The interview

Parag Khanna

One of the most original thinkers on global strategy and technology discusses the future of the nation state, the focus of British foreign policy and how good can emerge from crisis

Is the nation state dead?
If you look at the patterns of activity in the world – travel, commerce – it is between cities. Once you harmonise regulations and open borders, those who control borders matter less. Sovereignty matters less. As a result of state action, cities have been given centre stage. They are going to take full advantage of it and become ever more autonomous actors.

There isn't necessarily anything wrong with the state. But we have moved from a world of about 60 to 70 states after the Second World War to more than 200 today. They are not all going to be equally successful. Most of the post-colonial world is made up of fragile states with no legitimacy. So we have to ask which states work and which don't. Those that are failing will need to be co-governed by different sets of actors – domestic, corporate and international.

The world is going through a systems change – a once in a thousand year event – driven by technology. Apple is sitting on a billion dollars, and it doesn't have any debts, unlike Greece.

So big cities can break away from their hinterland?
Much as I love Boris Johnson, I don't think the Mayor of London can go and negotiate trade agreements with China. Already China is very good at splitting apart the EU into countries and unmasking the differences in their positions. If you were to start to fragment Europe even further, China would have a field day. Size still matters. Even as someone who appreciates the nuances and subtleties and national characters of different European countries, I can still say to any European country, none of you matters individually.

What does that mean for Britain?
Britain has absolutely no global systemic impact. It only has impact through the European Union and through alliances – through Brussels for commercial integration and trade negotiation, or militarily through Nato. That is the full extent of Britain's systemic relevance.

I spend a lot of time with people from the Foreign Office and Downing Street and we ask ourselves: what are the seven or eight countries Britain should focus on. That is the sum total of Britain's meaningful foreign policies.

At any given time, this country can only focus on a maximum of 10 countries and try to have a meaningful impact on how they reach their decisions, domestically or internationally. That's very small.

What countries are those?
It varies. The list includes: other core European countries like Germany and France; Libya is a new one; Saudi Arabia; Russia; India, where Britain is trying to figure out how to connect with its former colony; and China where you are trying to have a strategy focus on currency trading. You may be exploring other countries like Brazil now that it exports more than Britain does. You may ask how do we relate to Indonesia because it is growing very fast. That's purely aspiration.

Today, Britain cannot shape Kenya, Zimbabwe, and Pakistan and lot of other places in crisis, not even Iraq and Afghanistan where you have committed thousands of troops. You have to be honest about how much a medium-sized country can achieve.

You didn't put America on the list?
The US-British relationship is based on a mutual interpenetration, demographically and commercially. But the British people should understand that their dependence on Europe is far greater than their dependence on America. The symbolism of the special relationship with America pales in comparison with the reality of dependence on Europe. Emotions must not be allowed to obscure the reality that you are very much a European country.

What changes will emerge from our current crisis?
Over the past 10 years our environment has been characterised by lack of trust – particularly in politicians. That has a chance of being corrected. Not because we will suddenly start trusting each other. On the contrary, we will take the very intrusive steps that will allow us to verify what others are doing. And, therefore, trust will be based on data and not just on whim. There will be new accounting standards and mutual oversight and monitoring of government regulators. It will take time. Eventually we will get there.

Do you mean more information will stop us making the same old mistakes?
The biggest mistake we can make is great power conflict. We have repeated it every century, and we will absolutely repeat that mistake, probably in the next couple of decades.

Conflict between America and China?
It will be more complex, as all great power conflicts are. If you make a list of all the countries that America tries to label as rogue states and another list of every country that China provides financial, diplomatic or military backing to, it's the same list. There are no coincidences here. Proxy tension has already begun. It will draw in Sunni states and Shia states, Europe, Russia and India. It's too simple to boil it down to a US v China situation.


MARK MAHANEY

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What about financial crisis?
There will always be bubbles. Lots of people are saying we are returning to a tech bubble right now. Property in many emerging markets is already a bubble, and there are bubbles of currencies, such as the Brazilian real. The question is which bubbles have macro, systemic global impact like the US housing bubble. If there is a housing bubble in India, it wouldn't really hurt anyone outside that country.

Can campaign groups change the world?
When you look at certain issues – climate change or the anti-slavery movement – these things don't have their origins in far-sighted decision-making by government. There is a tremendous role for public pressure. We have always existed in this multi-actor milieu in which norms are not prescribed by governments alone. So it is all to the good, even if it is a chaotic marketplace of ideas.

Do you believe in the super-empowered individual as a motor of change?
This term is overused. Bill Gates is a super-empowered individual by any measure. But it's on the back of corporate wealth, not for the sheer force of his idea, as in the cases of Mahatma Gandhi or Mother Teresa. So there are certain power bases on which their authority rests, whether financial or otherwise. In the age of technology and mass communications there will be more. They may have a flash impact, like Justin Bieber, or a lasting one, like George Soros, whose impact is sustained, decade after decade.

Angela Merkel seems to rule Europe. Is she a super-empowered individual?
She is just a head of government who takes her job seriously. She is the right woman at the right time.

The real super-empowered individual in Europe was Jean Monnet. Merkel has the constitutional and structural foundations to exert her will, or the will of her voters, across the European stage, but Jean Monnet had to build the foundations of the new Europe in the 1950s with no institutions in place.

Is it right for the European Central Bank to force austerity on Italy and Greece?
What we are seeing now is the 1990s happening all over again, with an internal set of states rather than an external set of states. In the 1990s, post-Soviet regimes went through a process of Europeanisation. Under EU influence there was wholesale eradication of old laws, lustration, bringing in new laws, new governments – all of what political scientists call upward compliance. Now the target countries of this process just happen to have been members of the EU for decades.

I'm not going to say it's all OK. But democracy has delivered the buck-passing of the Greek governments. If that's what you mean by democracy, I'll take technocracy over populist democracy any day of the week.