time; the elite at the receiving ends learns to ride aid waves and tides, in the knowledge that aid will and must flow - through them;
- offered as an expedient substitute for (or without any attention to) structural solutions, relief aid creates incentives for state and insurgent elites to perpetuate violence, extortion and other rackets, and the insecurity and displacement that can flow from them.

Particular fashions and dogmas imposed via aid systems can also help set the stage for state failure or collapse. Among the most noteworthy of these are:

- 'shrink the state' approaches associated with market fundamentalism; while less pronounced today than in the 1980s and 1990s, their influence remains

strong, as seen in the Bretton Woods institutions' promotion of the Private Sector Development Strategy and the General Agreement on Trade in Services (GATS). Meanwhile the top of the aid system shows little interest in improving capacities for public regulation – with notable exceptions such as in respect of immigration to Northern countries and in regard to intellectual property rights.

- pressures on states to become at best residual suppliers of public services, while actively promoting alternatives (private for-profit and not-for-profit enterprises – also termed 'civil society') to their own services; this kills incentives to maintain the scope and quality of public services, or to legitimize them as matters of right or entitlement. Combined with donor/lender priorities to service foreign debt, such approaches push public sector services toward decay and collapse.
- optimism about informal sectors, approached as seedbeds of entrepreneurship rather than as social processes capable – in the absence of organization-building and regulation – of impoverishing people and exposing them to serious abuse of rights and dignity, as well as generating large opportunity costs in foregone public revenues.

Particularistic aid systems in the hands of non-state actors have also grown, chiefly where ethnic or religious nationalism and grievance drive political projects of separatism or resistance. Ethnic diasporas – Albanians, Palestinians, Tamils, etc. – with disposable incomes from richer places have been mobilized and taxed, generating resources that flow almost invisibly to activists and fighters and to socio-cultural and welfare activities in homelands. These in turn help deepen and broaden socio-political allegiances and networks.

b. People on the move

The circumstances of globalisation and the possibilities offered by modern mass transport have forced or enticed millions of people to leave their countries in search of a better life for themselves and their children. In some cases this is due to political persecution. A strong relationship exists between state collapse, migration and asylum. For the international community and, in particular, the world's most powerful states (US, EU members, Japan and Australia), this is a challenging situation. Any response formed to confront migrations and refugees must address how the process of state collapse affects or even causes this phenomenon of human flows.

One of the clearest signs that a state is weakening or in the process of collapse is when it is no longer capable of satisfying the basic needs of its people and when these same people are denied or even stripped of their rights as citizens. One of the characteristics of a modern state is supposed to be the existence of a citizenry to whom a sovereign state has responsibilities. A state is characterized by having internationally recognized sovereignty and geographical boundaries, the legitimate right to organize policing and military forces, and recognized authority and legitimacy by its citizens. But if the state becomes unstructured, and its citizens lose confidence in it, they experience political, social and economic instability and insecurity and in turn seek protection or opportunity in other ways, including through migration.

However, people who leave their homes and familiar surroundings do not always do so because of disasters and wars. The inability or unwillingness of the state to provide its citizens with basic public goods or to integrate them into the legal economic system leads people to believe that migration is their best option for survival. This problem may be considered as having two aspects: on the one hand,

in failings in the production and distribution of public and other goods; on the other hand, in people's subjective feelings that they are neglected or denied protection by their government.

International law establishes a clear distinction between people who migrate for political reasons and those who move for economic reasons. People who move, migrate or flee beyond their state borders based on a 'well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion' are classified as refugees as defined in the first article of the 1951 Convention Relating to the Status of Refugees, which, along with the United Nations High Commissioner for Refugees, UNHCR (established in 1950 by the General Assembly), serves to both protect and assist refugees to restart their lives in a normal environment. Those that cross state borders for reasons of economic hardship are not granted the same legal status as refugees and are not considered eligible for asylum status either. Likewise, so-called internally displaced people (IDPs) – that is, those that migrate or flee to other regions within their state boundaries without crossing over into another sovereign state - do not share the legal rights and protections guaranteed to refugees under the 1951 Convention and by UNHCR.

It is notable that the majority of people who leave their homes go to nearby countries. Only around 11 percent of migrants from the South go to the North. The majority of these are economic (as opposed to political) migrants. While political migrants may be able to claim some rights under the legislation quoted in the previous paragraph, economic migrants have little legal opportunity to enter and stay in a Northern country if they are not qualified in marketable fields such as engineering, medicine or computer science. Even some who are highly qualified in these fields may face legal and bureaucratic obstacles to obtaining legal residency and/or working papers. For these reasons, among others, there are many economic migrants who choose to enter the North either by seeking asylum, claiming falsely to be escaping from political persecution, or illegally.

Over the course of the past several years in Europe, increasing numbers of people have applied for asylum and EU member-states have felt constrained to adopt restrictive policies. Some asylum seekers, seeking to use existing international standards in their own favour, resort to measures such as lying about their background or throwing away their identification documents in order to gain some time and perhaps find a job in the interim. Others never even enter into the legal registration system and choose to live and sometimes work illegally in host countries. Finally, others go from country to country seeking asylum in one state after another. In general, **it may be said that such migrants, irrespective of whether or not they have a well-founded fear of persecution or are in search of economic self-improvement, do not leave their homelands on a whim.** Most feel obliged to migrate in an attempt to improve the living conditions that they have experienced in countries affected by a shortfall or collapse of public services of various sorts.

During 2002, most probably as a consequence of September 11th, the EU took further steps to enforce a stricter migration policy. Member-states rely on increasingly sophisticated and coordinated border controls and have taken common measures to combat illegal immigration; the Dublin Convention of 1997, to which all EU member-states have acceded, provides a mechanism for determining which country is responsible for examining an application for refugee status. The decision to integrate immigration policy into the EU's Common Foreign and Security Policy was made at a meeting of the European Council in Seville in 2002. At this same European Council in Seville in 2002, member-states also decided that the countries of origin of migrants arriving in EU member-states should contribute to the cost of

the problems that the arrival of these people cause in the EU: in other words, countries of origin will receive less EU development aid. In short, it is obvious that immigration, both legal and illegal, is considered a problem – especially a security problem – and a potential threat to the public order of member-states. Moreover, there also appear to be fears about the social effects of people from different cultural and religious backgrounds settling in European communities. However, even draconian immigration controls seem incapable of preventing large numbers of people escaping from either the political or economic consequences of state failure from entering the EU, legally or illegally.

In domestic matters, a number of different approaches are emerging in regard to policies designed to respond to the arrival of migrants from the South. Denmark is notable for having taken measures designed to discourage immigration that have the effect of creating different systems of rights, on the one hand for full Danish citizens, and on the other hand for other persons who are considered as awaiting qualification for citizenship. The Danish government has severely restricted social services for immigrants already living in the country. For instance, the social security system will only pay half of the costs of a foreign person with Danish residence (during the first seven years) as compared to what it pays for Danes. If they are not employed, they must leave Denmark. Marriages between Danes and non-Danes are restricted to those over the age of 24, and in order to obtain permanent residence after marriage to a Dane, a seven-year period is necessary. There is a clear difference concerning several aspects of the civil rights of Danish citizens as compared to those waiting to get their residence in Denmark. While such measures are met with dismay by civil liberties groups, creating a two-tier citizenship that runs contrary to the political traditions of most EU countries, it is possible that such an approach may not always be viewed unfavourably by immigrants inasmuch as it may accord them at least some degree of official recognition. At present, illegal immigrants in EU countries often state that they are unconcerned about qualifying for benefits and wish only to have the legal possibility to work: some such illegals may therefore conceivably approve of a Danish-style approach that gives them a legal status, even if it is one that allows them fewer rights than full citizens.

More common at present is a situation in which countries with well functioning economies benefit from the existence of a black market in labour, where illegal immigrants are employed unofficially and illegally. Illegal immigrants may feel obliged to accept jobs that are badly paid, difficult and dirty and that do not offer any social or legal security. Acquiring a job legally in most rich countries requires a work permit in order to sign a legal labour contract, both of which are extremely difficult to attain as a poor immigrant. The choice is relatively easy when one compares being unemployed, for example, in Bosnia-Herzegovina, to being employed with a low salary in Germany. The possibility to work provides people the opportunity to maintain their families, either in their home countries (via money wires) or in the country of the immigrant's place of work. Every year immigrants send some 80 billion dollars or euros to their families in the South. Annually, these countries receive more economic assistance in this manner than by the official development aid given to them by the OECD countries. The side effect is the encouragement of the brain drain in many Southern countries, which in turn affects future development in many areas. From a policy point of view, turning a blind eye to the existence of a substantial population of illegal migrants, who are actually employed in low-paid jobs, stimulates the growth of a segment of the population that, being illegal, does not merely have second-class citizenship: it has no citizenship at all, and may at times be condemned to a form of permanent helotry. This is the approach taken by many EU member-states.

A third option is the legalization of the labour force that has entered, or is entering, Northern countries. Legalizing the situation of many illegal immigrants, or persons who are waiting for their work permit petitions to be authorized, would provide a more secure and stable situation for those who find themselves outside the legal economic and social system even though it remains to be seen whether this would be a permanent or just a temporary solution. However, it is a politically unappealing policy at times of high unemployment and in view of the possible social effects of creating large numbers of new citizens of an EU country in one stroke.

Addressing the connection between migrations and collapsed states, **it is apparent that the current difficulties faced by both illegal migrants and asylum seekers are connected to the policies adopted by wealthy countries in regard to fragile or collapsed states.** Policies may vary considerably, ranging, for example, from military action, as in the case of the United States in Colombia, to association pacts by the EU in the Baltic countries. Not all of the 'receiving' countries – those states where the migrants arrive – share the same past or experience the same situations. Some have a colonialist history while others have a past marked by labour immigration. Some countries are mere places of transit while others are the migrants' final destinations. Such differences amongst these countries might be important in drawing up the policies of larger blocs of countries, like, for instance, the EU.

One burning issue for the future is the declining demographic profile in the North. Currently, some countries, such as Spain, risk finding themselves in a future situation where there will be an inadequate labour force. The now-adult offspring of the baby boom of the 1940s will soon retire, and there is not a sufficient number of people to fill the gaps they will leave behind. This situation will continue as long as birth rates throughout different Northern countries remain not high enough, as at present. Immigration could possibly contribute to a solution to this problem, although this will require a close study of the many legal and social obstacles in its path. Europe could gain a mature labour force through immigration, but governments are reluctant to face this possibility because of the deeply rooted resistance among many Europeans. A possible future step, therefore, is to identify possible methods to integrate immigrants into Northern controlled economic production systems.

c. Representation

We refer here to 'representation' in the sense of how the world is represented in various forms of discourse. How people understand the world in which they live is of crucial importance to how they act. Clearly, the mass media play a hugely important role.

At present, most of the world's armed conflicts take place in failing or collapsed states. They create millions of victims and deaths, social and economic destruction and in some cases environmental stress, generating refugees and internally displaced people. By and large, the international system of governance regards the causes of such wars as poverty and poor governance. Officials from OECD countries generally state or imply that a solution would entail taking concrete steps to improve economic performance and improve governance, perhaps connected with timely interventions aimed at conflict resolution. These are commonly represented in the diplomatic world as attainable goals that may be reached by the design and implementation of rational policies.

However, there are also other ways of representing the situation that have wide currency. One of these is associated with the most influential mass media. The

extreme speed with which mainstream media operate does not encourage popular understanding of the complexity of the relationship between rich states, failed states, and modern armed conflicts. Mainstream media generally approach these problems without much context. They tend to appeal to the emotions of the public, which opens the door to manipulation. Often, the world's most powerful media adopt a 'humanitarian crisis' approach to state collapse in preference to a political or economic analysis of these countries' realities. Journalism tends to analyse conflicts from military perspectives, i.e. strengthening the military aspects and neglecting the relevance of legal debates (e.g. on conditions for intervention or non-intervention). Poverty, war and humanitarianism are becoming part of the media spectacle. Television and radio talk shows provide an illusion to public audiences that democratic debates on the issues take place; meanwhile, most citizens that watch these programs view weak states as exotic, far-away places that can have their problems solved only by force.

The media, as Cynthia Weber writes 'is a place where stories that make sense of our world are spun, where signifying practices about international politics take place, where meanings about international life are produced, reproduced and exchanged'.⁴ Mass media are obliged to present information in forms that large numbers of people will understand and find attractive, and this aggravates their tendency to reproduce a relatively small number of stereotypes and myths when they are discussing the matter of failed states. In general, it is likely that many citizens in the rich world think about the problems of failed states in Africa, central Asia and so on in cultural terms. Most of these countries are former colonies of European powers and have undergone processes of modernization since the mid-twentieth century or longer. Hence, many people in the rich world appear to consider that such countries are now reverting to something resembling their pre-modern or pre-colonial situation: they are perceived as reverting to becoming the sort of societies that they always have been at heart.

In other parts of the world, however, including those that contain failing states, radically different views may prevail. In the Middle East, pervasive religious belief plus decades of undemocratic government have made even the most intelligent and best-educated people highly susceptible to conspiracy theories, such as that Princess Diana was murdered by the British secret services or that the September 11 attacks on New York and Washington were master-minded not by Islamic militants but by Israelis or Americans, in a monstrous manipulation of public opinion. In Africa, people struggle to find ways of apprehending the massive historical forces that they feel bearing upon their lives. They can see that the formal institutions deemed to govern them are largely devoid of power, which, instead, is located in informal circuits. The difficulty in locating power contributes greatly to the existence of pervasive conspiracy theories that blame everything on forces that are outside their control. Conspiracy theories often assume religious features inasmuch as they suppose the exercise of a mystical power, for example in the widely-heard rumour that AIDS is a disease deliberately spread by Western countries with a view to depopulating Africa. **It must be stressed that such opinions are very widely held, including among elites; however unfounded they may seem, such views are important, since opinions and perceptions form action.**

Increasingly throughout the developing world, the main prism for considering the major questions of cosmology and explanation is through religion. Particularly in what used to be called the Third World, pentecostal and charismatic varieties of Christianity are flourishing. The Middle East and North Africa are witnessing the rise of a highly political form of Islam, considered by Western countries and their allies

⁴ Cynthia Weber, *International Relations Theory*, Routledge, London, 2001, p. 129.

primarily as a security threat. Asian countries have seen revivals of various religious ideologies including Hinduism, Buddhism and Confucianism. New religious movements are in evidence all over the world. In the United States, a new style of Christian radicalism has emerged as a formidable political force. In Eastern Europe, religious movements old and new have entered the vacuum caused by the collapse of communism, with political consequences. Western Europe has also experienced a type of religious revival due to the formation in recent years of new immigrant communities, including many from Africa. The rise of religion as a political force is having a marked effect on the way in which people in many parts of the world, including failed states, make sense of what they see happening to them. However, it makes little sense to citizens of EU countries in which religious belief is declining and where religion is in any event regarded as a private matter.

In short, there is a danger that differing representations of the world – or representations cast in different idioms - will become mutually incomprehensible.

3. TENSIONS IN THE INTERNATIONAL SYSTEM

The military, economic and various human problems generated in the context of failed or collapsed states as discussed in the previous chapters, while serious in themselves, may be interpreted as signs of a shift or evolution towards a new international system or institutional architecture. However, such a fundamental change cannot take place without first creating serious problems in the old international order, as produced by the Westphalian system and the post-1945 order, before this international order is going to change into something else. Hence, the phenomenon of failed and collapsed states as noted above creates tensions or strains in the current international system, which through study may yield some insight into how that international order could develop in future. In this chapter we look at the problem of collapsed states from the perspective of those strains at the key junctures of the current, post-1945 shaped international system. As argued below, many of its features appear now outdated, not just because of the appearance of failed and collapsed states, but also because of other politico-economic and military developments.

In practice, the term 'international community' is often used to designate a sufficient consensus on any particular issue, as reflected in the proceedings of various multilateral institutions. Yet, while the institutional architecture of international cooperation has, so far, remained largely intact, its underlying consensus between the world's different states has suffered many blows while on several issues it appears to have given way to discord. The international crisis caused by the events leading up to the US-led invasion of Iraq and its open violation of international law - more specifically the key tenet of the United Nations Charter, article 2.4 - had the effect of focusing world attention on the outdated aspects of the current international system, not just its military dimensions but also its economic, commercial, financial and human manifestations.

From the previous chapters one could infer some of the following key points of strain. In many parts of the world, efforts at development cannot be regarded as a success. The structural adjustment forced upon African countries by the international financial institutions (IFIs) has generated some (temporary?) successes. However, in many other cases it did not lead to significant improvements in living standards or allow a degree of realistic optimism about countries' ability to fight their way out of poverty through economic development - envisaged as a process of material enrichment using modern techniques of bureaucratic management and accompanied by ideologies of modernization based

on Western models. Disappointment has consequently set in and been a factor in the rise of counter-ideologies that claim roots in indigenous histories. This is most obvious in the rise of religious fundamentalism of various varieties. Since the mid-1970s, it has become untenable to suppose that the world's states are destined inexorably to become more secular or more prosperous. The oft-cited examples of Asia's tigers have been systematically belied by the economic catastrophes that have hit not only Africa but also many Latin American countries and parts of the former USSR. Since many Western countries have continued to grow more prosperous in spite of periodic cycles of recession, there is thus a growing gulf between rich countries and poor countries and between rich and poor in most individual states. Batteries of statistics attest this trend, which represents a contributing factor to political and institutional weakness in some countries.

In several cases leading or contributing to failed or even collapsed states, these trends have reinforced global migration flows - thereby putting in jeopardy another key tenet of the current international economic order, i.e. the fact that there is an international system of free trade in almost every market except labour and agriculture. As noted in the previous chapter, it is questionable whether with current trends in international migration a system in which free trade is the norm in every field except labour and agriculture is sustainable in the long term. In the following chapter some possible scenarios of future developments in this area will be sketched.

Part of the difficulty the international financial institutions have had in stemming the economic downturn of countries in the former Third World or, indeed, in ending the failed or collapsed nature of many states, derives from the fact they have been made responsible for tasks for which they were never intended. Although forced to respond to situations of financial-economic collapse of states, the IFI's responses have in many cases led to ambivalent outcomes (Africa's continuing debt crisis). In other cases they could hardly avert major monetary breakdowns (Argentina).

The position of the IFI's, furthermore, has always been grafted on the dominance of the United States economy and the global reach of its currency, the dollar. Yet it is precisely the US dollar whose position in global (economic) relations may change, thereby jeopardizing further the functioning of the IFI's. The use of the dollar in international transactions, including in the oil market, has enabled the US government to print dollars without running a commensurate risk of inflation, since such a large proportion of dollars is exported. The export of dollars also finances the US balance of trade deficit and sustains a US consumer economy that is in the interest of countries exporting manufactured products. However, most economists agree that recent US trade deficits are ultimately unsustainable. It is likely that, at some stage, another currency, such as the euro, will become more widely used for international deals. If this is so, it may lead to a severe weakening of the dollar and rapid inflation in the USA. Moreover, current over-spending and consumption in the American economy depends in part on the continued willingness of foreign investors to invest capital in the US.

Any weakening of the US economy is particularly problematic in view of the USA's vast military superiority, possibly tempting US governments to use military force to rectify problems that are actually economic in nature. The recently observed trend towards unilateral action on the part of the US government - whether in the field of the environment, international criminal law (ICC) or the invasion of Iraq - is at bottom a signifier of how far the institutional architecture of cooperation between states of the Westphalian type is out of step with the current configuration of power. Although great powers have always been militarily dominant, the current strength of the USA in this regard is probably without precedent. The USA is far beyond being the world's leading military power: on various counts, it can be

regarded as more powerful than even very broad coalitions of other countries. Such an imbalance has now tempted the US government to take unilateral military action (albeit behind a façade of cooperation with a few other, less important Western countries). More generally, under the current administration, the United States has withdrawn support from various international agreements related to the use of military force. At the very least, this has implications for how other states will consider their own defence in the future.

This trend has, of course, not only implications for the world's financial institutions, but also for international military institutions and the UN in general. While the UN was obliged, during the Cold War, to accommodate views of both Western and Soviet bloc countries and consequently had some degree of autonomous action, it has now come under pressure to legitimize the positions of its most powerful member, the USA. The crisis surrounding Iraq has demonstrated the dangers of this trend to the continued functioning of the United Nations. It may even be argued (as was also done by certain officials in the Bush administration) that this confirmed and augmented the strains observed in UN handling of other crisis situations in the preceding decade. It is highly doubtful, however, whether relegating the UN system to a purely humanitarian role and restructuring and managing international relations through the unilateral and idiosyncratic action by the world's most powerful state will produce a new international system with some sort of stability greater than what can be observed at present.

The Iraq crisis has also demonstrated that a range of other - military - institutions developed during the Cold War have had difficulty adapting to changed circumstances, including the North Atlantic Treaty Organization (NATO) and the Nuclear Non-Proliferation Treaty. The progressive expansion of minor nuclear powers, often from the former Third World, has turned the old non-proliferation regime into a dead letter, generating tensions that the UN system has failed to process effectively - thereby producing new crisis situations in part because of the singular action of the United States against its perceived enemies (whether or not these violate present international law: Iraq, Syria, Iran, North Korea etc.). The crisis in relations that the Iraq war has led to between Europe and the United States has made the role of NATO, especially, increasingly unclear. Questions of Europe's military cooperation extend, in this respect, well beyond its own borders. If NATO and the UN Security Council as institutions of cooperation are undercut, then it is possible that European countries will be obliged to take military action of their own accord, not just on Europe's fringes but, possibly, also in other, nearby regions (North Africa?, Côte d'Ivoire?). Interestingly, some degree of European action has already been taken in West Africa, bilaterally, through the British and the French. In short, serious attention needs to be given to adapting existing institutions, or creating new ones, in order to provide an institutional architecture better adapted to today's realities. This will be taken up in the next chapter in a scenario analysis.

Although we do not pretend that the list of strains in the international system is thereby exhausted, mention should be made, finally, about the development of new techniques of warfare. Since 1945, there has been a development of techniques of unconventional warfare, including guerrilla warfare and terrorism, which are difficult to combat using conventional means. Terrorism, in particular, may have a political effect far in excess of the physical damage it causes by its use of methods or designation of targets that are symbolically rich in meaning. One consequence is that, in certain circumstances, such as Spain or Northern Ireland, even a small terrorist organization may be highly effective over a long period and may be able to resist the attentions of even a sophisticated security state. This development has long-term implications not just for the military security of all countries in the twenty-first century, but also for the rules underlying the current international

system. Here the Al-Qaeda attack on New York is particularly interesting, since it ties a situation of state collapse (Afghanistan) with unilateral action subsequently taken by the United States in contravention of international law (i.e. the violation of art. 2.4 UN Charter and regulations concerning the treatment of prisoners of war).

4. SCENARIOS

In this chapter we present some possible scenarios of future developments, during the next two decades, in the international system in relation to the phenomenon of failed and collapsed states. Argued on the basis of the trends observed in the previous chapters, one could think of three potential scenarios: a 'malign' scenario, a 'benign' scenario and an intermediate or 'recolonisation' scenario.

a. The malign scenario

In the malign scenario of global developments the number of collapsed states would grow significantly. This would mean that several more countries in the world could not be held to account for respecting international agreements in various fields, be it commercial transactions, debt repayment, the possession and proliferation of weapons of mass destruction and the use of the national territory for criminal or terrorist activities. The increase in failed states would immediately lead to an increase in international migration, which could have a knock-on effect, first in neighbouring countries which, having similar politico-economic structures, could suffer increased destabilization and collapse as well. Developments in West Africa during the last decade may serve as an example. Increased international migration would, secondly, have serious implications for the Western world. In Europe it would put social relations between the population and immigrant communities under further pressure, polarizing politics. An increase in collapsed states would also endanger the security of Western states and societies. Health conditions could deteriorate as contagious diseases like Ebola or Sars would spread because of a lack of measures taken in collapsed areas. Weapons of mass destruction could come into the hands of various sorts of political entities, be they terrorist groups, political factions in control of part of a collapsed state or an aggressive political elite still in control of a national territory and intent on expansion. Not only North Korea springs to mind; one could very well imagine such states in (North) Africa. Since the multilateral system of control of such weapons would have ended in part because of the decision of the United States to try and check their spread through unilateral action - a system that would inherently be more unstable than a multilateral, negotiated regime - one could be faced with an arms race that would sooner or later result in the actual use of these weapons. In the malign scenario, relations between the US and Europe would also further deteriorate, in questions of a military nature as well as trade relations, thus undercutting any possible consensus on stemming the growth of collapsed states and the introduction of stable multilateral regimes towards matters like terrorism, nuclear weapons and international migration. Disagreement is already rife on a host of issues in these fields. At worst, even the Western members of the Westphalian system - especially those bordering on countries in the former Third World, i.e. the European states - could be faced with direct attacks on their national security.

b. The benign scenario

At the heart of this scenario is a vision of a world in which the considerable number of UN member-states that are today failing succeed in reestablishing an element of stability and efficiency sufficient to make them viable partners in something resembling the current international system of governance. There are indications that this is not impossible: south-east Asian states such as Thailand that were severely affected by financial and economic problems in the late 1990s have regained a measure of stability and normality rather than going down a path of failure towards collapse. Even in Africa, countries like Uganda and Mozambique, once considered failing states, have regained a measure of normality. However, such examples are outweighed at present by the number of cases in which attempts at economic and political reform (structural adjustment, rapid democratization) have not had the desired effects or have hastened collapse. Argentina, Indonesia and Angola are all instructive examples in their different ways. On balance, it seems that a benign scenario will not be achieved by leaving current international policies on matters such as security, trade and migration unaltered. At the very least, developed countries need to ask themselves difficult questions about the type of policies that may best contribute to a realistic chance of producing a benign scenario. The USA and the EU would almost certainly have to abandon current policies of protecting their own agricultural producers. They would have to evolve very different policies on migration: in a benign scenario, fewer poor people from the South would seek to migrate to the North, but there would need to be far more scope for flexibility in regard to people migrating for purposes of study, trade and other exchanges. More prosperous countries in the South would be likely to seek commensurate military strength (as India and Pakistan have done in regard to nuclear weapons), thus requiring an enhanced international regime on nuclear security. Initially, a more prosperous South would consume far more than at present, having serious implications for the environment.

c. The recolonisation scenario

This may come about if a large number of states continue to fail, including some that can affect the vital interests of wealthy countries. Powerful states, observing the failure of current development policies to restore failed states to proper functioning, develop coherent techniques for managing the attendant problems directly. The relevant precedents for this would be the recent political and military interventions in Kosovo, Sierra Leone, Côte d'Ivoire, Afghanistan and Iraq. Such interventions may be represented by some in the world as a new wave of colonialism, prompting armed opposition, including in the form of terrorism. This is not, however, an inevitable outcome. Contrary to nineteenth century colonization, a new trend towards shared sovereignty could be undertaken in negotiation with local populations and with a view to restoring security and welfare services that many of them have not known for a long time. This would imply not only a radical rethinking of post-1945 ideas concerning state sovereignty in the former Third World, but also the reappearance of a sense of international mission and/or duty in EU countries. It would require EU military forces to reorganize for a new type of mission that is neither old-fashioned war nor entirely humanitarian assistance. It would imply the creation of new trade policies towards failing states that would give them a real chance of regaining stability. It would also imply a very different international migration regime, permitting a far more fluid movement between OECD states and the South. Forms of shared sovereignty would best be governed by the development of a new formal category in international law, such as a mandate or trustee system.

5. CONCLUSIONS

It is not the purpose of this report to make detailed policy recommendations. It aims merely to signpost some possible areas of attention in the light of current and possible future trends in regard to the number of failing states in the world.

The first and most urgent requirement is to see the world as it is rather than as we wish it to be. This is not a recommendation for cynicism or an abandonment of ideals of equity and justice. It does mean ceasing to pretend that the number of failing states is few, that they are of little importance for the world, or that current development policies might result in things going better in due course. These are all unrealistic or inaccurate perceptions. What exactly constitutes international justice and equity is beyond the scope of this report, but it does appear that if considerable numbers of people in the world are dissatisfied with their condition, international security will deteriorate. The following conclusions, then, relate only to the policy areas that are likely to be critical in any event over the next few years, whatever scenario unfolds, and that will contribute to eventual outcomes:

- The trans-Atlantic relationship. The security and prosperity of Europe since 1945 have been based on a close alliance with the USA. Since the end of the Cold War, there have been signs of a weakening of this relationship, which may have lost some of its rationale. The policy of the Bush administration, particularly since late 2002, has raised serious questions about the long-term future of this relationship. Clearly, EU member-states will need to consider long and hard their attitude towards this question. Whatever the outcome, it will have momentous consequences in virtually all sectors.
- Security and the future of NATO. This is clearly connected to the future of the trans-Atlantic relationship. However, even in the event of continuing close military cooperation between EU countries and the USA, NATO or any similar structure will need to give serious attention to its policy in regard to failing states outside its own territory. In short, should NATO countries develop a collective policy and capacity towards interventions in failing states in e.g. central Asia or Africa? Inasmuch as they have these capacities, they will need to be accompanied by suitable political and diplomatic policies. **In short, the question of security and security structures must be at the heart of a more integrated approach to the question of failing states.**
- **Migration will continue to be a major question under all circumstances.** Current EU regimes on migration are generally unsustainable over the medium term. Migration policies need to be tailored to the projected demographic development of EU countries themselves (implying a need for more migration) but also to the situation of countries producing migrants. Draconian measures are likely to be ineffective in halting immigration entirely but are likely to force more migrants into illegality and into semi-criminal circuits. Unpalatable measures, such as the formal creation of two-tier citizenship (i.e. provision for migrants to live and work legally but without access to social welfare services) are a real possibility.
- In connection with policy on migration, 'dense' systems of North-South partnership need to be considered. In cases where failing states are sources of out-migration, thought will need to be given to possible strengthening via direct intervention by EU countries (cf. Kosovo, Sierra Leone, Côte d'Ivoire).

This may extend beyond government structures: for example, teaching hospitals in the Netherlands that chronically lack nurses or other personnel may directly sponsor sister-institutions in countries such as Ghana, recruiting a quota of graduates from the South each year for their own needs, while also ensuring a plentiful supply of locally qualified staff. (A similar system has been pioneered by football clubs sponsoring 'feeder' clubs in the South). European publics will need to become more familiar with the prospect of schemes of this sort.

- **Economic development policies grafted on the tenets of neo-liberalism have at best led to ambivalent outcomes.** Officials in EU countries may have to rethink the assumed likelihood that these policies will be able to stem downward spirals of economic stagnation and state collapse.
- **There is a revival of religion in the world that is of major importance.** Officials and the general public in EU countries are likely to see an enhanced importance of religion in both political and social fields as migrants settle in their countries. Great care will need to be taken if this is not to become a ground of conflict. Administrative attention to religion need not imply abandoning the traditional European policy of separation of church and state. It may imply, though, officials monitoring developments in the religious field as they do, for example, in regard to the private economic sector.