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THE CONCEPT OF SOVEREIGNTY IN TRANSATLANTIC RELATIONS

NEW REALITIES VERSUS THE OLD DEBATE¹

ABSTRACT Few subjects in the theory and practice of international relations are as sensitive and widely discussed as the meaning of sovereignty. Concentrating on transatlantic perspective, this article adds new evidence to the fundamental debate on the nature of sovereign authority in the international system. Many transnational economic and technological forces encourage the state to retreat from its traditional role. On the other hand, economic integration, monetary unification and the development of modern economies and cutting-edge technologies – the assets of partners of the Transatlantic Alliance – are possible only in stable political systems. So, are we witnessing the end of sovereignty or just a phase in history in which relations of power between political authorities, nations, groups of interests and individuals must be negotiated in order to create a new model of governance in a complex world?

Keywords: sovereignty, international relations, globalization

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The intellectual history of basic political concepts still influences the vocabulary in which the dynamics of domestic politics and international relations is described. Sovereignty is one of the key words in the modern political debate. Few subjects in the theory and practice of international relations is as sensitive and widely discussed as its meaning. The intensity of the debate over its definition is truly fascinating; it has been called *the most glittering and controversial notion in the history, doctrine and practice of international law*,² *a world which has an emotive quality lacking meaningful, specific content*,³ and *being of more value for purposes of oratory and persuasion than of science and law*.⁴ In the opinion of Jens Bartelson *...the question of sovereignty is to political science what the question of substance is to philosophy; a question tacitly implied in the very practice of questioning*.⁵ On theoretical and practical grounds, nearly all of the “core elements” of this concept demonstrate a great variety in its usage and its failure alike. Classic statements of Bodin and Hobbes are still quoted as though they were a lasting truth which could be applied universally. On the other hand, there is also a widely accepted view that the basic structure of the international system is changing and that these changes are influencing the condition and direction of the development of its main actors: sovereign nation states. Modern Europe was symbolically born with the Peace of Westphalia, that is commonly seen as a moment when the idea of sovereignty was first introduced.⁶ At that time new notions ranging from freedom of religion to great power have been introduced and the international system which emerged was that of interaction between sovereign states.⁷ But Europe and to some extent the United States entered the twenty-first century as postmodern models of governance and international interaction and the impact of globalization on state sovereignty and interdependence form two key issues in the postmodern debate concerning geopolitics. These two regions are especially important to illustrate the evolution and possible consequences of the changing nature of sovereignty. The transatlantic community has been a major modernizing force of the twentieth century, responsible for technological, cultural and social developments. Furthermore, the transatlantic order represented the most important framework for political interactions based on a commonality of values and interests. Two most developed regions of the world have been at the forefront of the

² H. Steinberger in T.G. Weiss, *Humanitarian Intervention. Ideas in Action*, Cambridge 2007, p. 1313 (*War and Conflict in the Modern World*).

³ P. Minkinen, ‘The Ethos of Sovereignty: A Critical Appraisal’, *Human Rights Review*, Vol. 8, No. 2 (2007), p. 33, at <<http://dx.doi.org/10.1007/BF02881665>>.

⁴ M.R. Fowler, J.M. Bunck, *Law, Power and the Sovereign State. The Evolution and Application of the Concept of Sovereignty*, University Park 1995, p. 21.

⁵ J. Bartelson, *A Genealogy of Sovereignty*, Cambridge 1995, p. 1 (*Cambridge Studies in International Relations*, 39).

⁶ J.A. Caporaso, ‘Changes in the Westphalian Order: Territory, Public Authority, and Sovereignty’ in idem (ed.), *Continuity and Change in the Westphalian Order*, Oxford 2000, pp. 1-28.

⁷ See also: H. Patomaki, *After International Relations. Critical Realism and the (Re)Construction of World Politics*, London–New York 2002, pp. 25-28 (*Critical Realism: Interventions*).

globalization management that gradually transformed the capabilities and the position of the sovereign states. These processes started just after World War II by the transfer of some governing powers to the United Nations and above all by the European integration. With further developments of the economic and political integration, the United States and the European Union became the leading powers in global governance. The Treaty of Rome, the Euro or the North American Free Trade Agreement (NAFTA) were direct signals of changes in the architecture and conceptual framework of international relations. Since the 1980s, the research interest of international relations scholars has to some extent concentrated on analysing the system of governance that originated from the European integration process. Although the explanations of the international political and economic integration may be found on many theoretical grounds: the theory of neofunctionalism, federalism and intergovernmentalism provide useful analytical frameworks, the nature of the multilayered changes is best represented by the global governance concept.⁸ At the center of this view there is the notion that the scope of areas over which states may effectively exercise control has been declining. The transnationalization concept offers the most convincing explanation of the effects of transnational relations – contacts, coalitions and interactions – in impinging the policies of states. This level of interactions involves diverse non-state actors, such as activists, groups of interests, companies, non-governmental organizations. They link national interest groups in transnational structures, such as transnational advocacy networks, which are increasingly visible in international politics. They also express and represent social concerns that transcend state borders, creating a rational incentive for states to engage in world politics.⁹

This change, brought about by transnationalization, must be confronted with the popular political discourse using sovereignty as a key word in the nationalistic or xenophobic context.

The other direction – represented widely in the national security doctrine of the United States introduced after 11/09/2001, links new border policies, securitization of economic and social relations with the meaning of sovereignty. The concept was strongly present, although indirectly, in the 2016 presidential campaign of the Republican nominee Donald Trump, who eventually became the 45th president of the United States. Narratives involved references to the “real Americans”, the danger of the “destruction of U.S. sovereignty” and “undermining U.S. independence (in respect of TTIP)” have played an important role in the building of a base of support for this candidate. This aspect of the last presidential campaign in the United States as well as the 2016 Brexit debate confirms Cynthia Weber’s view that discourses on sovereignty have been the product of the deliberations of political leaders aimed to fulfill their political needs.¹⁰

⁸ M. Zachara, *Global governance. Ład międzynarodowy po zakończeniu stulecia Ameryki*, Kraków 2012, pp. 21-55 (*Momentum*).

⁹ Ibid.

¹⁰ C. Weber, ‘Reconsidering Statehood: Examining the Sovereignty/Intervention Boundary’, *Review of International Studies*, Vol. 18, No. 3 (1992), pp. 199-216, at <<https://doi.org/10.1017/S0260210500117231>>.

Nevertheless, it seems that sovereignty has its revival as a central norm in European and American political realities, influencing behaviors of the political actors. Examples provided by the recent transatlantic history have proven that divergent conceptualizations of sovereignty may amplify friction within the community. Although the transatlantic partnership has always been perceived as a community of values and interests, sovereignty is one of the important values, which is often interpreted differently on the both sides of the Atlantic.

As a consequence, the concept itself is changing dramatically: the area seems to be constantly expanding, new questions are appearing and new aspects concerning all issues are constantly arising. The process has affected most countries, including the United States and EU member states, and has become an unavoidable element in most instances of political decision-making. Is the idea of states as autonomous, independent entities really collapsing in the face of the onslaught of political integration activities and technological processes? Is sovereignty becoming history or is it just adapting to new global challenges and pursuing new forms?

SOVEREIGNTY REVISITED

Sovereignty may be succinctly defined as a political convention, providing a norm that legitimizes central state authority. The concept is based on a claim that power should be vested in a single source of power which is free from external and internal constraints.¹¹ In contemporary interpretations there are four basic aspects of the concept:

- **Westphalian/Vattelian Sovereignty:** self-government within a certain territory, the right of the state to exclude external actors from authority structures.
- **International Legal Sovereignty:** formal juridical independence of territorial entities that are free to enter into international agreements and to endorse commercial contacts and political cooperation.¹² It forms the foundation of the structure of international relations, the rule of sovereign equality of states.
- **Domestic Sovereignty:** effective organization, regulation and control of activities within given borders.
- **Interdependence Sovereignty:** effective control over the flows (movement of capital, goods, people, ideas) across and within the borders of the state.¹³

¹¹ J. Bodin, *On Sovereignty. Four Chapters from the Six Books of the Commonwealth*, ed. and trans. by J.H. Franklin, Cambridge 1992 (*Cambridge Texts in the History of Political Thought*); T. Hobbes, *Le-wiatan, czyli Materia, forma i władza państwa kościelnego i świeckiego*, transl. by C. Znamierowski, Warszawa 1954 (*Biblioteka Klasyków Filozofii*).

¹² It is worth noting Robert B.J. Walker's comment that *...the very attempt to treat sovereignty as a matter of definition or legal principle encourages a certain amnesia about its historical and culturally specific character* – R.B.J. Walker, *Inside/Outside. International Relations as Political Theory*, Cambridge 1993, p. 166 (*Cambridge Studies in International Relations*, 24). The opinion of Friedrich Nietzsche: *...only that which has no history can be defined*, also fits very well into this context – F. Nietzsche, *The Birth of the Tragedy & The Genealogy of Morals*, transl. by F. Golffing, New York 1956, p. 212.

¹³ S. Krasner, 'Sharing Sovereignty: New Institutions for Collapsing and Failing States', *Quarterly Journal: International Security*, Vol. 29, No. 2 (2004), pp. 87-88.

Three of the above-mentioned descriptions are connected with classic views of sovereignty, whereas “Interdependence Sovereignty” is a response to the changing dynamics of the international system. As a result of recent changes states are giving away/losing individual control over certain transnational interactions whilst gaining a collective capacity to deal with them. The concept of sovereignty over the past several hundred years has been fundamental to the construction of the modern nation state and ...*the origin and history of the concept of sovereignty are closely linked with the nature, the origin and the history of the state.*¹⁴ The concept is also considered a foundation for the conduct of international relations; diplomatic practices of mutual recognition define the states themselves and others in the system. From a theoretical perspective the views on “what makes a state a state” were very different in history. When classic thinkers – Jean Bodin, Thomas Hobbes – first elaborated the notion of sovereignty, they were concerned with establishing the legitimacy of a domestic order with a single hierarchy of authority.¹⁵ It may be understood more as the doctrine of state sovereignty, as the sovereign state is often viewed as the final outcome of historical development. According to this view, this basic actor in international relations is also seen as a united political body under legitimate government existing within contiguous territorial space. Traditionally, such use of the concept in the international system is derived from a realist position. According to Hans Morgenthau, sovereignty equates to a *centralized power that exercised its lawmaking and law-enforcing authority within a certain territory. ... This power... was superior to the other forces that made themselves felt in that territory. Within a century, it became unchallengeable either from within the territory or without... It had become supreme.*¹⁶ Ludwik Ehrlich defined sovereignty as *independent rule, that is, legal freedom from any kind of external control.*¹⁷ Westphalian Sovereignty refers to the concept of the absence of an authority which is supreme in the international arena. This is the main principle which gives structural realism an argument in the study of world politics. Realists view sovereignty as empowering states to make independent choices to maximize their power and preserve themselves. Furthermore, recognition of state sovereignty is a convention on the basis of which states can interact with each other within an international system. The state system argument was an extremely powerful one in the twentieth century. Even today, despite persistent attacks on the very idea of sovereignty, some realists claim that it is still as vital as it was in the eighteenth century. Krasner argues: *Those who proclaim the death of sovereignty misread the history. The nation state has a keen instinct for survival and has so far adapted to new challenges, even the challenge of globalization.*¹⁸ Those who oppose this point of view suggest the urgent need to redefine sovereignty in the face of the

¹⁴ F.H. Hinsley, *Sovereignty*, Cambridge–New York 1986, p. 2.

¹⁵ For a more complex history of the idea see: A. Passerin d'Entreves, *The Notion of the States. An Introduction to Political Theory*, Oxford 1967.

¹⁶ H.J. Morgenthau, *Politics Among Nations. The Struggle for Power and Peace*, New York 1973, p. 306.

¹⁷ L. Ehrlich, *Prawo narodów*, Kraków 1947, p. 104.

¹⁸ S. Krasner, ‘Sovereignty’, *Foreign Policy*, No. 122 (2001), p. 20.

modern political system's nature.¹⁹ With the growing power of non-state actors (IOs, transnational corporations, INGOs), the role of sovereignty in shaping outcomes in global politics has been increasingly questioned. This critique of the classical notion of the concept gained intellectual momentum in the nineties, although the idea that state sovereignty is being constantly eroded by economic interdependence, the spread of technology and the communication revolution has been around since as early as the seventies.²⁰ As the meaning of sovereignty has evolved, a number of new concepts have emerged such as "two concepts of sovereignty"²¹ proposed by Kofi Annan, "sovereignty as responsibility"²² and "sovereignty-modern".²³ Since answering the questions serves not only to widen our general knowledge but also provokes new questions, the debate about how the concept of sovereignty reflects the reality of global processes seems to be far from over.

BEYOND TERRITORY

The territorial dimension forms the core of the traditional sovereignty concept that constitutes the cornerstone of the nation-state. As a result, one of the classic definitions of sovereignty is that it is *the supreme, legitimate authority within a territory*.²⁴ Territorial sovereignty, borders and a clear distinction between the domestic and international

¹⁹ As Samuel Huntington indicated the problem: *Globally there has been a trend for state governments to lose power... In many states, including those in the developed world, regional movements exist, promoting substantial autonomy or secession. State governments have in considerable measure lost the ability to control the flow of money in and out of their country and are having increasing difficulty controlling the flow of ideas, technology, goods, and people. State borders, in short, have become increasingly permeable. All these developments have led many to see the gradual... emergence of a varied, complex, multi-layered international order more closely resembling that of [pre-Westphalian] times* – S.P. Huntington, *The Clash of Civilizations and the Remaking of World Order*, New York 1996, p. 35.

²⁰ R. Cooper, 'Economic Interdependence and Foreign Policy in the Seventies', *World Politics*, Vol. 24, No. 2 (1972), pp. 159-181, at <<http://dx.doi.org/10.2307/2009735>>; R. Keohane, J. Nye (eds.), *Transnational Relations*, Cambridge, Mass. 1972.

²¹ *States are now widely understood to be the instruments at the service of their people, and not vice versa. At the same time, individual sovereignty, by which I mean the fundamental freedom of each individual, enshrined in the Charter of the UN and subsequent international treaties – has been enhanced by the renewed and spreading consciousness of individual rights* – K. Annan, 'Two Concepts of Sovereignty', *The Economist*, 18 September 1999, pp. 1-2.

²² The concept provides the moral and legal legitimacy for intervention in the affairs of independent states by treating sovereignty as *not merely the right to be undisturbed from without, but the responsibility to perform the tasks expected of an effective government* – F.M. Deng (ed.), *Sovereignty as Responsibility. Conflict Management in Africa*, Washington D.C. 1996, p. XVIII.

²³ To face challenges of globalization the "sovereignty-modern" proposal suggests leaving debate in the area of the theoretical, philosophical concept and to enter the domain of state decision-making powers. See: J.H. Jackson, 'Sovereignty-Modern: a New Approach to an Outdated Concept', *The American Journal of International Law*, Vol. 97, No. 4 (2003), pp. 782-802, <<http://dx.doi.org/10.2307/3133680>>.

²⁴ D. Philpott, 'Sovereignty: An Introduction and Brief History', *Journal of International Affairs*, Vol. 48, No. 2 (1995), pp. 353-368.

spheres are modern concepts associated with the rise of the nation-state. There is a long history of the entanglement of the concept of space and place with the framing of political positions, the geographical rooting of political and economic authority. It originated in seventeenth-century Europe as a normative ideal regarding the form of the geographic configuration of political powers and socio-economic organization.²⁵ The geographical aspect is rooted so strongly in the concept of sovereignty because of the historical tradition of identifying political and economical power with the size of the country and the natural features of its territory. Ralf George Hawtrey in his book, *Economic Aspects of Sovereignty*, emphasizes that sovereignty carries with it important economics rights which are closely related to the rights of property.²⁶ Sovereign government retains extensive rights to use, control and support the wealth of the country, as well as to develop its natural potential. Traditionally, countries have endeavored to extend their territorial possessions in order to acquire protected markets and to guarantee access to resource-rich lands. Such a policy constitutes the basis of the imperial view of international relations. Yet by the middle of the twentieth century the international concept of the empire had changed dramatically. The value of territory as an economic asset declined when the system of a global, liberal economy took control over the strongest political actors on the international scene. As liberalism and information technology spread globally, the property-territory nexus lost its feudal inseparability. In order to keep its sovereign powers, the nation state has had to control two levels within the contemporary notion of territoriality: geographical space and cyberspace. The quality of the possessed land, its resources and its characteristics are the traditional aspects of the economic well-being of societies, but now new ways of improving the economy have appeared. So it is fully justifiable that technological know-how, the information infrastructure and strategic research and innovations are now the subject of state protection in the same way as the resource-rich parts of its territory.

The impact of this technological change can be easily found in the diplomatic practices. In 2013 relations between the United States and its European allies have been seriously strained as a consequence of the so-called Snowden scandal and the allegations that Chancellor Angela Merkel's telephone was wiretapped. The revelations have intensified the political debate about the transatlantic community of values as well as technical ones concentrating on "data sovereignty". The practices of large-scale surveillance by the US National Security Agency indicate an important transformation affecting the way the boundaries of international cooperation and national security are

²⁵ It is worth noting at this point that Medieval Europe and Pre-Colonial Africa operated largely without international boundaries. The medieval world did not have international boundaries as we understand them. There were as yet no "exclusive sovereignties." The political change from medieval to modern basically involved the construction of the consolidated, integrated and delimited territorial state. See: R.M. Jackson, M.W. Zacher, *The Territorial Covenant. International Society and the Stabilization of Boundaries*, Vancouver 1997, p. 5 (*Working Paper (The University of British Columbia, Institute of International Relations)*, 15).

²⁶ S.L. Engerman, J. Metzger (eds.), *Land Rights, Ethno-Nationality and Sovereignty in History*. London–New York 2004, p. 8 (*Routledge Explorations in Economic History*, 25).

created.²⁷ This case of the large-scale data gathering may be also seen as a case to wield sovereignty on the internet.

The challenges posed by information and communication technologies stand at the core of the global economy, integrated through information systems and technology rather than organizational or geographical attachment. The creation and expansion of cyberspace influences territorial organization and meaning in the real world.²⁸ A critical issue raised by this new reality is the lack of effective geographically-rooted jurisdiction when markets are constructed in electronic space. Territorial sovereignty is no longer a viable basis for exerting control over the economy or electronic activity in a world of digital commerce. The control is limited under the new circumstances, but the state is still able to supply access to the critical knowledge and infrastructure of the electronic reality of business.

The basic feature of effective political organization is continuity over time and space, meaning a legal and institutional framework associated with the modern state which remains efficient in the face of changes of government.²⁹ It may be observed that the meaning and function of legal sovereignty and effectiveness has changed under the influence of global integration processes. The International Criminal Court history illustrates this mechanism, demonstrating that different emphasis on sovereignty may lead to a construction of divergent perceptions of as basic concept as justice for political purposes. The United States government has consistently opposed any form of international court that could restraint US military and political leaders to a uniform global standard of justice.³⁰ The ICC was perceived by Americans as an infringement on its constitutional rights, while the European approach was concentrated on the possible solution for human rights violations and they saw the ICC as a means for the preservation of peace.³¹ This line of reasoning had dominated any possible sovereignty concerns. The fundamental gap between the European and American position on the ICC issue is one of the series of controversies that aggravated the transatlantic conflict, bringing broader reflections on how to conceptualize the international legal order.

²⁷ T.W. Luke, 'Simulated Sovereignty, Telematic Territoriality: The Political Economy of Cyberspace' in M. Featherstone, S. Lash (eds.), *Spaces of Culture. City, Nation, World*, London 2013 (*Theory, Culture & Society*).

²⁸ The idea of disintermediation may be useful in this context. The term was first used to describe the replacement of banks as financial intermediaries by direct lending in money markets. It is a common expression in the world of e-commerce to describe the elimination of intermediaries by direct seller-to-buyer transactions over the internet. Many observers argue that electronic cash is likely to disintermediate banks. Of more fundamental importance is the supposed possibility that e-cash and e-commerce will disintermediate the territorial state.

²⁹ Ch.W. Morris, *An Essay on the Modern State*, Cambridge 2002, p. 45.

³⁰ Although the United States initially supported the idea of an international mechanism to prosecute war crimes, Washington ultimately withdrew support when it became clear it would not be able to wield its United Nations Security Council veto over possible cases.

³¹ K. Roth, 'Misplaced Priorities: Human Rights and the Campaign against Terrorism', *Harvard International Review*, Vol. 24, No. 3 (2002), pp. 14-19.

Technological changes may challenge traditional values rooted in the notion of sovereignty as well as support them – according to the analysts, international criminal law does involve some challenges to sovereignty, but may in some ways empower that sovereignty as well. A similar complex relationship is found in other aspects of global territorial changes. Nations and ethnic groups are finding new ways to protect and develop their common identity in spite of the limitations of physical distance. The process of territorial reordering is also connected with progress within the spheres of communication and information that encourage different groups to seek their own alternative identities at both regional and global levels. Nations which have lost territory, dispersed or those with a large proportion of citizens working temporarily abroad have new opportunities to sustain their national values, organize political movements, express their group/national postulates or influence domestic political processes.³² This change may also be seen in the formation of national and regional identities. There is a growing tendency to derive identity from a certain geographical area in which the whole territory is not necessarily contained within national borders. Smaller territorial units, such as regions or municipalities, have reinvented their political architecture and have gained a new, wider importance which is not constrained by state boundaries.³³

In the post-Second World War period two main general trends in the area of territorial sovereignty emerged within the international community: a rapid increase in the number of independent, sovereign states and, in a contradictory fashion, a growing support for the integration concept. In the era of decolonization, nationalistic ideas and political directions profoundly changed the shape and spheres of influence of colonial empires. Within a few decades most of them had dissolved. Decolonization fundamentally altered the international balance; the colonial territories, which were often artificial in terms of delimiting ethnic or self-consciously political nations, became the frame of reference for making and responding to claims for political independence. As a result of this and other factors which emerged later the number of independent states has grown fourfold in the last sixty years. The political struggle for territorial independence in the twentieth century coexisted with an emerging fascination by the concept of

³² One of numerous examples is the website of the Kurdish Community in the United Kingdom – KurdishMedia.com. Lacking a state which is committed to the maintenance and strengthening of Kurdish identity, the nation-building activities have been moved to cyberspace. The main purposes of this medium are: To make a positive contribution to peace, equality and stability throughout Kurdistan. To develop a scientific approach to the Kurdish issue – towards its language, art and culture. To create new definitions for the future of the Kurdish nation within the international arena. To create a sphere for Kurdish thinkers and strategists to be able to further develop upon the Kurdish issue. To introduce Kurds as a civilized nation in the international arena. To define a state of “United Kurdistan” as an isle of peace at the heart of the Middle East. See: <<http://www.kurdmedia.com/about.aspx>>, 12 April 2015.

³³ The case of the European Commission project called “Europe of the Regions” is a clear illustration of new tendencies. In a departure from past practice, the European Union’s political approach is taking into consideration regions as basic areas that share common socio-economic characteristics without reference to state boundaries. In the European Union’s documentation, a region is defined as a level of government immediately below central government. Article 198 of the Treaty of Maastricht contemplates the creation of a 24-member “Committee of the Regions”, gathering the regional and local bodies from the Community.

integration and the loosening of limitations created by national borders. Both of these contradictory tendencies may still be observed now; the world is firmly and fully divided up by borders and the requirement of passports and visas to cross them.³⁴ However, the organization and shape of the global geographical structure that emerged has not endured, with the appearance of integration processes involving a rapid increase of cross-border movement of goods, capital, ideas and people. In the present day world of new technology, open economies and a widening range of individual possibilities there are, however, different ethnic and national groups which are ready to fight and die for their territorial homelands.

The increasing trend towards stronger border protection in the Western world also means that the territorial aspect of sovereignty is still a factor to be reckoned with. Twenty years after the Berlin Wall spectacularly fell, unifying Europe in the process, the idea of a borderless world is in retreat. Concrete walls, barriers and electronic and built structures are still one of the tools in foreign affairs, which are meant to make ties between nations more neighborly. The US/Mexico border is a contemporary example that fences of separation are still far from a symbolic expression of territorial integrity and national independence. The idea of a fence in the field of international relations endures and is still strictly connected to territory and lines on the ground. It remains as a barrier to the physical movement of people. If we examine the international reaction to the recent migration crisis, it becomes even more evident that the importance of national borders – permanent and symbolic – is diminishing only partially. We may observe a growing consensus among states to lift border controls for the flow of capital, information and services. Yet when it comes to immigrants and refugees, borders worldwide, especially in the most developed countries of the world, still serve their natural function of maintaining the traditional, static concept of national identity and emphasizing national differences.

The concept of sovereignty, understood as ultimate control over a bound territory and population, has again become a point of reference in dealing with global migration flows. Such an approach is somewhat contradictory to the rules and principles of a free market and global capitalist economy. In the general framework of globalization, countries have developed two contradictory attitudes – an open one for capital and a closed one for immigrants, based on the geographic notion of sovereignty.³⁵ Finding a compromise between these two approaches, which represent the clashing interests of the nation-state, and creating an international system to provide aid and protection to those trapped inside borders remains a formidable challenge in the twenty-first century.

The territorial aspect of sovereignty provides an ideological justification for ultimate control within a specific territory which also carries with it a responsibility to protect the territory and respond to the needs of the nation. The identification of

³⁴ A. Dummett, A. Nicol, *Subjects, Citizens, Aliens and Others. Nationality and Immigration Law*, London 1990 (*Law in Context*).

³⁵ S. Sasken, 'The de facto Transnationalizing of Immigration Policy' in Ch. Joppke (ed.), *Challenge to the Nation-State. Immigration in Western Europe and the United States*, Oxford 1998, pp. 109-152.

citizenship with residence in a particular territorial space has become the central fact of political identity of most of the world's population. In the modern world, where transnational corporations often offer their employees a specific form of "citizenship" by providing them with healthcare and retirement packages, the traditional functions of national governments are not as clear any more. The growing tendency to move the balance between government and society away from the public sphere towards the private sphere may be observed in many countries. However, it is still the nation state that must find a reconciliatory compromise between the new principle of interdependence and the autonomous aspirations of nations, immigrants and minorities. This political and conceptual reality based on territorial boundaries, however, is being replaced by a sovereignty model based on a different logic.³⁶ Saskia Sislin in *Losing Control* poses the following question: *Today, the major dynamics at work in the global economy carry the capacity to undo the particular form of the intersection of sovereignty and territory embedded in the modern state and the modern state system. But does this mean that sovereignty or territoriality are less important features in the international system?*³⁷

BOUNDARIES OF MONETARY AND ECONOMIC SOVEREIGNTY

Traditionally, the right to establish and regulate its own currency has been considered as constituting one of the core elements of the sovereignty of modern nation states. From the earliest societies on, images on coins have emphasized the majesty and power of sovereign governors. Money itself is seen as the very sign of the state; it bears the functions of unit of account, means of exchange, standard of payments and store of value. The power to issue currency, determine and change its value and regulate its use or any other currency within its territory is placed firmly in the hands of the state. Of all goods and services, governmental bodies always place the greatest emphasis on controlling and supplying financial funds and determining the monetary policy. Monetary sovereignty refers to the country's independence in making its own laws with respect to the unit of contract and medium of exchange. A monetary monopoly indicates a clear linkage between the control of money and the protection of sovereignty. Therefore, in this context, money should be examined not only as an economic phenomenon, but also in terms of geographical, political and social dynamics. The traditional idea of monetary sovereignty as a convention identifying a nation and its currency is derived from the classical view of sources and the legitimation of political power. Within their borders, national governments exercise a monopoly over monetary matters. Those powers

³⁶ This has been discussed by a range of authors. Two examples which direct particular attention to the law are K.K. Jayasuriya, 'Globalization, Law and the Transformation of Sovereignty: The Emergence of Global Regulatory Governance', *Indiana Journal of Global Legal Studies*, Vol. 6, No. 2 (1996), pp. 425-455; D. Held, 'Law of States, Law of Peoples: Three Models of Sovereignty', *Legal Theory*, Vol. 8, No. 1 (2002), pp. 1-44, at <<http://dx.doi.org/10.1017/S1352325202081016>>.

³⁷ S. Sassen, *Losing Control? Sovereignty in an Age of Globalization*, New York 1996, p. 5 (*University Seminars/Leonard Hastings Schöff Memorial Lectures*).

have economic implications that go far beyond the supply of coins and banknotes to a country's economy.³⁸ Politically, the national currency demonstrates a state's sovereignty and juridical independence to international audiences and helps to create common ties and unifying symbols within the country.

We may observe two main approaches to the role and position of money in the political doctrine: money seen as "a creature of law"³⁹ and the Aristotelian view of the nature and function of money, maintained until the late twentieth century.⁴⁰ When the famous *The State Theory of Money* by George Knapp first appeared in 1905, the opening sentences declared: *Money is a creature of law. A theory of money must therefore deal with legal history.*⁴¹ According to this definition, a legal framework determines under what conditions and constraints the money supply and the money path is designed. The traditional legal underpinnings of a country's financial architecture infiltrate their culture, distribution of goods, governance and their symbolic and political power.⁴²

The legal perspective is closely linked to the world's financial history, but today money is more often defined in a functional way that focuses on evolving networks of currency transactions and relationships – "money is what money does". The legal understanding of money is now identified with the modern state, but it seems that this issue is being reconceptualized in more functional terms. As a consequence, money is no longer what it used to be over the course of hundreds and thousands of years.

For about two and a half thousand years money accepted across borders was generally based on the gold standard – states defined their currencies in terms of the weight of gold and exchange rates represented ratios of the weight. At that time, adherence to a universally acknowledged standard of value was considered a mark of civilization. The nineteenth-century gold standard operated in a world where governments spent less than ten percent of the national income, so it was generally taken for granted that

³⁸ When decimalization was introduced in the United Kingdom (from 1961 to 1971), the government retained the pound as the main unit, rather than switch to the mathematically more convenient ten-shilling note. This was partly a matter of national prestige, for the pound was the heaviest, most valuable monetary unit among the industrialized nations. See: P.B. Kennen (ed.), *Understanding Interdependence. The Macroeconomics of the Open Economy*, Princeton 1995, p. 454.

³⁹ 'State Theory of Money', formulated in 1905 by Georg Friedrich Knapp, the idea was enthusiastically endorsed by Keynes.

⁴⁰ *Money (nomisma) by itself is but a mere device. It has value only by law (nomos) and not by nature, so that a change of convention between those who use it is sufficient to deprive it of its value and of its power to purchase our requirements* – Aristotle, 'Politics' in A. Del Mar, *The Science of Money*, New York 1968, p. 27 (*Burt Franklin Research and Source Works Series. History, Economics and Social Science*).

⁴¹ G.F. Knapp, *State Theory of Money*, transl. by H.M. Lucas, J. Bonar, London 1924, p. 92.

⁴² In his book *The Lost Science of Money* Stephen Zarlenga defines two of the essential principles of 'the science of money' as *that the value of money doesn't depend on the value of the material of which it is made, but on the law, and the law can normally confer the power of money onto something by making it acceptable in payments due to the Government for taxes and duties. A full legal tender declaration is not needed to make something money*. As well as the existing three branches of government – legislative, judicial and executive – he advocates a fourth: *to embody and administer the monetary power*. He is certain that money creation should be a function of a branch of government. See: S. Zarlenga, *The Lost Science of Money. The Mythology of Money – the Story of Power*, Valatie, NY 2002, p. 228.

international transactions would be best served by a system of fixed exchange rates relative to an international standard of value. "Fiscal policy" was almost meaningless in such a world. The economy of the twentieth century was dominated by the American dollar and the American vision of a liberal economy. From its creation in 1913, the Federal Reserve System was instantly the most powerful central bank in the world, taking over the international role of the prestigious Bank of England in spite of the acknowledged importance of pound sterling and the London financial market. Change was also guided by the development of true non-redeemable paper currencies and arrived at its ultimate completion with the breakdown of the Bretton Woods System in 1971, when the remaining indirect link between all currencies and gold was given up. *As a consequence all the world's currencies are now pure manifestations of sovereignty conjured up by governments.* Apart from the paper dollar becoming the most important currency, the other main phenomenon of the twentieth century was the creation of the idea of the Euro as a common currency, which has functioned as an efficient tool for European economic integration. The appearance of the Euro has led to a redrawing of the map of currency areas whilst the whole notion of a national economy as a manageable system has clearly been confronted by important new questions. Gaining the advantage in trading or industrial and strategic power has become less and less dependent on the possession of traditional resources or the use of traditional forms of economics and political strategies. In fact, the creation and development of the Eurozone may be as important a change for the international monetary system as the breakdown of the Bretton Woods arrangements. At present, diverse phenomena such as the European Monetary Union, the emergence of sub-national local currencies, the rapid growth of "dollarization", as well as the looming prospect of new kinds of privately issued electronic money, are changing the global monetary picture even more profoundly. Most states, following strong international tendencies, attempt to loosen monetary sovereignty through monetary integration in order to secure access to a wider market and to reinforce growth in an attempt to improve national welfare. The EMU, the largest historical experiment in the relinquishing of sovereignty in the monetary policy, has captured the imagination of policy-makers and has also brought a modern dimension of the sovereignty issue to the forefront of theory and policy analysis. Institutionalized transnational cooperation has caused growing interdependence in economics in ways which seem to erode the power of the nation state. Transnational corporations, unions and organizations born of economic integration now vie with nation states for global influence. Aside from the Eurozone, within which the member states have gradually transferred their monetary sovereignty to a supranational institution by careful design, many countries have shifted monetary regimes suddenly, forced by markets.⁴³ In effect, national economic independence is further constrained by different international conventions which limit policy instruments available to national governments. Since monetary union is by definition an economic matter, it seems only natural to focus most attention on economic considerations – the material costs and benefits associated with a merger of separate

⁴³ As in Ecuador 2000 or in Argentina 2002.

national monies into one. Yet introducing a new currency by political agreement also involves a high degree of political cooperation and the sharing of sovereignty. National currency has been considered a potent political symbol to promote a sense of national identity and beliefs about what constitutes national interest. That is why, after the collapse of the Soviet Union in 1991, all fifteen successor states returned to their traditional currencies or established new national currencies replacing the dominant Soviet ruble⁴⁴. In most cases it was an element in the complex strategy of demonstrating political independence and supporting an internal sense of nationhood. Lithuania, Latvia and Estonia were the first out of the ruble zone, interpreting economic dependence from Russia as a threat to state security and therefore reorienting their economies towards the Western economic space. This example confirms that even in the last decade of the twentieth century, as in the formative stages of modern statehood, currency and sovereignty were crucially linked. Yet the fact that those states aspire to enter the Euro-zone may be considered as a sign of the changing dynamics of monetary and political realities dominated by the model of cooperation and integration. It must be said, however, that international monetary arrangements have always guided the history of the world economy. Supporters of monetary nationalism are keen to see it as an expression of will of sovereign governments, but the scale of influence of multilateral agreements indicates that they should be treated as a new, independent quality constantly evolving within the sphere of international economics and political relations. The argument of the classic study by Richard Cooper, *The Economics of Interdependence*, deserves attention in this context. Cooper suggests that in the contemporary reality of large, open capital markets, small-sized states are not able to control their own monetary policy because they are no longer able to oversee cross-border movements of capital.⁴⁵ Economic development and the growth of nation states depends mostly on investment decisions funded and funneled through the global financial system and their government's performance within this mainstream. In some instances, international economic regimes are "the rulers of the game", limiting even the most powerful actors. Thus, unrestricted and efficient access to the global standards of financial management – rather than the ability of governments to manipulate parochial monetary policies – has become the basis of modern wealth-building strategies. This process results in a great wealth of opportunities for cooperation, but also creates tension and insecurity. National currencies are sometimes even seen as a source of international instability. Financial globalization is being driven primarily by the information technology revolution. Highly-developed

⁴⁴ The moment the Soviet Union broke down, the Russian central bank controlled all printing presses and therefore had a monopoly on the creation of cash rubles. Before 1991 the Soviet state bank, "Gosbank", had local branches in all of the subordinated republics. After dissolution those branches became the central banks of the fourteen independent countries. Therefore, in 1992, all post-Soviet Union states were still a currency union but with fifteen independent monetary authorities. See: R. Abdelal, *National Purpose in the World Economy. Post-Soviet States in the Comparative Perspective*, Ithaca 2001 (*Cornell Studies in Political Economy*).

⁴⁵ R. Cooper, *The Economics of Interdependence. Economic Policy in the Atlantic Community*, New York 1980.

societies are characterized not by the old concept of the labor theory of value, but by their knowledge of the theory of value, as Daniel Bell pointed out in 1973.⁴⁶

In practical terms, the costs associated with international money transfer are decreasing – money increasingly takes the form of digital blips of information that may be easily transmitted at the low cost through a multitude of sophisticated worldwide telecommunication networks. As a result, monetary circulation is definitely no longer confined to the territories of issuing countries and the money market has almost no physical existence. It consists of notations and data on computer screens. In these new conditions governments face various dilemmas. The increased mobility and cybernetization of financial transfers may cause severe control difficulties for regulatory authorities.⁴⁷ However, the aim that lies at the foundation of international monetary and economic cooperation is to enhance the regulatory and causative powers of the individual states through cooperative action. The sphere of economics may also be seen as sovereignty-sensitive because of the increasing penetration of transnational firms and their growing impact on national economies. This phenomenon threatens to drive a wedge between the interests of business and the authority of governments. It seems that globalization and the information revolution in economics is simply incompatible with the monetary monopoly of the nation state and the national approach to growth and development has become far too narrow. It also seems that after a long history, punctuated by the work of Bodin and Hobbes, the events of the American and French revolutions and the fall of the Berlin Wall, the concept is arriving today at yet another major transformation. The only means to achieve national policy goals in an interdependent world is international policy coordination. State economic interest is becoming defined in terms of cooperation. These new standards have led governments to interpret their economic dependence on a connected system not as a security threat, but rather as a mutually beneficial exchange.

On the other hand, the argument of sovereignty bringing to the negotiation table, often impede deeper economic cooperation, as it could be demonstrated in the course of the Transatlantic Trade and Investment Partnership (TTIP) negotiations. This major political initiative of the twenty first century is aimed at creation of a transatlantic free trade and investment zone with an 820 million consumer market. This could not only strengthen the position of Europe and the United States on the international arena but also provide a strong stimulus to economic growth, new jobs and a revival of the transatlantic community of values. The agreement, whose precise shape has not been made public, probably represents the most ambitious attempt to advance trade governance on a regional level in the history, both in terms of the size and depth of the created possibilities. The economic power of the possible free trade zone would be of about

⁴⁶ D. Bell, *The Coming of Post-Industrial Society. A Venture in Social Forecasting*, New York 1973 (*Social Theory*).

⁴⁷ *The new world financial market is not a geographical location to be found on a map, but rather more than two hundred thousand electronic monitors in trading rooms all over the world that are linked together. With the new technology no-one is in control* – W.B. Wriston, *The Twilight of Sovereignty. How the Information Revolution Is Transforming Our World*, New York 1992, p. 61.

34 billion US dollars. This is equal to almost half of the global economic performance, even though transatlantic partners combined represent only 12% of the world population.⁴⁸ According to the estimates, TTIP could transform to the increase in real income of EU member states by 2.6% to 9.7%; and by 13.8% in the US.⁴⁹

Although on both sides of the Atlantic the idea was motivated by strategic interests, negotiations initiated in 2013 did not bring the ultimate results. The main difficulty connected with the negotiations involves different visions of sovereignty represented on the European and American political scenes. One of the most controversial issues in the process has been the investor-state dispute settlement (ISDS) which enables foreign investors to sue states if they see their investments being at risk due to a change in laws or standards. The proposed mechanism is seen as a danger for the states sovereignty that may be impeded, if investor-state disputes are misused in order to thwart national laws. The EU fears that including regulations concerning the protection of foreign investors in the TTIP will put in jeopardy the sovereignty of its member states. There is also concern that the United States is pushing for implementing its own rules for the protection of foreign investors into European legislation. They may grant US-based companies extensive competences in protecting their rights before supranational tribunals, bypassing national economic courts.⁵⁰

In the debate over TTIP jurisdiction the sovereign rights of the state are identified with the power to control economic processes, which has been strongly reduced within last 30 years. In the context of sovereignty, economic liberalization practices reveal their paradoxical dimension. States cannot manage economic growth by traditional policies, therefore – as the TTIP and other trade liberalization projects prove – states try to create frameworks facilitating the operation of the self-interest-driven market forces like transnational flows and foreign investments. This is an example providing evolution of sovereignty in the making. Its nature and unclear results provoke questions related to the prospect of national sovereignty in transatlantic sphere and beyond.

Dani Rodrik raises this issue by indicating a political trilemma of the world economy in which globalization, nation states with traditional sovereign powers and democracy cannot be realized at the same time.⁵¹ Rodrik argues that the way towards hyper-globalization revealing in the form of limiting border controls to trade and financial capital, has led to a reduction of policy space for governments. Further development

⁴⁸ P.M. Richter, G.F. Schäffer, 'The Controversy over the Free-Trade Agreement TTIP', *Politik im Fokus*, No. 42 (2014), p. 1.

⁴⁹ G. Felbermayr, G. Heid, S. Lehwald, *Makroökonomische Effekte die Transatlantische Handels- und Investitionspartnerschaft (THIP) – Wem nutzt ein transatlantisches Freihandelsabkommen?*, Studie im Auftrag der Bertelsmann Stiftung (2013).

⁵⁰ See: S. Lester, *Liberalization or Litigation? Time to Rethink the International Investment Regime*, Washington D.C. 2013 (*Policy Analysis (Cato Institute)*, 730); United Nations Conference on Trade and Development (UNCTAD), *Recent Developments in Investor-State Dispute Settlement (ISDS)*, IIA Issue Notes No. 1 (May 2013).

⁵¹ D. Rodrik, *The Globalization Paradox. Why Global Markets, States, and Democracy Can't Coexist*, Oxford 2011, pp. 200-201.

of the globalization of economic processes will result in the erosion of the nation state or democratic principle. He sees the European Union as a unique example of balancing the removal of border control by influence of common institutions. The EU has been a project that could have created a counterbalance to hyperglobalization in the form of institutional structures, but this experiment – in Rodrik's view – was eventually stopped by the global financial crisis of 2007.

REDEFINING MILITARY SOVEREIGNTY

The postmodern system may not emphasize the sovereign rights of the nation state in shaping domestic and foreign policy, but the concept still provides a basis in international law – its violation is routinely invoked as a justification for the use of force in international relations. As Max Weber argued, a monopoly on the legitimate use of physical force lies at the core of the concept of the modern state. In his 'Politics as a Vocation' we may find a basic definition of the modern state, which is considered to be *...a human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory ... the state is a relation of men dominating men, a relation supported by means of legitimate (i.e. considered to be legitimated) violence*.⁵² He reaches the conclusion that *the right to use physical force is ascribed to other institutions or to individuals only to the extent to which the state permits it. The state is considered the sole source of the "right" to use violence*.⁵³ Although Weber adds to this fundamental definition a few other important components such as administrative and legal order connected to the territorial area of jurisdiction, in this vision it is a *de facto* monopoly of violence that constitutes the state's legitimacy.⁵⁴

It is also an area that has become the subject of profound changes in recent decades. The law relating to the recourse to force, *jus ad bellum*, has always been defined in terms of the defense of the twin principles of the modern international system: territorial integrity and the political sovereignty of states. The history of international relations, however, contains a long record of efforts to limit one nation state's legal rights to use force against another. The key moments within this history begin with the arbitration treaties of the late nineteenth and early twentieth centuries, continue with the Covenant of the League of Nations and the Kellogg-Briandt Pact after World War I and culminate in the Charter of the United Nations. Since 1945, the provisions of this Charter regarding the legitimate use of force are believed to have been the most important principles of international law. The only problem with this static and rigid framework lies in the changing realities of the contemporary world. The institutions, ideas and practices of the United Nations mainly belong to the bygone world of a more institutionalized

⁵² M. Weber, 'Politics as a Vocation' in *From Max Weber: Essays in Sociology*, transl., ed. and with an introd. by H.H. Gerth and C. Wright Mills, New York 1946, p. 78.

⁵³ Ibid.

⁵⁴ M. Weber, *The Theory of Social and Economic Organization*, New York 1947, p. 156.

and less dynamic international system. The UN Charter emphasizes state sovereignty, but the rhetoric of the document is less and less applicable for new emerging orders, as its provisions concentrate on the maintenance and perfection of the status quo. The contemporary strategy of individual states as well as alliances and military partnerships must, instead, respond to a variety of changing contexts: the diminishing ability to control international flows, transnational threats permeating across borders and growing problems that require a global rather than merely an international or multinational solution. The traditional role of the nation state in defining and fighting an enemy has changed since the nature of contemporary enemies is no longer the same as it was in the past. Previously the enemy was more public than private and the authorities of states were able to clearly define its character and motives. Nowadays the foe is geographically undefined, there is no full data regarding its means, intentions and powers. It has no representatives with which you can negotiate and you can not even be sure if it rationalizes in the same way. Among contemporary security threats, organized states or regimes are not the greatest danger. In a world of asymmetrical powers, the military capability of a nation state is not enough to secure the rights and needs of the citizens. Wars are still fought for the cause of sovereignty, but most of them are more internal conflicts within the borders of states. The traditional model of wars fought between the forces of two or more nation states is in decline: *Most modern wars do not pit one government military force against another, or even one government force against one rebel movement. More often than not, today's wars are multisided affairs in which militias, gangs, and self-anointed "rebels" engage in campaigns of calculated terror; civilian targets are fair game and the laws of war are routinely ignored.*⁵⁵ Such conflicts often incapacitate states to such an extent that they are not able to perform even the most basic governmental functions. In such an international context, sovereign states are still the main actors governing the global security system. Ensuring the security of their land and people by using military power is often used as proof that the concept of the sovereign nation state is truly universal. However, ally-foe relations are becoming more and more complicated in the same way that the general framework of international military affairs is. Globalization has enabled the diffusion of military technology and knowledge, deepened the military integration within alliances, enforced multinational coalition forces and liberalized the rules of arms production and transfer. The term "military globalization" is used to describe the growing intensity of international military relations, which is influenced by constant military technological innovations that are transforming the international system in a kind of asymmetric but united geostrategic space.⁵⁶ The development of supranational military projects and the extended proliferation of the most sophisticated military solutions and items also raise many important questions about the transparency of the global arms markets and about how to find better

⁵⁵ W. Hartung, 'The New Business of War: Small Arms and the Proliferation of Conflict', *Ethics and International Affairs*, Vol. 15, No. 1 (2001), p. 80, at <<http://dx.doi.org/10.1111/j.1747-7093.2001.tb00345.x>>.

⁵⁶ D. Held et al., *Global Transformations. Politics, Economics and Culture*, Stanford 1999, pp. 87-89.

solutions for monitoring the spread of modern military technologies. Technological changes, marketization, privatization and mobility issues challenge the very practice of statehood. Recent processes have created an alternative market for military services and have changed the options available to governments for the conduct of foreign policy. After the end of the Cold War many countries decided to downsize their military forces, so in effect they maintained only their core competences.⁵⁷ In order to implement their strategic policies, leaders in the international system are becoming increasingly dependent on private actors: private military companies, increasingly transnational arms-production companies,⁵⁸ private military firms (PMFs). In the United States, for example, PMFs now *provide logistics for every major US military deployment, maintain such strategic weapons systems as the B-2 stealth bomber and Global Hawk unmanned aerial vehicle, and [are] taking over the ROTC programs in over 200 American universities*.⁵⁹ The commercialization of military production and the trans-nationalization of the arms industry certainly influences the ability of the state to retain the monopoly to resort to violence. *Military privatization touches the core of the modern concept of sovereignty: the right and ability of a country to defend itself and to use military force as it deems necessary. By granting private companies such an extensive role in the military sphere, states may create severe limitations for using military force and might even create danger for themselves. The quiet revolution mentioned is the rarely noticed infiltration of private interests in the realm of warfare*.⁶⁰

The military is, alongside politics and economics, one of the three main domains of the sovereign state's powers, but the gradual shift towards cooperative defense that may be observed in the Western world poses certain limitations even in this area. The expanding significance of multilateral frameworks for security and the institutionalization of military relations are changing the perspective of the nation state's security needs and capacities. In a profoundly changed global security environment, the state rarely has the capacity to defend territorial boundaries and achieve national security through unilateral actions alone. The internationalization of national security affairs and engagement in different strategic agreements heavily influences the domain of sovereignty.

⁵⁷ The US military has shrunk from 2.1 million in 1989 to 1.4 million today and the US Army from 111 combat brigades to 63. The Soviet Union/Russia has gone from an army of 5,227,000 in 1987 to a force of some 977,000 in 2001. NATO countries have conducted similar reductions, with the result that the UK now has an army that is at its lowest since it fought at Waterloo. Likewise, France went from a 1987 high of 547,000 to a force of now 295,000; Germany from 469,000 in 1990 to 284,000; Italy from 389,600 to 200,000. *Conversion Survey 2003. Global Disarmament, Demilitarization and Demobilization*, Baden-Baden: Bonn International Center for Conversion, 2003.

⁵⁸ Private Military Companies are called the second largest contingent of the "coalition of the willing" in Iraq. Estimates regarding the number of private military contractors working during the operation in Iraq vary from 20,000 to 45,000. F. Schreier, M. Caparini, *Privatising Security. Law, Practice and Governance of Private Military and Security Companies*, Geneva 2005, p. 4 (*Occasional Paper (Geneva Centre for the Democratic Control of Armed Forces)*, 6).

⁵⁹ P.W. Singer, 'Peacekeepers, Inc.', *Policy Review*, No. 119 (2003), p. 59.

⁶⁰ A. Krishnan, *War as Business. Technological Change and Military Service Contracting*, Aldershot 2007, p. 1.

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The concept of sovereignty has been long adapted to explain differences influencing conditions of the transatlantic relations. While Europe has – to some extent – abandoned the classical conceptions of sovereignty, the United States has been using its powers to protect its unique international role. Many transnational economic and technological forces are encouraging partners to retreat from their traditional role. In the transatlantic world, however, an enduring institutional and legal framework within a modern state takes priority over all the changes that could threaten its sovereign position. Monetary unification and the development of modern economies and cutting-edge technologies are possible only in stable political systems where the authority of the state is unconditionally accepted by all actors on the social scene. State sovereignty creates a clear framework for development. Perhaps the common features of development in the United States and European countries should not be treated as a sign of diminishing autonomy, but more as a result of rational losses and gains analysis. Governing bodies, as rational actors granted the sovereign power to decide, have chosen a certain direction in institutional development. They have decided to accept integration, interdependence and unification rules because their prospective gains are considered higher than their losses. They are considerable enough to justify bearing the cost of losing some traditionally defined sovereign powers. Today's flow of capital, ideas and information seems to be unstoppable, but it has emerged due to a certain openness and liberal political philosophy present in Western societies. There are countries where central authorities try to interfere with the free flow of information or limit international economic cooperation, which is also an expression of their sovereign power. In the catalog of arguments used to support the view of the erosion of the nation state, there are often contradictory phenomena. Fragmentation and integration, or as James Rosenau called the mixture of tendencies, "fraggementation", have become common features of the current international order, yet none of them must necessarily mean the deconstruction of the concept of sovereignty.⁶¹ Perhaps we are only witnessing a phase in history in which relations of power between political authorities, nations, groups of interests and individuals must be negotiated in order to create a new model of governance in a complex world. Changes are occurring in nearly all dimensions of state sovereignty, but we are definitely not witnessing its end.

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⁶¹ However, Rosenau rejects the traditional state-centric approach to international relations, see: J.N. Rosenau, 'Governance in a New Global Order' in D. Held, A.G. McGrew (eds.), *Governing Globalization. Power, Authority and Global Governance*, Malden, Mass. 2002, p. 70.

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