

## **The Mark Twain syndrome - why cities might rule (sometime)**

Colin James to Masterton branch, New Zealand Institute of International Affairs

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Mark Twain quipped that a report of his death was an exaggeration. The same is often said of the sovereign nation-state. But Mark Twain did die, 13 years after the exaggerated report.

Death reduced Mark Twain to putrefaction and sustenance for creatures of the dark. His words live on, a disembodied testament to our human need and yearning for ways to knit belief that we have meaning and are distinct from and superior to all other living things in this temporary, 10-billion-year habitat whose sun will one day go out.

We invest similar belief and hope in our governing constructs. But, like Mark Twain, they are not immortal. Multiple empires and multiple lesser satrapies and realms have disintegrated and dematerialised through the past three of four millennia.

The sovereign nation-state is "an improvisation of recent centuries", to quote *Financial Times* columnist Janan Ganesh.<sup>1</sup> It was born of violent sectarian conflict. The Peace of Westphalia in 1648, ending 30 years of devastating war, established a limited principle of states' sovereignty which firmed in practice over succeeding centuries. The industrial revolution was a major element in that firming, linking local economies and societies and turning them into national economies and societies. By the early twentieth century the nation-state was held to be inviolably sovereign in managing its affairs – though of course the principle was not always observed because invasive war remained in vogue, even, up to 1945 in "civilised" western Europe.

A nation-state is built on a nation, that is, a people or related grouping of peoples bound together by history and culture or by a unifying fiction or narrative constructed and embedded over time. The nation-state is bounded by survey pegs, separated geographically from other nation-states. It believes itself whole and distinct from others lying outside the survey pegs. From that it assumes an inalienable right and duty to rule itself and all who live within it according to its lights and traditions, without interference from outside, whether violent or admonitory.

In the mid-twentieth century the United Nations embedded this principle. Like the Treaty of Westphalia, the United Nations Treaty was born of destructive wars. The United Nations ideal was to avoid future such wars by collective recognition of the inviolable sovereignty of its member-nation-states, secured by those survey-peg borders. This sovereignty principle was extended to the newly decolonised states of Africa and Asia, including those which were hotchpotches of different and even warring nations and peoples aggregated arbitrarily by Europe's aggressive land-grab empire-building.

But is nation-state sovereignty still inviolable and, even if so now, will it endure? Endogenous and exogenous forces are gnawing at it similarly to the way viruses and chronic ailments weaken an ageing human.

A signal in rich liberal democracies has been the wearing down or decay of the centre-left/centre-right dominance. This was a structured system, shaping liberal democratic societies into something resembling a rugby football and shaping the political sphere similarly. Most of this football was occupied by centre-left and centre-right parties or coalitions which commanded governments and operated within well-understood boundaries. There were minor extremists in the points at each end of

the football and there was some space on the flanks for occasional rogue or populist irritants.

New Zealand's rugby football went out of shape in the 1990s after the radical governments of 1984-92. ACT and the Alliance occupied quite a lot of space at the two ends and New Zealand First and Christian Democrats pushed out the sides. The middle was squeezed both lengthwise and sidewise. But the football regained its regular shape in the Helen Clark years in the 2000s, when Labour, then National, reclaimed much of the football. It now looks remarkably stable and in shape compared with other liberal democracies, including Britain, the United States, France, Spain, Italy, Greece and even Holland and Germany.

In Britain and the United States the two big old parties look on the surface to be still running the show. But within Britain's Conservatives and Labour and the United States' Republicans and Democrats there are not just different tendencies – that is usual within any large institutions, particularly political ones – but two or three forces at serious odds with each other. In France the Socialists are in crisis and in elections in May and June the conservative Republicans were blanketed by Emmanuel Macron and his En Marche movement in May-June and were under pressure from the National Front (though did hold their own in September in Senate elections which are not by popular vote). In Spain a new left force, Podemos, emerged out of the Socialists. Syriza in Greece did that even more spectacularly and has been running the government. In Italy the anarchistic Five-Star Movement, formed by a clown, holds a number of major mayoralities and is running close to 30% in polls, in first place ahead of the ruling Democrats who are the reconstituted Socialist party under a pinup leader, Matteo Renzi. In Holland and Austria the Conservative parties have had to imbibe and regurgitate some of their far right challengers' rhetoric in order to cling to office. Even stolid Germany has been deserting the Social Democrats and Christian Democrats.

The centre-left/centre-right dominance was built on a very large centre or middle occupying most of the football. But where was the centre last year in the contest between Hillary Clinton and Donald Trump and in the Brexit referendum? Where was the centre in Macron's surge to power or in Germany's election in September?

The centre-left/centre-right hegemony generated structured policies and operated by them. The centre-left/centre-right parties were constrained within recognised boundaries that excluded the extremes and populist or other fads. Policy adjustments did not cause havoc.

Now that the rugby football has been squeezed out of shape in northern liberal democracies, policies are no longer reliably structured. The emergence of other forces that are not built on a centre opens up nation-states to divisive or destabilising influences or forces. This gnaws at sovereignty from within.

So it is not surprising that within some states there are attempts at secession: Spain's richest region, Catalonia, Scotland in the now Dis-United Kingdom and overwhelming majority "consultative" votes recently in Italy's richest Veneto and Lombardy regions for substantial autonomy. These follow the 1990s dismemberment of Yugoslavia and ethnic-Albanian Kosovo's divorce from Serbia. Slovakia separated from Czechoslovakia in 1993. With invasive Russian help, the Crimea separated from Ukraine; that followed Russian help to South Ossetia and Abkhazia to secede from Georgia and Transnistria to separate from Moldova. Iraq and Turkey continue to squash the ethnically distinct Kurds who surely do constitute an ethnic nation with a

distinctive heritage and therefore have a claim to a separate nation-state.

More spectacular is Britain's exit from the European Union. The European Union started as a project to enfold vexatious national tribalism into a higher order, initially to forestall a repeat of the devastating twentieth-century wars, then to build an integrated region. Britain's narrow-majority amateurs-night referendum to leave gave voice to resentment at the failure of trickle-down economics to reach large numbers of the less-well-off, to an associated widespread anger at, or nativist resistance to, immigration from eastern Europe and to a romantic desire among arch-conservatives to reconstitute a long-gone yesteryear Great Britain, free of Brussels-originated laws, regulations and courts. In fact, the "nation" in this case turns out to be England because Scotland and Northern Ireland voted to remain – and that little-England is even littler because London also voted to remain, a point I will come back to later.<sup>2</sup> A complication is how the now seamless border between Ulster and the rest of Ireland will be managed if there are tariffs and passport requirements.

The European Union provides a certain logic in the Catalan attempt at secession and Scotland's referendum of 2015. It might in *theory* be easier to establish a distinct nation state under the overarching European Union umbrella than as a breakaway from a stand-alone state because the European Union is agnostic as to the level at which actions and decisions are taken *within* states as long as the states conform to European Union rules. But Brexit, the Catalan ructions, global disorder and the breakdown of the centre-left/centre-right hegemony has made member states distinctly unwilling to accord legitimacy to secessions, lest that erode the union itself, not to mention their own internal unity.

Britain's Brexit vote was not just a vote to leave Europe. A large ingredient was the impact, real or perceived, of hyperglobalisation, as Dani Rodrik calls it, of trade, commerce and finance – and people. The more global the world economy became the more those doing less well over recent decades have blamed these global forces for their plight and thus have grown more likely to want to withdraw from a hostile world into the shelter of the "nation" they feel they have lost – to take back control, as Brexiteers put it. That wistful hope of recovering the "real" and "authentic" America was a large element in the election of Donald Trump as United States President.

The obverse of that is that some large cities which produce more wealth per capita than their surrounds are beginning to chafe, as Catalonia, Veneto and Lombardy – and London under Brexit – demonstrate, to which I will return.

In a sense people – or some people – have turned more "local". This is in two ways: an expression of belonging and identity or rich-big-city exceptionalism. This is all the more logical if globalisation is weakening the nation-states people live in.

Which it has been. The globalisation of trade, commerce and finance through multilateral, bilateral and more recently plurilateral agreements, coupled with the rise of supranational corporations dominating some sectors, limits sovereign power to legislate as states see fit. As tariffs and other border barriers have been lowered or abolished, these agreements have then moved on to deal with behind-the-border actions, subsidies and regulations that hinder fair and free trade. Thus "free trade" agreements have been more about regulatory convergence than border issues and are not measurable only, as some still seem to think, by access for the goods and services of one country into another. Trade agreements have included intellectual property protection and limits on state-owned enterprises. They have included investor-state

dispute settlement processes that bypass national court systems and use unaccountable disputes panels. Such measures have intruded further into sovereignty and widened the opposition within states, as opposition here to the Trans-Pacific Partnership demonstrated. In the United States both presidential candidates in 2016 abjured the TPP agreement.

Some, like Martin Wolf of the Financial Times, have declared globalisation dead on the strength of the United States' withdrawal from TPP and from the Trans-Atlantic Trade and Investment Partnership, thousands of small protectionist manoeuvres by rich countries and the failed World Trade Organisation Doha round. Add in the refusal by the United States, the European Union and Japan to endorse China as a market economy in the World Trade Organisation which would limit the grounds on which anti-dumping measures can be applied to China. Then note that the seven-member appellate body which ultimately decides disputes taken under World Trade Organisation rules – as New Zealand successfully did over apples to Australia – may soon be down to four because of big-power squabbles over replacements for retiring members. The case list before the appellate body is already lengthening and this threatens its ability to function. In fact, there is real possibility it will fall below a quorum which would effectively stall or end the disputes resolution procedure. For a clout-free small country like New Zealand, which needs a rules-based international and trading environment, that could be serious.

But is globalisation dead? Actually TPP-11, now the CPTPP, is still alive and Jacinda Ardern's new Labour-led government is accepting intrusions it said it wouldn't. The Asia-centred Regional Comprehensive Economic Partnership, which includes New Zealand, is inching along. The European Union has concluded a free trade agreement with Japan and is about to start negotiating with New Zealand, Australia and Mercosur (Argentina, Brazil, Paraguay and Uruguay) and has other negotiations in train. New Zealand is eyeing talks with the Pacific Alliance (Chile, Colombia, Mexico and Peru), with which Canada is negotiating. China is pushing ahead with its One Belt One Road deals with countries across Asia to Europe and with countries in South-East Asia. China's initiative is not free trade as we know it. It is mercantilist in nature, serving China's interests and not also a wider global interest in freer trade. But China's initiative will expand trade and it will over time reduce the sovereignty of nations involved because of their need to keep China sweet and also because China is making large loans to some nations to finance part of the construction.

That in turn focuses on China's wider ambitions to strengthen its connections to, and influence over, Chinese abroad according to its belief that all ethnic Chinese are "family", as Merriden Varrall<sup>3</sup> and others have detailed.<sup>4</sup> This influence extends, according to Anne-Marie Brady of Canterbury University<sup>5</sup>, to Chinese here and even a National MP, Jian Yang. New Zealand's heavy dependence on the Chinese market for goods exports and, increasingly, tourists will tighten that noose and challenge our freedom of action. China is a special sort of nation-state, an empire which sees itself as the centre of the world and civilisation and which expects vassal states and those on the perimeter of its sphere of influence to acknowledge that central status.

That has added edge to the already inescapable fact that New Zealand's prime foreign policy issue is managing China's management of us. Given our size disparity (to put it kindly), that management will, for us, be mainly how we manage our reactions to China's actions. China does want access to our primary asset, water, and to what we extract from it onshore and at sea. But we don't save and we do need the Chinese

market, which gives China increasing leverage. More edge has been added by the choice by the people of the United States of Donald Trump as President. Erratic is a kind description of this toddler's misconduct of international policy (again a kind word) and relations. That the United States has replaced promotion of multilateral trade with mercantilist bilateral deal-making (or not making) tilts the geo-economic and so geopolitical balance in China's direction – grist to Emperor Xi Jinping's imperial ambitions. Along with Brexit Britain, Trump United States underscores the decline of those two old Anglosphere guides to liberal-democratic good sense.

But even China faces two challenges to its imperial ambitions, challenges it shares with all nation-states.

One is digital globalisation. China is fighting that with censorship and repression. In a different way the European Union is trying to regulate the giants who dominate digital interaction, the Facebooks and Googles and Apples. But the odds are that over time both will fail. Just as 500 years back print spread the word of Martin Luther in way that had not been possible 50 years earlier and freed millions from the Catholic church's policing system, digital connectivity and mechanisms such as digital currencies are likely to defy the Beijing and Brussels police. Cyberspace is still largely *terra nullius*.

The second challenge is the rise of global issues no nation-state can deal with alone because their impact on nation-states cannot be stopped at the survey-peg border. Climate change is the big one. Pandemics are no respecters of borders. Ocean pollution and the loss of biodiversity are other examples.

Mechanisms involving a sort of global governance have been developed for some global activities. An example is the International Civil Aviation Organisation's rules which are binding on airlines flying between countries: if a nation-state or airline doesn't conform, its planes don't fly to other countries. In effect, a small part of the nation-state's sovereignty has been surrendered or transferred to ICAO. The United Nations Responsibility to Protect doctrine also presumes limits to nation-state sovereignty in that if a nation-state is judged to be flagrantly remiss in its duty to protect its citizens, the international community has a duty to intervene. Syria is an example. Some would add Myanmar's persecution of the Rohingya. In neither case has the United Nations intervened intrusively but the principle is on the books.

Nation-states also form "coalitions of the willing". The General Agreement on Tariffs and Trade and its successor World Trade Organisation could be seen in that light, as could the Organisation for Economic Cooperation and Development's rules on cross-border tax evasion and the 2015 Paris agreement on climate change.

These are in essence bottom-up initiatives. But the bottom can also lie below the nation-state. Thus an international Forest Certification Council certifies that forests and the supply chains from them are well managed environmentally. A Marine Stewardship Council certifies that ocean fisheries are well managed to maintain stocks and ecosystems. These operate at firm level but gradually they are likely to influence nation-state policy positioning. They associate the products with good practice which may – some argue increasingly does – win premiums in markets, particularly among better off or more idealistic consumers, or at least avoid markdowns or regulatory intrusions or prohibitions.

Which brings us to cities.

The global population has been urbanising since at least the industrial revolution and

this century the proportion of people living in cities climbed to 54% in 2015 and on present trends that proportion will go on rising – to around two-thirds by 2050-60. (For the record New Zealand is 86% urbanised, though in small urban entities by global standards.)

People move to cities for a higher standard of living and for a more interesting lifestyle. That is because big cities are in the main – there are decaying exceptions in industrialised-economy "rustbelts" – centres of innovation, arts and culture and engines of commercial and economic enterprise. According to Ivo Daalder, president of the Chicago Council of Global Affairs, "the 600 biggest cities account for more than 60% of global gross domestic product (and) the top 20 are home to one-third of all large corporations and almost half of their combined revenues".<sup>6</sup> Five years back the McKinsey Global Institute estimated 440 emerging cities in rising economies would deliver half of global GDP growth by 2025.<sup>7</sup> American political theorist Ben Barber argued in a book in 2013 that cities are generally progressive and internationalist in outlook and "the best hope for our future lies in their working together across regional and national borders".<sup>8</sup>

As these megacities grow, evolve and develop, they become distinct economically and culturally from their surrounding territories and populations. London was the first in modern times. Now the population of "greater London", those in or tightly tied into London, is 25 million. There are many such "megacities" in both developed and emerging economies. Increasingly, they are internationalised and self-defining.

"Official" London's 9 million people are one-eighth of Britain's population but produce nearly a quarter of its GDP and provide a third of its tax revenue (though a third of its children grow up in poverty, compared with a quarter of the nation as a whole because living costs are much higher). Ben Rogers, director of the Centre for London think tank, wrote last month that "the United Kingdom is no longer a superpower among nations but London is an urban superpower in an age when cities are becoming more important."<sup>9</sup> London's vote against Brexit was no surprise.

These megacities are still subjects of the nation-states in which they lie. They contribute to the debate over and the making of national laws. But as they grow in size absolutely and in proportion to the size of the nation-state, either the laws will increasingly reflect the needs and wants of those cities or those cities will increasingly demand greater autonomy, including in revenue raising, because they in effect subsidise the rest of the country. Hence the push for independence or autonomy in rich Catalonia, Veneto and Lombardy and a growing chorus in London. Auckland chafes at national politicians' and bureaucrats' presumptions of overlordship of a city which encompasses a quarter of the national population, with distinct issues of urban form, housing, transport and ethnic diversity which don't afflict or challenge or energise Dunedin.

It should be added that the resentment runs two ways. Less-well-off parts of the nation-state complain of too much attention to the cities. In this country farmers increasingly complain of major city influence as they resist environmental legal constraints, then grudgingly adjust to try to forestall more intrusions. Parliamentary Commissioner for the Environment Simon Upton, fresh from running the environment directorate at the Organisation for Economic Cooperation and Development, worries that "hundreds of millions of people are growing up in artificial environments without any sense of their connectedness with the biosphere".<sup>10</sup>

But as megacities' proportion of nation-states' populations and economic activity grow, their influence over nation-state governments will grow and their willingness to subordinate themselves will decline. And the more they interact with and collaborate with – or compete with – other cities and even nation-states, the more will likely they will be to see themselves as the equal of and then superior to the nation-states within the survey-peg boundaries of which they sit.

That leads to another important driver of change in the cities themselves and their relation to the nation-state. Cities are local. Nation-states aren't. Climate change makes that point. Cities on coasts, where many of the world's major cities are, will have to adapt to sea-level rise. Nation-states don't have to. So cities have a stronger interest in mitigating climate change than nation-states do (except small low-lying nation-states, as in the South Pacific).

So it is not surprising that cities around the world have been forming groupings to take and push action on climate change. The ICLEI 100% Renewable Cities Network shares knowledge about renewable energy in those cities' drive to meet their 100% objective. When President Donald Trump pulled the United States out of the Paris climate change accord, 365 mayors representing 67 million Americans, committed to adopt, honour and implement the Paris accord goals.

Another climate change group is the C40, set up in 2005, originally of 40 major cities and now comprising more than 90, among them Auckland. At the COP23 climate change summit this month in Bonn mayors of 25 of those cities totalling 150 million citizens (Auckland was not one), declared they would start cutting emissions before 2020 and be carbon neutral by 2050 and would provide direct support to nine African megacities to cut emissions. The C40 chair, Paris Mayor Anne Hidalgo, said that "the world's great cities are shaping the century ahead ... Mayors do what they must do, not what they can."<sup>11</sup>

The previous year, at the Marrakesh climate summit a "global compact" of 7100 cities announced 596 commitments to cut global emissions. They agreed to monitor each other's actions. Those 7100 account for 70% of all greenhouse gas emissions.

This international dimension of city activity is not confined to climate change. Recently Los Angeles appointed a deputy mayor of international affairs. That is by no means a first. Ivo Daalder pointed to Shanghai's foreign affairs office and Sao Paulo's diplomatic relations with "dozens of states". Regardless of whether they are seats of government, he said, "global cities .... increasingly need to forge foreign policies of their own by coordinating the global engagement of their corporations, top academic cities, cultural institutions and civic bodies".

Ivo Daalder sees a modern Hanseatic League of city-states emerging and he is not alone. Janan Ganesh wrote: "Some of the richest European cities governed themselves and their surrounds for longer than the countries they now find themselves in have existed." This enticing analogy should not be taken literally because the world of the 2020s is obviously not Europe of the middle ages and Janan Ganesh, for example, sees "no restoration of the city states" of that period. Still, I think there is something in the analogy. By 2100, if the great majority of people live in major cities and those cities are where the economic, innovation, climate, arts and culture energy are predominantly to be found, why would those cities defer to an order of nation-states, especially if their interests are not being advanced or protected adequately? If cities can cooperate on the big issues and nation-states can't, will cities begin to operate

outside the Westphalia confines? "Can do" ultimately beats "can't do".

Back to Mark Twain. Any report of the death of the sovereign nation-state or even the impending death, would be an exaggeration, to put it mildly. Not least, there is healing work to do in a disordered world, there is much scope for parallel action by cities and nation-states and the interests of those still not in major cities need to be looked after. Nevertheless, there is also much disorder within many nation-states and cross-border connections are growing, thanks to modern technology, between citizens and groupings of citizens and subnational organisations – far more than in the days of horses and even in the days of cars and wide-bodied jets. Nation-states separate peoples in ways that may seem to a highly diversified and connected global citizenry later this century to be artificial and obstructive.

So, yes, reports of the death of the nation-state are a greatly premature exaggeration. Which is reassuring, in a way, to tiny New Zealand with only one city that can call itself big-gish and none that are mega and which needs a rules-based world that might be more elusive in a city-run world than the present ragged nation-state-run world. But Mark Twain did die. Only his words live on. Put yourself in this room in 2117, six centuries on from the Treaty of Westphalia, with this issue in front of you.

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<sup>1</sup> Janan Ganesh, "Europe could see more Catalonias", *Financial Times*, 24 October 2017. Ganesh went on: "There is something of the arriviste about them [nation-states], forever reading heritage into a mock Tudor mansion. The nation is too young to deserve this assumption of permanence. It emerged before the welfare state ... and predates a global economy whose returns are to knowledge and capital, which convene on cities rather to land and industry."

<sup>2</sup> Fintan O'Toole, "Bexit's Irish Question", *New York Review of Books*, Vol 64, No 14, 28 September 2017. "The two countries [Ireland and Britain] joined the EU together in 1973 and their experience of working within it as equals was crucial in overcoming centuries of animosity." "... the decisive nationalist revolution ... occur[red] not in Scotland or Wales, but in England. Brexit is a peaceful revolution but it is unmistakably a nationalist revolt. It is England's insurrection against the very ideas that animated the Belfast Agreement: the belief that contemporary nationality must be fluid, open, and many-layered."

<sup>3</sup> Merriden Varrall, *Chinese worldviews and China's foreign policy* (Lowy Institute, November 2015).

<sup>4</sup> Wang Dan, "Beijing Hinders Free Speech in America", *New York Times*, 26 November 2017.

<sup>5</sup> Anne-Marie Brady, *Magic Weapons: China's political influence activities under Xi Jinping* (Wilson Centre, Kissinger Institute on China and the United States, 18 September 2017, <https://www.wilsoncenter.org/article/magic-weapons-chinas-political-influence-activities-under-xi-jinping>).

<sup>6</sup> Ivo Daalder, "The new global order of cities", *Financial Times*, 26 May 2015.

<sup>7</sup> Richard Dobbs, Janna Remes, James Manyika, Charles Roxburgh, Sven Smit, Fabian Schaar, *Urban world: Cities and the rise of the consuming class*.

<sup>8</sup> Ben Rogers, "Britain needs a parliament of mayors to promote urban interests", *Financial Times*, May 28, 2017, citing Ben Barber, *If mayors ruled the world* (Yale University Press, 2013).

<sup>9</sup> Ben Rogers, "Would more independence for London benefit the nation?", *Financial Times*, October 3 2017.

<sup>10</sup> Email exchange with Simon Upton, September 2017.

<sup>11</sup> "Big cities sign emissions pledge (but not ours)", *Carbon News*, 13 November 2017.