

Transnational Organizations in World Politics

Author(s): Samuel P. Huntington

Source: *World Politics*, Vol. 25, No. 3 (Apr., 1973), pp. 333-368

Published by: Cambridge University Press

Stable URL: <http://www.jstor.org/stable/2010115>

Accessed: 22-01-2017 19:40 UTC

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at
<http://about.jstor.org/terms>



Cambridge University Press is collaborating with JSTOR to digitize, preserve and extend access to *World Politics*

TRANSNATIONAL ORGANIZATIONS IN WORLD POLITICS

By SAMUEL P. HUNTINGTON

I. THE TRANSNATIONAL ORGANIZATIONAL REVOLUTION

Anaconda	Strategic Air Command
Intelsat	Unilever
Chase Manhattan	Ford Foundation
AID	Catholic Church
J. Walter Thompson	CIA
Air France	World Bank

THESE twelve organizations appear to have little in common. They are public and private, national and international, profit-making and charitable, religious and secular, civil and military, and, depending on one's perspective, benign and nefarious. Yet they do share three characteristics. First, each is a relatively large, hierarchically organized, centrally directed bureaucracy. Second, each performs a set of relatively limited, specialized, and, in some sense, technical functions: gathering intelligence, investing money, transmitting messages, promoting sales, producing copper, delivering bombs, saving souls. Third, each organization performs its functions across one or more international boundaries and, insofar as is possible, in relative disregard of those boundaries. They are, in short, *transnational organizations*, and the activities in which they engage are *transnational operations*. Such organizations have existed before in history. Armies and navies, churches and joint stock companies, as well as other types of organizations have been involved in transnational operations in the past. During the twenty-five years after World War II, however, transnational organizations: (a) proliferated in number far beyond anything remotely existing in the past; (b) individually grew in size far beyond anything existing in the past; (c) performed functions which they never performed in the past; and (d) operated on a truly global scale such as was never possible in the past. The increase in the number, size, scope, and variety of transnational organizations after World War II makes it possible, useful, and sensible to speak of a *transnational organizational revolution* in world politics. The purpose of this essay is to analyze, in a preliminary way, the sources, nature,

and dynamics of this revolution, and to speculate on its implications for politics at the national and international levels.

"Transnationalism" is a term which suffers from being "in" in social science. Many people now use it to mean many different things. It has achieved popularity at the price of precision. Consequently, it is important to emphasize that in this essay the expression transnationalism is used only to refer to the kind of organizations and operations described in the preceding paragraph. This is, relatively speaking, a restricted use of the term. It differs from and is more limited than the broad sweep which Keohane and Nye give to the term in their path-breaking study.¹ For them, transnationalism encompasses all interactions across state boundaries in which at least one of the participants is not the agent of a government or an intergovernmental organization. Their emphasis is thus not on the scope of the operation, but on the public or private character of the participants in the operation. They direct their fire at what they describe as the "state-centric" view of world politics. In addition, transnational relations for them include all interactions, not just organizational ones; international trade and international travel, for instance, are included under their heading of "transnational processes." Their concern is principally with the activities in categories B, D, and F in Table 1; our concern here is with those in categories A and B.

TABLE 1. DEFINING TRANSNATIONALISM

<i>Type of Participant</i>	<i>Types of Activity</i>		
	BUREAUCRACY	ASSOCIATION	TRANSACTION
GOVERNMENTAL	(A) AID	(C) UN General Assembly	(E) USA-USSR SALT Agreement
NON-GOVERNMENTAL	(B) Unilever	(D) Pugwash Conference	(F) Boeing-Air France Sales Agreement

There is no point in debating definitions. But there is a need to insure that definitions clarify rather than obscure distinctions. By stressing the private-public character of the participants in an activity,

¹ Robert O. Keohane and Joseph S. Nye, Jr., eds., *Transnational Relations in World Politics* (Cambridge, Mass. 1972), *passim*, but esp. ix-xxii, 379-86. The essays in this volume have provided a major intellectual stimulus and an indispensable source of example for my own thinking about transnational organizations. I am also indebted to Professor Nye and to Professor Raymond Vernon for helpful comments on this manuscript.

Nye and Keohane direct attention to the tremendous increase in the number and significance of private international interactions in recent decades and the much larger and diverse number of private individuals and groups engaging in such interactions. They include but do not focus on the dramatic rise of relatively centralized, functionally specific, bureaucratic organizations which carry out their operations across state boundaries. This latter development is clearly related to "Nye-Keohane transnationalism" but is also clearly different from it, since it can involve public as well as private organizations.

General Motors and a Pugwash Conference are both non-governmental (and hence "transnational" in the Nye-Keohane sense), and yet they do not have any more in common than do the U.S. Air Force and the SALT Conference, both of which are governmental bodies. The similarities between SALT and Pugwash are, however, very great. So also are those between General Motors and the USAF, both transnational organizations operating on a global scale. In 1969, for instance, the USAF budget was approximately \$27 billion; General Motors sales were a little over \$24 billion. The Air Force had 54 major installations in 20 countries (apart from Vietnam) outside the United States; General Motors had 53 plants or facilities in 25 countries outside the United States. There were 862,000 men in the Air Force, one-third of them deployed overseas. There were 794,000 General Motors employees, slightly less than one-fifth of them abroad. Some foreign installations of both the military service and the private corporation were directly involved in the area where they were located, contributing planes to local defense or producing cars for local consumption. In other cases, the activities and products of the installation had relatively little connection with or impact on the area in which the latter was located; they were oriented to the defense of distant regions or to sales in a distant market. For both private corporation and military service, each installation, wherever located, was expected to fit into and to respond to the global needs of the overall organization as determined by the central leadership of that organization. In both cases, the establishment of an installation abroad was dependent on the approval of a national host government which specified the terms and conditions of access to the national territory. The growth and multiplication of globally oriented bureaucratic organizations like GM and the USAF—public or private in character, nationally or internationally controlled—adds a critical new dimension to world politics.

The terms "international," "multinational," and "transnational" have been variously used to refer to the control of an organization, the

composition of its staff, and the scope of its operations. Terminological confusion is further compounded because one word, "national," serves as the opposite of each of these three terms. To minimize ambiguity, at least on these pages, and to maintain some critical distinctions, each of these terms will in this essay be used to refer to only one of these organizational dimensions. An organization is "transnational" rather than "national" if it carries on significant centrally-directed operations in the territory of two or more nation-states. Similarly, an organization will be called "international" rather than "national" only if the control of the organization is explicitly shared among representatives of two or more nationalities. And an organization is "multinational" rather than "national" only if people from two or more nationalities participate significantly in its operations.

These distinctions are important, because almost any combination of internationalism, multinationalism, and transnationalism or their national opposites could exist in practice. The World Bank, for example, is formally international in control, highly multinational in personnel, and clearly transnational in its operations. The so-called "multinational" corporations, on the other hand, are often very transnational in their operations, reasonably multinational in personnel, but, with a few exceptions (Unilever, Royal Dutch Shell), almost wholly national in control.

For reasons which will be spelled out below, transnational operations and international control occur together only to a limited degree. Air Afrique, for instance, is an international airline in the sense that it is owned by twelve African governments plus some private French interests. It also engages in transnational air operations. Its transnational operations are, however, minuscule compared to those of Pan American, which is wholly owned by private American interests. Some international organizations may not engage in any transnational operations at all. The European Organization for Nuclear Research (CERN), for instance, is international in that it is sponsored by a dozen governments, and multinational because it employs people of several different nationalities. It was not, however, transnational so long as its operations all took place in a single laboratory in one locality and did not significantly cut across state boundaries.² Similarly, a Pugwash Conference, like the SALT talks, is international in control, multinational in personnel, but not transnational in its operations. A Pugwash Conference derives its point from the fact that Soviet and

² See Diana Crane, "Transnational Networks in Basic Science," *ibid.*, 245-46; Robert L. Thornton, "Governments and Airlines," *ibid.*, 193, 196.

American private citizens are sitting down together to talk about common problems even as Soviet and American governmental representatives do. The conference is successful to the extent that there is a meeting of the minds between the members of the two national groups. Such a conference cannot be indifferent to the fact of nationality. It is, instead, rooted in that fact.

Contrast this essentially international and multinational (albeit private) phenomenon with the operations of an organization like Royal Dutch Shell, which is engaged in the pursuit of particular objectives more or less on a global basis across national boundaries. It is, in theory, impossible for a Pugwash Conference to meet if only Americans are present. It is, in theory, possible for Royal Dutch Shell to operate with a staff which is 100 per cent British, 100 per cent Dutch, 50 per cent each, or a motley mixture of diverse nationalities. As we shall see, the nationality mix of the members of a transnational operation may vary significantly. What makes Royal Dutch Shell a transnational phenomenon is the nature and scope of the operations it performs, not the nature of the people who perform those operations or the nature of the people who ultimately control those operations.

II. THE SIGNIFICANCE OF TRANSNATIONALISM

Nationalism, internationalism, and transnationalism have all been major factors on the contemporary world scene. At the end of World War II, observers of world politics expected nationalism to be a major force, and their expectations were not disappointed. The decline of Europe encouraged the blossoming forth of nationalist movements in Asia and Africa, and by the early 1960's colonialism in the classic familiar forms was virtually finished and scores of new nation-states had been formally recognized. The end of colonialism, however, did not mean the end of nationalism, in the sense of the behavioral and attitudinal manifestations by a people of their presumed ethnic or racial identity, nor the end of the political disruption of the newly independent nation-states. Colonialism led peoples of various ethnic or racial identities to suppress their antagonisms in order to win independence. The achievement of independence raised the question of *whose* independence had been achieved, and led to a re-awakening and, in some cases, a totally new awakening of communal antagonisms. Nationalism increasingly has meant "subnationalism," and has thus become identified with political fragmentation. Nationalism has remained a force in world politics, but a force which promises almost as much disruption in a

world of independent states as it did in a world of colonial empires.

At the close of World War II, internationalism was also expected to be a wave of the future, and the United Nations was created to embody that hope and to make it reality. While nationalism has remained strong but its impact has changed, internationalism, in contrast, has failed to gain the role and significance which it was expected to achieve. The great hopes for international organizations—that is, organizations whose activities involve the active cooperation of distinct national (private or public) delegations—have not been realized. In one form or another, internationalism involves agreement among nation-states. Interests have to be shared or to be traded for an international organization to work. This requirement puts an inherent limit on internationalism. The United Nations and other international organizations have remained relatively weak because they are inherently the arenas for national actors; the extent to which they can become independent actors themselves is dependent on agreement among national actors.

An international organization requires the identification and creation of a common interest among national groups. This common interest may be easy to identify, such as the exchange of mail. Or it may be the product of extensive and time-consuming negotiation among national units. A transnational organization, on the other hand, has its own interest which inheres in the organization and its functions, which may or may not be closely related to the interests of national groups. Nations participate in international organizations; transnational organizations operate within nations. International organizations are designed to facilitate the achievement of a common interest among many national units. Transnational organizations are designed to facilitate the pursuit of a single interest within many national units. The international organization requires *accord* among nations; the transnational organization requires *access* to nations. These two needs, accord and access, neatly summarize the differences between the two phenomena. The restraints on an international organization are largely internal, stemming from the need to produce consensus among its members. The restraints on a transnational organization are largely external, stemming from its need to gain operating authority in different sovereign states. International organizations embody the principle of nationality; transnational organizations try to ignore it. In this sense the emergence of transnational organizations on the world scene involves a pattern of cross-cutting cleavages and associations overlaying those associated with the nation-state.

The emergence of transnational organizations on such a large scale was, in large part, unanticipated. Internationalism was supposed to furnish the threads tying the world together. In actuality, however, every international organization at some point finds itself limited by the very principle which gives it being. Much of the disappointment with the UN and its various agencies stems precisely from the failure to recognize this fact. While national representatives and delegations engage in endless debate at UN conferences and councils, however, the agents of the transnational organizations are busily deployed across the continents spinning the webs that link the world together. The contrast between the two forms of organization can be seen in the difference between the great bulk of UN bodies which are basically international in character and thus dependent for action on agreement among national delegations, and one organization that is formally international in control and related to the UN but in practice quite autonomous, which operates successfully in a transnational manner. Perhaps significantly, that organization, the World Bank, is headquartered in Washington, not in New York.

A similar contrast exists between private transnational organizations and international non-governmental organizations (or INGO's). Like transnational organizations, INGO's multiplied rapidly in numbers and functions in the decades after World War II. Of the INGO's in existence in 1966, 50 per cent were founded after 1950 and 25 per cent were founded in 1960 or later. During these same years, however, the average size of the INGO's did not increase and, if anything, decreased. In 1964 the mean INGO budget was \$629,000 and the mean INGO staff encompassed nine people.³ INGO's simply did not have the resources, scope, or influence of nationally controlled, transnational, non-governmental organizations such as the Ford Foundation, IBM, or Exxon.

Transnational organizations thus may, in theory, be nationally or internationally, privately or governmentally controlled. The need to reach agreement among national units, however, restricts the purposes and activities of international bodies. Free of this internal constraint, nationally controlled organizations are much better able to formulate purposes, to mobilize resources, and to pursue their objectives across international boundaries. They may face greater political obstacles than international organizations in gaining access to national territories, but this disadvantage is more than compensated for by their relative

³ Kjell Skjelsbaek, "The Growth of International Non-governmental Organization in the Twentieth Century," *ibid.*, 77.

freedom from internal political constraints. International organizations, even when their functions are relatively specialized and the participating governments have much in common, still confront great difficulties in developing their operations. The rather sparse activities of the European-controlled international organizations, for instance, contrast markedly with those of U.S.-controlled transnational corporations operating in Europe.⁴

A distinctive characteristic of the transnational organization is its broader-than-national perspective with respect to the pursuit of highly specialized objectives through a central optimizing strategy across national boundaries. The "essence" of a transnational corporation, as Behrman has argued, "is that it is attempting to treat the various national markets as though they were one—to the extent permitted by governments."⁵ In similar fashion, a transnational military organization treats the problems of defense of different national territories as if they were part of a single whole. For its specialized purpose, its arena assumes continental or global proportions and it thinks in continental or global terms. One of the early advantages of the American transnational corporation in Europe, for instance, as de Rencourt has argued, is that "unlike most of its European competitors, it thinks 'European,' not local or national; it is mentally geared to tap the whole European market, not merely that of France, Britain, Germany, or Italy. Thinking in terms of a single continental market, with a sales network covering the whole continent and straddling dozens of nation-states, with a uniform accounting system, the American subsidiary is in truth more typically 'European' than any European firm rooted in one single country."⁶

The transnational process developing today on a global scale is not unlike that which occurred within the United States during the nineteenth century. The struggle over the Constitution and much of the political controversy of the first part of the nineteenth century were essentially interstate in character. These issues were basically resolved by the Civil War. The actual integration of the United States as a national community, however, was accomplished not through agreements among the states but rather by the development of business corporations, social organizations, and eventually national government

⁴ See, for instance, Crane (fn. 2), 245-46; Raymond Vernon, *Sovereignty at Bay* (New York 1971), 95-96.

⁵ Jack N. Behrman, *Some Patterns in the Rise of the Multinational Enterprise* (Chapel Hill, N.C.: University of North Carolina, Graduate School of Business Administration, Research Paper No. 18, 1969), 61.

⁶ Amaury de Rencourt, *The American Empire* (New York 1970), 284.

bureaucracies which operated indiscriminately within states and across state boundaries. The emergence of these "trans-state organizations" was immensely stimulated by developments in transportation and communications, particularly the railroad, telegraph, rotary press, and telephone. It became dramatically evident when corporations legally domiciled in New Jersey or Delaware pursued their objectives of production and profit on a national basis, often with seeming disregard for the interests of individual states and localities.⁷ The political controversies so generated plainly parallel those which currently concern the relations between so-called "multinational" or transnational corporations and national governments. Today's issues, arguments, and slogans neatly replicate those of a century ago between "the trusts" and the state governments. The feelings of powerlessness which the state legislatures in Illinois and Minnesota felt in their dealings with the New York Central and Great Northern railroads are duplicated today in the unease which national government leaders in Latin America, Asia, and even Europe feel in their dealings with IBM, Ford, or Unilever. Just as the railroad magnates then could make or break a community by deciding where to locate their terminals, so the transnational corporations of today can significantly influence the future of localities or regions in a number of countries by a decision as to where to place a new plant. The interaction between local interests and national organizations in the 1870's and 1880's gave rise to the Grangers and the Populists, who directed their fire at the monopolies, railroad titans, and eastern bankers who were exploiting them, even as Third-World nationalists and populists level comparable charges at General Motors and Chase Manhattan. In both cases local groups attempted to use the

⁷ Just as states like New Jersey and Delaware provided tax and other advantages to companies which located their headquarters within the state, some European countries offer comparable concessions. American corporations thus set up Tax-Haven Companies in countries where "after negotiations with the government, taxes are either greatly reduced for the company or completely eliminated." In the words of the Rey Commission report for the European Economic Community:

"The THC is a company that is not, as a rule, intended to fulfil a useful economic or financial function, but simply to allow its parent company to reduce to a minimum its overall tax burden.

"The idea is to establish the company's official headquarters in a place where foreign income is partially or completely tax-free and to increase artificially the charges against production or distribution subsidiaries, so as to enable the THC to increase its revenue from various services, such as licencing, consultant work, and interest on loans, which it provides to the subsidiaries.

"These THC, set up most frequently in the small neutral countries that specialize in them, enable American firms to make conscious use of loopholes or contradictions in the tax legislation of the various European countries."

Quoted in *Le Monde* (Weekly Selection), July 1, 1970, p. 5.

local government to "nationalize" or assert control over the transcending organization.

III. THE AMERICAN SOURCES OF TRANSNATIONALISM

The principal sources of the transnational organizational revolution are to be found in American society and in the global expansion of the United States during the two decades after World War II. This does not mean that transnational organizations and operations are only created by Americans. It does mean that the proliferation of transnational operations in recent years was initially and predominantly an American phenomenon. Transnational organizations in large part developed out of American national organizations (governmental or non-governmental) or out of international organizations in which Americans played the leading roles. Transnationalism is one of the more important legacies for world politics of two decades of American expansion into world politics.

Two preconditions, technological and political, exist for the development of transnationalism. For an organization to operate on a global or semi-global basis, it must have means of communication and transportation. Otherwise it will be only a crossnational organization, a federation of local satrapies each of which is more responsive to its local leadership than to centralized direction. There has to be the technological and organizational capability to operate across vast distances and in differing cultures. The transnational corporation rests on the fact that "technology and corporate organization in all of the advanced countries have now reached levels of capability that permit focus on markets and production across, and indeed without reference to, national boundaries."⁸ Jet aircraft and communications satellites are to the transnational organizations of today what the iron horse and telephone were to the "trans-state" organizations of the United States in the 1880's. These technological capabilities to make "illusions of distance," in Albert Wohlstetter's phrase, were in large part developed within the United States and have been pre-eminently employed by the United States.

An organization can normally (there are notable exceptions) employ its technological capability to operate in a society only if it has the permission of the government of that society. Political access, consequently, has to go hand in hand with technical capability to make

⁸ Sidney E. Rolfe, "The International Corporation in Perspective," in Rolfe and Walter E. Damm, eds., *The Multinational Corporation in the World Economy* (New York 1970), 12.

transnationalism a reality. Throughout the two decades after World War II, the power of the United States Government in world politics, and its interests in developing a system of alliances with other governments against the Soviet Union, China, and communism, produced the underlying political condition which made the rise of transnationalism possible. Western Europe, Latin America, East Asia, and much of South Asia, the Middle East, and Africa fell within what was euphemistically referred to as "the Free World," and what was in fact a security zone. The governments of countries within this zone found it in their interest: (a) to accept an explicit or implicit guarantee by Washington of the independence of their country and, in some cases, of the authority of the government; and (b) to permit access to their territory by a variety of U.S. governmental and non-governmental organizations pursuing goals which those organizations considered important. Communist governments, of course, by and large did not permit such access, although at times they were incapable of stopping it (for instance, U-2 flights over the Soviet Union in the 1950's). Other governments (Burma, the U.A.R., Syria) terminated such access or permitted it only on a very restricted basis. The great bulk of the countries of Europe and the Third World, however, found the advantages of transnational access to outweigh the costs of attempting to stop it.

Many books have been written describing—and deploring—"the American Empire" which emerged after World War II. These volumes are filled with statistics on U.S. military spending, troop deployments, overseas bases, foreign investments, exports and imports, economic and military assistance. The one statistic that is always missing, however, is that which was always central to descriptions of the British, French, Spanish, or Roman empires: square miles. In contrast to all earlier empires, the American "empire" (if it is even sensible to use that term) was an empire of functions, not territory. The statistics of American "empire" are, by and large, statistics on the foreign deployment of American people and resources rather than American control of foreign people and resources. American expansion was distinguished by the failure of the United States to establish actual or formal political control over foreign territory. The minor exceptions simply highlight the significance of this fact: the occupation governments of Germany and Japan were ended after a few years; the one major colony of the United States, the Philippines, became independent right after the war; Okinawa and Micronesia were the only new areas brought under American rule for a sustained period of time. Yet, when people speak of the American empire, they do not usually mean Micronesia.

In the American empire, if it be that, the American presence was thus almost everywhere, American rule almost nowhere. American expansion has been characterized not by the *acquisition* of new territories but by their *penetration*. In the past, the penetration of one society by the economic, religious, or military representatives of another society was usually the prelude to political acquisition. This has not been the case with the American empire, and there is nothing to suggest that it will be the case. The expansion of the American operational empire has thus not been incompatible with the multiplication of national sovereignties in the Third World. Indeed, in some respects, the multiplication of sovereignties has facilitated the growth of American transnational operations.

The expansion of transnational organizations and the simultaneous multiplication of national governments are both, in a sense, responses to the currents of social, economic, and technological modernization that are sweeping the world. The new developments in economics, technology, and management have made it possible for a functionally specific organization—such as a corporation or a military service—to operate on a global basis. At the same time, these and related social and political developments have made it impossible to exercise political authority on a global basis such as the British did in the late nineteenth-century heyday of the Empire. At that time, a few thousand Englishmen could govern several hundred million Indians on behalf of the government in Whitehall. The development of social and political consciousness among the Indian population eventually made that impossible; but the parallel development of communications and technological capabilities also made it possible for a British corporation to carry out its operations in India, Australia, Canada, and elsewhere, provided it had the consent of the local government.

Transnationalism is the American mode of expansion. It has meant “freedom to operate” rather than “power to control.” U.S. expansion has been pluralistic expansion in which a variety of organizations, governmental and non-governmental, have attempted to pursue the objectives important to them within the territory of other societies. In some respects, the U.S. surge outward was almost as pluralistic as the outward surge of Western Europe in the sixteenth and seventeenth centuries. One could then speak of Western expansion but not of *the* Western empire because there were Spanish, Dutch, Portuguese, French, and English empires. Similarly, one can properly speak now of American expansion but not of *the* American empire, because there are so many of them. “The *Pax Americana*,” as I. F. Stone put it, “is

the 'internationalism' of Standard Oil, Chase Manhattan, and the Pentagon."⁹ And, one must add, of much else besides.

This pattern of segmental, pluralistic, operational expansion evolves out of earlier American experience. In the late nineteenth century, the United States managed to be only a feeble imitator of European powers in the race for colonies. American interest was more in the expansion of trading opportunities than in the acquisition of territory. This interest received its most vivid manifestation in the Open Door policy in China. Here, precisely, was a policy designed to insure access rather than acquisition. This goal was, in many respects, the hallmark of American expansion out into the world, and it made concrete a set of concerns which have characterized much of American foreign relations ever since. In those early years, the Open Door was thought of primarily as an open door for trade. After World War II, in many countries the door was opened wider for bases, troop deployments, aid missions, and investment. The historical experience of the United States in its dealings with the rest of the world thus supplied the basic concepts, policies, and forms of organization for transnational operations. In this respect, the roots of transnationalism go back to late nineteenth-century America.

The implicit rationale for transnationalism also grows out of the American experience. As citizens of a democratic nation that originated in a struggle for national independence, Americans have not been able to develop a persuasive ideology of colonialism. In England even a nineteenth-century radical like John Stuart Mill could formulate a doctrine justifying British rule over more backward countries. Americans have notably failed to come up with anything of comparable quality. The U.S. acquisition of colonies at the turn of the century was, apart from the Philippines, almost entirely limited to small islands and other territories useful for naval bases. And the conquest of the Philippines caused such controversy and uneasiness in the United States that it soon led to the beginnings of self-government and to promises of independence. The United States could, with hearty enthusiasm, become expansionist, but it could not, in good conscience, become colonialist.

The American penetration of other societies was generally not justified by doctrines of colonialism comparable to those popular in other countries. The American case was rarely based on a claim to political or racial superiority which would give Americans the right to rule other peoples, but rather on a claim to technological or economic

⁹ I. F. Stone's *Bi-Weekly*, XVIII (July 13, 1970), 1.

superiority, which gave groups of Americans the presumed right—and even duty!—to perform certain specialized functions in other societies. Through this sort of rationale, Americans could reconcile the overseas operations which their economic dynamism warranted with the absence of formal political control which their anticolonial history proscribed.

American operational expansionism after World War II thus had roots in the American past. But it also represented a break with some aspects of that past. Before 1940 the United States had overseas bases in Guantanamo, Hawaii, Samoa, Manila, and Panama. These were, however, areas over which the United States exercised *de facto* if not *de jure* sovereignty; they were the U.S. counterparts to Gibraltar, Malta, Singapore, and Hong Kong. For the United States, as for the European powers, “pre-World War II bases ‘abroad’ were, in spite of the attempts of legal construction to the contrary, not abroad at all; they were cessions of territory, ‘annexations déguisées,’ poorly disguised at that, and indeed the ceding state was lucky if nothing more than the ceded part of its territory was annexed.”¹⁰

The first break with this pattern came with the British-American destroyer-base deal of September 1940. Unlike earlier base leases, this did not involve a *de facto* change of sovereignty. American use of the bases was limited to the performance of certain military functions, and the arrangement was thus “a lease of specific privileges as distinguished from a cession of territory in the disguise of a nominal lease.”¹¹ This set the pattern which was elaborated in a variety of ways in the post-World War II years. The end result, of course, was a striking phenomenon, unparalleled in world history: the military forces of one government deployed on a global scale in over three hundred bases in twenty-five different countries where that government had no formal authority as either an occupying power or a sovereign power. The primary significance of this phenomenon was not just its size but, even more importantly, its form. For the creation of this gigantic global network depended precisely upon the divorce of the power to operate military installations from the right to exercise political control. Without that divorce, the empire would have been still-born. The achievement of that divorce was a major innovation in statecraft.

The formal acts marking the expansion of other empires have been treaties of annexation or comparable documents providing for the

¹⁰ George Stambuck, *American Military Forces Abroad: Their Impact on the Western State System* (Columbus, Ohio 1963), 22.

¹¹ *Ibid.*, 29.

cession of territory. In contrast, the formal acts characterizing the expansion of the American empire have been agreements between U.S.-based transnational organizations and national governments specifying the terms and conditions of access by the agents of the one to the territory of the other. Leases, base arrangements, status-of-forces agreements, and their counterparts in the economic fields constitute the legal manifestations of the growth of the American empire.

American expansion has thus involved the generation and spread of transnational organizations pursuing a variety of specific goals in a multiplicity of territories. Economic aid missions, military bases, and corporate investments are only the most obvious and tangible symbols of U.S.-based transnationalism. This type of pluralistic, segmented expansion also led groups in other societies to create parallel and often competing transnational structures. The principal legacy of American expansion about the world is a network of transnational institutions knitting the world together in ways that never existed in the past. The question for the future is whether and how the contraction of the world brought about by the expansion of the American role will survive the contraction of that role. Once the political conditions which gave it birth disappear, how much transnationalism will remain?

IV. AUTHORITY IN TRANSNATIONAL ORGANIZATIONS

The patterns of authority in transnational organizations differ greatly. They also change. They can, perhaps, best be analyzed in terms of sources of control, organizational structure, and nationality pattern.

A. SOURCES OF CONTROL

Transnational organizations may be controlled by national governments, national non-governmental groups, or international governmental or non-governmental bodies. During the quarter-century after World War II:

(1) Most transnational organizations were nationally, not internationally controlled.

(2) Most nationally controlled transnational organizations were controlled by Americans.

(3) The most prominent transnational organizations were U.S. Government agencies and U.S.-based "multinational" corporations.

With the shift in the American role in world affairs in the late 1960's and early 1970's, these patterns have been changing. U.S. Gov-

ernment transnational operations are declining. This is obvious in the military field and it is probably true of the intelligence field. It is also true with respect to economic development and development assistance. In the 1950's and the early 1960's the expansion of the United States into the world in large part took the form of the creation and development of U.S. agencies designed not just to deal with other governments, but to operate within other societies. It was no accident that an AID mission in another society could be officially termed the "United States Operations Mission (USOM)." This type of activity was viewed as legitimate and desirable. The new-style foreign relations, it was argued, involved far more than diplomacy. In the late 1960's and early 1970's, however, a neotraditionalist reaction developed against this concept of foreign relations and in favor of less involvement in the domestic affairs of other societies, a drastic reduction in the size and functions of U.S. Government overseas activities, and a re-establishment of the pre-eminence of foreign office-to-foreign office diplomacy.¹² In the development field, for instance, the emphasis was on the desirability of cutting back the large overseas aid missions, of shifting any remaining functions for social and civic development to non-governmental or semi-governmental bodies such as the Inter-American Foundation, and of channeling increasing proportions of capital assistance through multilateral (that is, international) agencies such as the World Bank.

Other governments lagged far behind the U.S. Government in engaging in transnational operations. In part this stemmed from different purposes, fewer resources, and a more restricted world role. In some measure, it may also reflect, however, differences in political style and administrative structure. The diffuse, pluralistic character of the U.S. Government, combined with a typically pragmatic and *ad hoc* approach to problems, seems naturally conducive to the development of transnational organizations. The Soviet Government, in contrast, may have many of the same reasons to engage in transnational operations that the U.S. Government has had, but the centralized control, primacy of political objectives, and ideological approach of the Soviets may well make it much more difficult for them to develop and carry out such operations. Yet, transnational operations controlled by other governments could well increase in the future.

Privately controlled U.S.-based transnational organizations have not suffered an absolute decline comparable to that of U.S. Government-con-

¹² For an eloquent and persuasive statement of the neotraditionalist approach, see John Franklin Campbell, *The Foreign Affairs Fudge Factory* (New York 1971).

trolled transnational organizations. There has been, however, a marked increase in the number, scope, and activity of transnational organizations controlled by non-U.S. private groups. Nationally controlled European corporations expanded their activities into other European states and, in some instances, quite successfully into the United States and other countries. Japanese corporations began to engage in operations in Latin America and Southeast Asia.

For reasons elaborated earlier, internationally controlled organizations are less likely than nationally controlled ones to engage in large-scale transnational operations. An internationally sponsored transnational organization can only operate effectively if it is able to divorce its operations from the need to negotiate compromises among national delegations or if, behind a formal structure of international authority, effective control does rest primarily with one or a few national groups. The effectiveness of the World Bank, for instance, in carrying out transnational investment operations was in large part a product of the pre-eminent role which Americans played in the bank in its early years. Similarly, the leading role of the Japanese gave the Asian Bank the leadership and resources necessary to get off to a successful start. While leadership from a particular national group may be important in getting an internationally controlled transnational organization under way, it is also quite possible that once such an organization has developed its momentum, direction, and resources it will be able to develop internally the leadership to carry on and to expand its operations, provided its management is able to carve out a sphere of autonomy from its board of directors or other internationally constituted governing group. In some measure, this seemed to be the condition which made it possible for the World Bank to expand its operations in the 1970's.

The longer-term pattern of evolution for transnational organizations could well be from national control to international control or to self-control by the management and staff of the organization itself. The impetus and resources to develop a large-scale transnational operation almost always have to be furnished by a group of people of common nationality who see the need or desirability of expanding their operations into a number of different countries. Their ability to increase both the number of societies in which they operate and the extent of their operations within any one society, however, depends upon the consent of the national governments of the host societies. Such governments are in general more likely to be willing to grant access to privately controlled transnational organizations than to ones controlled

by another government, and more willing to grant access to internationally controlled transnational organizations than to nationally controlled ones. Thus, though the creation of a large-scale transnational organization usually requires national sponsorship, its long-term growth may be enhanced by a weakening of that sponsorship.

B. ORGANIZATIONAL STRUCTURE

Within a transnational organization, authority may be distributed in a variety of ways. In the most general terms, such an organization may be highly centralized or decentralized, and it may be organized in terms of geographical or functional subdivisions or some combination of both. Ultimate control, however, has to rest with a central headquarters, and the autonomy of the parts cannot extend to the point where they may, on their own volition, secede from the organization.

The pressures for both centralization and decentralization in a transnational organization are comparable to but in many respects more intensive than those in any large-scale organization. The improvements in communications and transportation that make it possible to exercise effective control over a far-flung global bureaucracy from a single headquarters are, of course, precisely what has made possible the widespread emergence of transnational organizations. In earlier years, for instance, private companies may have owned or controlled overseas subsidiaries. Only during the last quarter-century, however, have they been able to impose a unified plan of operations on such subsidiaries. Before the 1950's, as Behrman has said, overseas affiliates usually "operated as though they were commercially independent of the parent." Now, however, "what distinguishes the multinational enterprise from its predecessors is the centralization of policy and the integration of key operations among affiliates."¹⁸ In somewhat similar fashion, the oldest and largest transnational organization, the Roman Catholic Church, is "a much more integrated international organization" today than it was a century ago. Like the private corporations doing business overseas, the "church in the 1970's shows more structural integration, indicated by a heightened increase of communication and contact between the center and the peripheries; a more integrated linkage between national hierarchies and the Holy See . . .; and a higher rate of transactions between national church systems, indicated by personnel transfers, material aid, and cooperative plans. The inter-

¹⁸ Behrman (fn. 5), xiii-xiv.

national church has gained structural strength because it has been able to move beyond an earlier, segmental pattern. . . ."¹⁴

For most types of transnational organizations, the long-term trends are undoubtedly toward greater centralized control. But movement in this direction may often be interrupted or reversed by functional, institutional, and political forces making for greater autonomy of constituent units. The most important influence in this direction is, of course, the nation-state itself. Permission to operate in a particular national territory may often be granted on the condition that the local unit be given sufficient autonomy from the organizational headquarters so as to be responsive to regulations and control by the local national government. These considerations may also affect the predominant basis of organization within the transnational body. It has been argued, for instance, that corporations organized on a functional as distinguished from an area basis are more susceptible to influence by host governments and hence that host governments favor that form of organization.¹⁵ In addition, the forms of central control may change over time. Vernon, for instance, suggests that transnational corporations evolve through three phases. An initial phase of decentralization is "superseded by another stage in which tighter controls from the center" are "the common rule." In the third phase, the "mature" transnational corporation makes "a seeming return to decentralized operations," and "authority for many decisions" is "delegated back to the subsidiaries or distributed to regional headquarters." This decentralization, however, is in part the product of the development of standard procedures and routines which pertain throughout the transnational corporation, and of the creation of a centrally trained corps of managers who will deal with problems in a common "company" way. "Enough conditioning, it is assumed, will breed the necessary conformity while allowing for local initiative and local adaptation."¹⁶

A high level of centralization gives a transnational organization flexibility in being able to redirect personnel and resources from one part of its empire to another. One of the advantages which American corporations have had in comparison with many European "multinational" corporations is that the American firms have been more highly integrated; the European companies have tended to be more

¹⁴ Ivan Vallier, "The Roman Catholic Church: A Transnational Actor," in Keohane and Nye (fn. 1), 147-48.

¹⁵ Louis T. Wells, Jr., "The Multinational Business Enterprise: What Kind of International Organization?" *ibid.*, 104-05, 110-11.

¹⁶ Vernon (fn. 4), 132-34.

loosely structured international holding companies. This advantage of centralization holds true for religious, military, and other types of transnational bodies as well as for economic ones. In the 1950's, for instance, the Catholic Church responded to the perceived threat from the appeal of Marxist ideologies in Latin America in much the same way that General Motors would have responded to the perceived threat from the appeal of Volkswagen in Latin America. The Church in Latin America was, at this time, "short on personnel, funds, action models, and laymen who could be mobilized to extend the Church's influence to new groups and marginal strata." As a result of its transnational integration, however, the Church was able to mobilize resources from elsewhere to meet this regional challenge. "Under these conditions—high threat, low resources in local units, and quite open national boundaries—the transnational church, in close cooperation with local hierarchies, swung into action. Problem-solving strategies were transferred from other sectors of the world church, funds poured in, new contingents of trained personnel were deployed, and a variety of new institution-building sequences were begun."¹⁷

C. NATIONALITY PATTERN

Transnational organizations usually draw their personnel from the societies in which they operate. There are major advantages to employing local personnel in local operations. Normally, however, there is also a clearly dominant nationality in the organization. The distribution of the dominant nationality and other nationalities within the organization may approximate one or more of three ideal-types. In the *dominant* nationality pattern, all the principal management posts in both the central headquarters and in the country units are occupied by members of the dominant nationality. In the *dispersed* nationality pattern, the central headquarters remains the exclusive preserve of the dominant nationality, but the country subdivisions are managed primarily by local personnel. In the *integrated* nationality pattern, local personnel are predominant in the country subdivisions with some admixture of non-local personnel, and personnel of other nationalities share significantly in the direction of the central headquarters with the dominant nationality.¹⁸

¹⁷ Vallier (fn. 14), 142; on the differences between American and European businesses, see Behrman (fn. 5), 13-14.

¹⁸ These distinctions in terms of nationality distribution parallel the broader patterns of ethnocentric, polycentric, and geocentric organization in multinational corporations analyzed by Howard Perlmutter, "The Tortuous Evolution of the Multinational Corporation," *Columbia Journal of World Business*, iv (January-February 1969), 12.

The extent to which a transnational organization adheres to one or another of these patterns reflects its source of control. Transnational organizations controlled by a national government almost invariably adhere to the dominant nationality pattern. Internationally controlled transnational organizations, as well as self-controlled ones, normally tend to be integrated, although one nationality is often more equal than the rest. Nationally controlled private organizations often tend to evolve through three phases. In the first phase, the dominant pattern prevails. The leadership in creating the local units normally comes from the center and from the dominant nationality group. Local personnel are hired in subordinate positions for the local units, but the management positions in those units as well as at the center are monopolized by the dominant nationality. For U.S.-based multinational corporations, for instance, it is reported that approximately 21 per cent of their employees, but only 1.5 per cent of their managers, were non-Americans. Similarly, in the Ford Foundation in 1969, only 13 per cent "of the 463-member professional staff of the International Division were not Americans, and only thirteen of the non-Americans [less than 3 per cent of the total] were involved in the development of foundation program areas as opposed to the implementation of grant projects."¹⁹

In due course, however, the acquisition of the required technical and managerial expertise by local personnel, often accompanied by direct or perceived potential political pressure, leads the organization to shift toward the dispersed pattern. Local personnel play a more and more important role in the direction of the local enterprise and eventually take over its management. This has happened, for instance, in many U.S.-based transnational corporations in the raw-materials field. ARAMCO increased the proportion of Arabs in supervisory jobs from almost none in the 1940's to about 56 per cent in 1967. The proportion of Indonesians in Caltex in Indonesia went from a similarly low level in the late 1950's to 80 per cent in 1969. The comparable ratio in the Venezuelan subsidiary of Standard Oil of New Jersey rose from 48 per cent in 1959 to 68 per cent in 1964.²⁰ The take-over of the management of the local unit by local personnel can, however, pose problems for the transnational organization. Ambitious local managers, if they are unable to advance into the central management, may seek more inde-

¹⁹ Sidney E. Rolfe, *The International Corporation* (Paris 1969), 76, cited in Keohane and Nye (fn. 1), xvi; Peter D. Bell, "The Ford Foundation as a Transnational Actor," *ibid.*, 120.

²⁰ Vernon (fn. 4), 55.

pendence for their local unit. The nationality pattern within the organization coincides with the nation-state pattern outside the organization. External cleavages therefore could reinforce internal ones and lead to a weakening of central control, the fragmentation of the organization, and either its evolution into a crossnational federation or even its complete dissolution. Alternatively, if upward mobility is blocked within the organization, local managers may abandon it. "White Negroism" was the explanation which one Belgian gave as to why young European executives were leaving American-owned subsidiaries. "You have to accept the fact that the only way to reach a senior post in our firm is to take out an American passport," added a British executive commenting on this problem.²¹

The avoidance of administrative fragmentation or loss of executive talent provides strong incentives to the central leadership of the transnational organization to move from a dispersed to an integrated nationality pattern. An integrated pattern is also likely to produce a more uniform outlook on organizational problems among managers, irrespective of their nationality, and hence also to permit some shift back to more decentralized decision-making without threatening organizational unity. The shift to an integrated pattern, however, requires overcoming many obstacles, particularly cultural and linguistic differences. The multinationalization of central headquarters almost always proceeds much more slowly than the "localization" of local management. Among transnational corporations, for instance, Nestlé is distinguished as one which has moved furthest in this direction, with one-third of the executives in its central headquarters being non-Swiss.²²

Traditions of national dominance die hard even in an organization like the Catholic Church, which is both an old organization and one which is, in theory, at least, self-controlled. Only recently, as one aspect of the increasing integration and centralization in the Church, has there been a significant change in the nationality make-up of the central headquarters. In 1961 Italians occupied 57 per cent of the 1,322 Curia posts in the Holy See. By 1970 they occupied only 38 per cent of 2,260 such positions. The numbers and proportions of Asian, Latin American, and African priests in the Curia went up strikingly during the course of the decade.²³ But the language, atmosphere, and

²¹ Christopher Tugendhat, *The Multinationals* (London 1971), 195. See also John Thackray, "Not So Multinational, After All," *Interplay*, 11 (November 1968), 23-25.

²² Tugendhat (fn. 21), 196.

²³ *New York Times*, July 1, 1970, p. 2.

practices within the Curia have remained predominantly Italian as the recruits from the other nationalities to the central headquarters have adjusted to the prevailing customs of what had been the dominant nationality.

V. TRANSNATIONAL ORGANIZATIONS IN NATIONAL POLITICS

In most instances, a transnational organization can conduct its operations only with the approval of the government claiming sovereignty over the territory in which it wishes to operate. Consequently, the transnational organization and the national government have to reach an *access agreement* defining the conditions under which the operations of the former will be permitted on the territory of the latter. The contents of this agreement will reflect the relative bargaining strengths of the two parties. In some instances, the transnational organization may have a clear upper hand and be able to secure access on very favorable terms. It may, for instance, in classic imperial form, be able to threaten sanctions by the national government of its home territory if it is not given access on the terms which it desires. More generally, the terms of the access agreement will reflect: (a) the benefits which each side perceives for itself in the conclusion of an arrangement; (b) the inherent strength of each side in terms of economic resources, coercive power, leadership skill, and organizational coherence; and (c) the alternatives open to each side to secure what it wishes through arrangements with another organization or another government.

Apart from the instances where the transnational organization can bring coercive pressure to bear on the national government, the latter will presumably agree to the operations taking place on its territory only if those operations themselves serve the purposes of the national government or are compatible with those purposes, or if the transnational organization has paid a price to the government to make those operations acceptable. In either case, the local national government receives benefits by trading upon its control of access to the national territory. As transnational organizations become larger and more numerous, the demands for access to the territory of nation-states will also multiply. The value of that access, consequently, will also go up. The national governments who control access will thus be strengthened. In this sense, the growth of transnational operations does not challenge the nation-state but reinforces it. It increases the demand for the resource which the nation-state alone controls: territorial access.

Within the nation-state, those groups which dominate the national government are similarly able to use the increased value of their control over access to the national territory to strengthen their own position vis-à-vis other groups in their society.

The price that a transnational organization has to pay for access to national territory will thus, in part, depend on the extent to which the government controlling that territory perceives those operations as contributing to its purposes. If the operations clearly serve the government's purposes, it may offer considerable inducements to the transnational organization to locate its operations there. This might be the case, for instance, with a factory which not only provided local jobs but also either met an urgent local need for its product or earned needed foreign exchange by the export of its product. It would also be the case with military installations which contributed to local defense. In other instances, however, the installations of the transnational organization may contribute very little to the purposes of the local government. This is presumably more likely to be the case the more global the scope of the overall operations of the transnational organization and the more tightly integrated the conduct of those operations. In these cases, the transnational organization may have to pay a heavy price to conduct its operations on a particular piece of territory. The West German Government contributes substantial amounts to the U.S. Government to insure that U.S. forces remain in Germany, because those forces contribute to local defense. The U.S. Government, on the other hand, pays substantial amounts to the Spanish Government to maintain U.S. air and naval bases in Spain, because those bases do not directly contribute to a local defense need. Those who criticize the "high price" which the U.S. Government pays for bases in countries like Spain or Ethiopia underestimate the bargaining power of those governments. They assume that the presence of the base demonstrates the subservience of the local government to U.S. wishes. But in fact the base and the price paid for it are evidence of the autonomy of those governments and of the differences between their goals and those of the U.S. Government's transnational organizations.

One of the curious phenomena of post-World War II international politics was, indeed, the striking contrast which often existed between the awesome and overwhelming military, logistical, material, technological, and economic presence of U.S.-based transnational organizations in a society, which at times seemed likely to suffocate the local society, and the degree of political influence which the U.S. Government exercised on the government of that society. The former often

seemed out of all proportion to the latter. American organizations easily penetrated the local society; the local government easily, blandly, and, to Americans, infuriatingly, resisted the advice and demands of the U.S. Government. The American presence may have been overwhelming; American influence almost always fell far short of that.

The reasons for this gap lie, of course, in the motives for the presence of the U.S.-based transnational organizations and in the nature of their operations. The American organizations were often present in the country not to serve the needs of that country as defined by its rulers and elite, but to serve their own interests which, however, might well be rationalized in terms of the interests of the local country. The Americans were there in the way in which they were there because they were convinced that it was important *for them* for them to be there, not because the local government thought that it was important *for it* for them to be there. In many cases, therefore, the manifestations of the U.S. presence, such as military bases, were not sources of American political influence in the local society but rather drains upon it; local governments had to be persuaded, induced, or bribed to permit the activity to occur. U.S.-based transnational operations in some societies were not levers but hostages. The goals of the transnational organizations transcended those of the local society, and the organizations paid what they had to to the local government in order to carry on their activity, which contributed to goals in which the local government often had little direct interest.

The political costs of maintaining a presence thus often exceeded the local political benefits generated by that presence. In addition, however, to the extent that the goals of the U.S.-based transnational organizations reflected only the general interests of the organizations and were not specific to the society in which the operation occurred, the transnational organizations themselves had no interest in the local political system so long as it did not obstruct their ability to operate. U.S.-based transnational organizations indeed often went to extreme lengths to deny that their local operations had any effect on local politics. Far from wishing to exercise political influence in the local society, their goal was to be as far removed from local politics as possible. The transnational religious activities of the Catholic Church, it has been argued, are facilitated by the separation of state and church in a country.²⁴ The transnational economic and military activities of U.S.-based transnational organizations are similarly facilitated if these oper-

²⁴ Vallier (fn. 14), 137-38.

ations can be separated from local politics. From the viewpoint of the transnational organization, the ideal situation would be one in which the local political system and the transnational operation had nothing to do with each other. The typical American attitude would be: "Let us operate our air base; mine copper; provide technical advice to the engineering school—all without involvement with local politics." The aim of the Americans would not be to control the local government, but to avoid it.

The operations of transnational organizations thus usually do not have political motivations in the sense of being designed to affect the balance of power within the local society. They do, however, often have political consequences that actually affect that balance. Insofar as the transnational organizations have to come to terms with the dominant groups in the local political system in order to secure access to a country, their operations will tend to reinforce, or at least not injure, the position of those groups. The immediate general impact of transnational operations on a society is thus likely to be a conservative one. The longer-run general impact, however, may be quite different. The transnational organization typically brings into the local society new activities which could not be performed as well by local organizations. Insofar as the transnational organization is itself based in an economically more developed society than the one in which it is conducting its operations, it tends to be a major transmission belt for new styles of life, new ideas, new technology, and new social and cultural values that challenge the traditional culture of the local society. In addition, of course, while the immediate impact of transnational operations generally reinforces the powers that be, it may also redistribute power among those powers. The transnational organization brings new resources—equipment, technology, capital, personnel—into the society. Quite apart from whatever purposes it may have, the way in which those resources enter the society, and their location in that society, will benefit some specific groups at the expense of others. Investments by transnational corporations stimulate growth in some industries and regions but not in others. Economic and military assistance programs strengthen economic planning agencies and military services as against other bureaucratic and political groups.

Access agreements between governmentally controlled transnational organizations and national governments obviously appear in the traditional form of intergovernmental agreements. In substance, however, they often differ little from the agreements negotiated between a privately controlled transnational organization and a national govern-

ment. The weight of the controlling government presumably plays a significantly greater role, however, in the negotiation of the former than of the latter. Officials on both sides may see the intergovernmental access agreement as an integral part of their overall political and diplomatic relations. With respect to private organizations, however, pressure from the home government generally does not, except in unusual cases such as the Middle East in the 1920's, play a significant role in securing initial access. The home government is much more likely to enter the picture if the host government attempts to terminate access or to change the conditions of access. In the past, this could and, at times, did produce U.S. military or paramilitary intervention (as in Guatemala in 1954) to maintain the access of U.S.-controlled transnational corporations and agencies. More frequently, actions by governments denying or curtailing transnational operations are met by diplomatic protests and economic sanctions by the home government. With some exceptions (of which Vietnam is the most notable), the bulk of U.S. Government interventions—military, economic, and political—in the domestic politics of Third-World states after World War II have been relatively discrete, *ad hoc* efforts to maintain or to restore previously existing access conditions for U.S.-based transnational organizations rather than efforts to achieve more comprehensive purposes.

Current issues concerning access to national territory by transnational military organizations, corporations, and foundations do not differ substantially from those which for many years have concerned the Roman Catholic Church. The goal of the Church is to carry on its religious activities on as broad a scale as possible. Throughout the centuries this has meant that it must come to terms with national governments for access to their territories. "Whenever the Holy See takes up pastoral policies, educational activities, or missionary work, it is faced with the problems of legitimating itself to national governments, gaining access to politically sovereign territories, . . . and preserving and strengthening relationships between local churches and the transnational center in Rome."²⁵ The goals of the Church in negotiating with a national government do not differ significantly from those of other transnational organizations. With appropriate changes in wording, the following could presumably describe the goals of Mobil Oil or Philips: "In its relationships with nation-states the Holy See undoubtedly holds as an ideal a situation in which it has free or untram-

²⁵ *Ibid.*, 135.

meled access to a country, in which the government guarantees to protect and support the Catholic faith, and in which the Holy See's controls over central ecclesiastical matters are fully specified and legalized in the form of an international agreement or concordat."²⁶ This type of arrangement for "privileged access" has existed in only a few countries, such as Colombia. Almost equally favorable from the Church's viewpoint, however, are the situations in those societies (France, United States, Chile, for example) where there is complete separation of church and state, and which thus furnish the Church "unusually favorable opportunities for transacting business across their boundaries."²⁷

To regularize its ability to carry on its activities, the Church seeks an access agreement with the controlling government. "It tries to get a Concordat, that is to say something which approximates to an International Treaty between itself (as representing the interests of the local Church) and the particular Government. If it cannot get a Concordat, it will be satisfied with a *modus vivendi*. If it cannot get a *modus vivendi* it will try for an informal arrangement, a gentleman's agreement or—to give it its somewhat cruder Italian title—a *combinazione*."²⁸ Like a transnational business corporation, the Church is not normally concerned with the political or even religious nature of the government with which it is dealing, so long as it is possible to arrive at an agreement permitting the Church access to the territory controlled by the government. The Church's goals are limited; it does not aim to challenge or alter the structure of political authority; it simply wants freedom to carry on its religious operations. As Pope Pius XII put it in 1953: "It is always one of the essential tasks of the Holy See to see that, throughout the entire world, there reigns between church and state normal and, if possible, friendly relations, in order that Catholics may live their faith in tranquillity and peace and that the Church may, at the same time, provide for the state that solid support which it constitutes wherever it is allowed to carry on its work in freedom."²⁹

At times people have drawn parallels between the Catholic Church

²⁶ *Ibid.*, 135-36.

²⁷ *Ibid.*, 138.

²⁸ D. A. Binchy, "The Vatican and International Diplomacy," *International Affairs*, xxii (January 1946), 49, quoted in Ivan Vallier, "The Roman Catholic Church as Transnational Actor: Preliminary Notes" (unpub., 1970), 24-25.

²⁹ Quoted in Robert A. Graham, *Vatican Diplomacy: A Study of Church and State on the International Plane* (Princeton 1959), 6-7. In a similar vein, Pope Leo XIII stated that "it is not the Church's province to decide which is best among many diverse forms of government" but instead to work with any political system that is prepared to uphold the "respect due to religion and the observance of morality." *Encyclical Sapientiae Christianae*, quoted in D. A. Binchy, *Church and State in Fascist Italy* (London 1941), 87.

and international communism. In the terms which concern us here, however, it is the differences between these two movements that are more striking. The communist goal is to gain political control of the nation-state by destroying the existing state structure and creating a revolutionary new political system. The Church's goal, in contrast, is not national control but transnational operation. The communists, moreover, purchase national control at a price: it can and has disrupted and divided international communism. Within the transnational church, on the other hand, the avoidance of national political control facilitates the resolution of differences. At one level, communist parties pose a challenge to the Church in offering an alternative secular faith. In a quite different and, in a sense, much more effective way, communist governments challenge the Church by denying it access to their territories or by permitting only a most restricted form of access. Communism, in this sense, is a threat to the Church, not because it is materialistic and anti-religious, but because it is nationalistic and anti-transnational. In some measure, the conflict between a communist government and the Catholic Church is the archtypical conflict between the most nationalistic form of the nation-state and the most transcendent form of the transnational organization.

VI. TRANSNATIONAL ORGANIZATION VS. THE NATION-STATE?

The rise of transnational organizations after World War II was a product of American expansion on the one hand and technological development on the other. For a quarter of a century these two trends reinforced each other. Now, however, the American impetus to involvement in the world is waning. The American will to lead, to promote economic and cultural interaction and integration, to maintain militarily the outer boundaries of a world-wide system and to foster politically free access within that system has declined markedly. In the immediate future, U.S. Government-based transnational organizations are likely to decline in importance compared to privately controlled organizations; U.S.-controlled transnational organizations will decline in relative significance compared to those controlled by other nations and by international bodies. The question remains, however, how these changes in the relationships among nation-states will affect the overall role of transnational organizations. The pre-eminence of one nation-state in large portions of the world favors the emergence of transnational organizations under the sponsorship and control of that nation-state. This is peculiarly the case when that state has a

highly pluralistic and open political and institutional tradition that is conducive to the generation of transnational bodies. World politics is now moving in the direction of a bipolar military balance between the superpowers, a multipolar diplomatic and economic balance among the great powers, and increasing discrepancies in power tending toward regional hegemonies among the less developed states. This structure of world politics could be far less conducive to the emergence and operation of transnational organizations than one in which one center predominated. Clearly it favors a dispersion of control over transnational organizations. It may also favor a slowdown in their numerical growth and some restriction in the geographical scope of their activities.

While the political preconditions for transnationalism have changed significantly, the technological dynamic has continued without slowdown. "The extraordinary improvements in international communication and transportation seem destined to continue, accompanied by more Intelsats, Concorde's, IBM 370's, and all the other modern instruments for shrinking time and space. The relative decline in the costs of communication and transportation is likely to increase the advantages of large-scale producing units and to increase the size of manageable enterprises."³⁰ Business corporations, aid agencies, military services, foundations, churches, public service organizations, all will have an increasing capacity to operate on a global scale and, presumably, increasing incentives to capitalize on the opportunities which this capacity gives them. Functional bureaucracies will feel ever more cramped by national boundaries and will devise means to escape beyond the boundaries within which they were born and to penetrate the boundaries within which they can prosper. Existing transnational organizations will find it in their interest to continue to integrate their activities and to tighten the organizational bonds which cut across national borders.

Politics and technology thus seem to be at odds. On the one hand, in an atmosphere of American political withdrawal and balance-of-power diplomacy, national governments may feel increasingly confident in confronting transnational organizations. A nationalist backlash could be in the making, producing new restrictions on the autonomy and scope of transnational organizations, and in some cases ousting transnational organizations from the national territory and bringing their local assets under full national control. Given this

³⁰ Vernon (fn. 4), 251-52.

scenario, the transnational organization could be seen as a transient phenomenon unable to outlast the political conditions responsible for its emergence. Transnational operations could fragment and disappear in the face of a rise in nationalist autarky.

Some observers, on the other hand, have seen the rise of the transnational organization, particularly the "multinational" business corporation, as challenging the future of the nation-state. As one leading American banker put it, "the political boundaries of nation-states are too narrow and constricted to define the scope and sweep of modern business." We have, consequently, seen the rise of "the new globalists," the "advance men" of "economic one-worldism" who see "the entire world as a market," and we may be evolving into a period in which "businessmen often wear the robes of diplomats" and "are more influential than statesmen in many quarters of the globe."³¹ The transnational corporation, George Ball has said, "is a modern concept evolved to meet the requirements of the modern age" while the nation-state "is still rooted in archaic concepts unsympathetic to the needs of our complex world."³² In similar terms, Arthur Barber has argued that the transnational corporation "is acting and planning in terms that are far in advance of the political concepts of the nation-state." Just as the Renaissance ended feudalism and the dominant role of the Church, so this twentieth-century renaissance is "bringing an end to middle-class society and the dominance of the nation-state."³³

These predictions of the death of the nation-state are premature. They overlook the ability of human beings and human institutions to respond to challenges and to adapt themselves to changed environments. They seem to be based on a zero-sum assumption about power and sovereignty: that a growth in the power of transnational organizations must be accompanied by a decrease in the power of nation-states. This, however, need not be the case. Indeed, as we have argued, an increase in the number, functions, and scope of transnational organizations will increase the demand for access to national territories and hence also increase the value of the one resource almost exclusively under the control of national governments. The current situation is, in this respect, quite different from that which prevailed with re-

³¹ William I. Spencer (President, First National City Corporation), "The New Globalists" (Address before American Chamber of Commerce, Frankfurt, Germany, September 6, 1972).

³² George W. Ball, "Cosmocorp: The Importance of Being Stateless," *Atlantic Community Quarterly*, vi (Summer 1968), 165.

³³ Arthur Barber, "Emerging New Power: The World Corporation," *War/Peace Report*, viii (October 1968), 7.

spect to state governments and national corporations within the United States in the nineteenth century. There, the Supreme Court held that except in rare circumstances, state governments could not deny or restrict access to their territory by businesses based in other states. The interstate commerce clause left such regulatory power to Congress. In the absence of any comparable global political authority able to limit the exclusionary powers of national governments, transnational organizations must come to terms with those governments.

By and large, private transnational corporations have recognized this fact and have attempted to deal with national governments in a conciliatory manner.³⁴ The proponents of the transnational corporation also recognize this fact when they argue that the imposition of local restrictions and controls on the operation of the transnational corporation will "necessarily impede the fulfillment of the world corporation's full potential as the best means yet devised for using world resources according to the criterion of profit, which is an objective standard of efficiency." To avoid this situation, they advocate creating by treaty an International Companies Law which could "place limitations . . . on the restrictions that a nation-state might be permitted to impose on companies established under its sanction."³⁵ The probability of national governments arriving at an international agreement to limit their own authority, however, would appear to be fairly remote at the present time. In the absence of any such mutual voluntary abnegation of power, the national governments will retain their control over access.

National governments capitalize on that control by granting access on conditions satisfactory to them. A government may, of course, use its control over access foolishly or corruptly. If, however, it uses it wisely, granting access to private, governmental, and international transnational organizations in such a way as to further its own objectives, it is far from surrendering its sovereignty. It is, instead, capitalizing on its control over one resource in order to strengthen itself through the addition of other resources. The widespread penetration of its society by transnational organizations will, obviously, have significant effects on that society. But that does not necessarily mean an impairment of the sovereignty of the national government. The Government of Thailand, for instance, has negotiated wide-ranging agreements giving U.S. corporations, the U.S. Air Force, the World Bank, and other international organizations access to its territory. In the

³⁴ Vernon (fn. 4), 261-62.

³⁵ George W. Ball, "Making World Corporations Into World Citizens," *War/Peace Report*, VIII (October 1968), 10.

process it has not only contributed to the development of its own society, but it has also greatly strengthened itself as a government. The Burmese Government, on the other hand, has closed the door to virtually all transnational organizations and has thus denied to itself and to its society the benefits which might have accrued through the use of one of the few resources which it does control. As a result of these different policies, in what sense now is the Government of Thailand any less sovereign than the Government of Burma? The former has flexed its sovereignty; the latter has buried it.

The end of the European colonial empires was followed by the creation of a large number of new nation-states often lacking established institutions, consensus on the bases of legitimacy, and sizeable, technically well-trained, and politically skilled elites, as well as any inherited sense of national unity and identity. Many such countries in Africa and some in Latin America and Asia have been labeled "non-viable." Yet at the same time, many such countries are also in the grip of fissiparous tendencies that threaten to break up the existing fragile nation-state into even smaller units. While functional imperatives seem to be making transnational organizations bigger and bigger, cultural and communal imperatives seem to be encouraging political units to become smaller and smaller. "Tribalism" in politics contrasts with "transnationalism" in economics. Yet these contrasting patterns of development are also, in some measure, reinforcing. The nation-states of today which are labeled "unviable" and those still smaller entities which may emerge in the future could well be made viable by the operations of transnational organizations that link activities within one state to those in other states. The sovereignty of the government may, in this sense, be limited, but the sovereignty of the people may be made more real by the fact that the "sovereign" unit of government is smaller, closer, easier to participate in, and much easier to identify with.

With respect to the coexistence of the nation-state and the transnational organization, the case can, indeed, be made that at the present time the existence of one not only implies but requires the existence of the other. These two entities serve different purposes and meet different needs. They are often in conflict, but the conflict is rooted in differences rather than similarities in function. Two states may conflict because they wish to exercise sovereignty over the same piece of territory; two corporations may conflict because they sell similar goods in the same market; two parties may conflict because they attempt to win the same votes. In all these cases the competitive entities are similar in function, structure, and purpose. The competing entities

are essentially duplicates of each other. Such *duplicative conflict* is often zero sum in character and involves, potentially at least, the survival of one or both parties to the conflict. *Complementary conflict*, in contrast, involves entities performing essentially different functions; the competition stems from this dissimilarity of function. In these instances, the existence of the parties is not usually at stake. Each has some interest in the survival of the other as an inherent component of a system of which they are both part. Within that system, each also has a role to play which inevitably brings it into conflict with the other type of institution, playing a different role. This conflict is incidental to each institution's performance of its respective functions, and the conflict between the institutions is limited by their difference in functions. In a sense, the conflicts are almost jurisdictional in nature, an inevitable friction in the working of the system. Indeed, these conflicts are often not referred to as rivalries but as "relations." One speaks of legislative-executive relations, labor-management relations, civil-military relations, government-business relations. The assumption is that the two parties must "relate" to each other in order to function at all: industrial production requires labor *and* management; war requires politicians *and* soldiers. One institution cannot obliterate the other without transforming itself and becoming a functionally different institution. (In systems where functional differentiation is not very far developed, this may well happen, as when a military junta displaces a party regime in a less developed country.)

The conflict between national governments and transnational organizations is clearly complementary rather than duplicative. It is conflict not between likes but between unlikes, each of which has its own primary set of functions to perform. It is, consequently, conflict which, like labor-management conflict, involves the structuring of relations and the distribution of benefits to entities which need each other even as they conflict with each other. The balance of influence may shift back and forth from one to the other, but neither can displace the other.

In fact, the balance between a transnational organization and a national government often does appear to move through three phases. In the first phase, the initiative lies with the transnational organization which often secures access to the territory controlled by the government on very favorable terms. In the second phase, the government asserts control over the local operations, perhaps even displacing the transnational authority completely. In the third phase, the transnational

organization returns to the scene and a new equilibrium is worked out between the two entities.

This sequence has, in some measure, manifested itself in the relations between national governments and both the Catholic Church and business enterprises. Normally, too, the second phase of nationalist reaction often occurs during a period of political instability and governmental weakness. Thus, at various times in history, governments of Catholic countries have acquired extensive controls—patronage rights—over the Church in their country, including power over the creation of dioceses, the appointment of bishops, the veto of papal communications. These governments, such as the Spanish Government in the sixteenth century, in effect nationalized the Church just as twentieth-century governments have nationalized foreign business. Their action also stemmed from similar political needs. “It seems that wherever one finds a Catholic country in the West that is unsure of itself politically, it will attempt to maximize the scope of political control over ecclesiastical affairs.”³⁶ The assertion of control over the Church, in short, reflects political weakness rather than strength.

The same is also often true with the assertion of control over transnational business corporations. Such nationalizations often occur at times of intense domestic conflict and tension. Weak governments resort to nationalization as a way of mobilizing popular nationalist sentiment behind the government. Strong governments, on the other hand, even though they may be committed to a radical nationalist ideology, do not need to appeal to popular chauvinism and are able to deal as equals with foreign business. Postrevolutionary governments in Mexico, Algeria, Yugoslavia, as well as in the countries of the Soviet bloc in Eastern Europe, have made mutually beneficial arrangements with private corporations that would be beyond the capacity of less stable Third-World polities. In a broader sense, also, the more stable and highly developed political systems in Western Europe and Canada have been able to tolerate levels of transnational activity far beyond those which would be possible in countries with more fragile regimes. Some years ago Samuel Beer upset the conventional academic contrast of British (“strong parties”) politics and American (“strong pressure groups”) politics by arguing persuasively that in Britain both parties *and* pressure groups were stronger than they were in the United States, and that there was in some measure a necessary relationship

³⁶ Vallier (fn. 14), 139.

between these phenomena.³⁷ In a similar vein, strong transnational organizations and strong national governments may also develop together.

The novelty and, indeed, the revolutionary character of the transnational organization stem in large part from the fact that it has emerged apart from the existing structure of international relations. It is an outgrowth of the nation-state, but it is founded on a principle entirely different from nationality. In economic history, the impetus for change came from neither feudal lord nor feudal peasant but rather from a new urban class of merchants and entrepreneurs who developed alongside but outside the feudal social structure. And, as Marx recognized, this was the revolutionary class. Similarly, today the revolutionary organizations in world politics are not the national or international organizations which have been part of the nation-state system, but rather the transnational organizations which have developed alongside but outside that system. Just as the bourgeoisie represented a principle of production foreign to the feudal system, so does the transnational organization represent a principle of organization foreign to the nation-state system. In Marx's terms, the capitalist forces of production outran the feudal relations of production. Today, man's capacities for organization are outrunning the nation-state system. Internationalism is a dead end. Only organizations that are disinterested in sovereignty can transcend it. For the immediate future a central focus of world politics will be on the coexistence of and interaction between transnational organizations and the nation-state.

³⁷ Samuel H. Beer, "Group Representation in Britain and the United States," *Annals of the American Academy of Political and Social Science*, cccxix (September 1958), 130-40.