

System crisis

Three months ago, the term ‘system crisis’ was only heard in think-tanks and sleepy research institutes. Who else worried about it? Now it is competing with ‘meltdown’ to become the most-used term in newspapers and on the television and radio.

‘System crisis’ acquired a special and sobering significance with the Icelandic government’s announcement that it was unable to meet its statutory guarantee obligations. It was not just a bank that had collapsed, but a country. And if this bursting bubble did not mean the end of the Pax Americana, could the fate of Iceland herald the dissolution of the US as a nation-state?

In the 1960s, the American futurologist Herman Kahn applied the concept of ‘thinking the unthinkable’ to the possibility of nuclear Armageddon between the US and the Soviet Union. Then, with a little luck and a great deal of self-control, the superpowers avoided a nuclear war. Now it seems that the unthinkable – the annihilation of a superpower – could come from inside, in the form of a financial weapon of mass destruction.

Is that so unthinkable? Perhaps not. As long ago as 1939, political scientist Harold Laski advanced the argument that the American federal model would meet its demise at the hands of ‘giant capitalism’. The term ‘globalization’ had not yet been coined, but Laski’s reasoning was clear: only unitary systems had the required degree of centralization to counteract the power of giant capitalism. A fragmented and multilayered system like that of the US may have merits from the point of view of democracy and checks and balances, but it has made it much easier for increasingly large market agents to divide and rule. That sounds suspiciously like the common observation that the American system of decentralized supervision of the banking sector has been ‘dysfunctional’.

Laski’s early prediction showed that a renowned political scientist is not necessarily a great prophet. The Golden Age of Capitalism, under American leadership, was still to come. After the Second World War, it was no longer the implosion of the American state that was predicted, but the end of its global domination. This occurred on several occasions, both of them after military setbacks: the launch of the Russian Sputnik satellite in 1957, and the withdrawal from South Vietnam in the 1970s.

In the 1980s, economic doomsday theories came into



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vogue. The spectacular growth of Japan and the unpleasant reality that the Pentagon had to buy the semiconductors for its newest weapons from the country that had attacked Pearl Harbor led to an extensive debate on America’s decline. Historian Paul Kennedy’s book *The Rise and Fall of the Great Powers* sold like hotcakes. But the US prevailed, and its demise was once again postponed.

What now?

Most international relations scholars distinguish between ‘system’ and ‘order’. Arch systems scholar, Morton Kaplan, wrote in 1957 that there are only two conceivable systems: the anarchic and the hierarchical. Europe discarded the latter 500 years ago. Within these two systems are various possible power orders. In the anarchic system, there can be a bipolar order (as in the Cold War), a unipolar order (as in the past 15 years, led by the US as hegemonic power), a multipolar or even a non-polar order (as is now predicted). With these terms, neither the collapse of individual states nor the end of Pax Americana would indicate a system crisis. Dramatic as it might be, the end of the Pax Americana would ‘only’ mean a shift in the balance of power, a far-reaching change, but still within the current order.

Unthinkable it may be, the meltdown of Iceland is by no means unprecedented. Sovereign states that cannot meet their obligations are, unfortunately, not so exceptional. See, for example, the annual Failed States Index compiled by the Fund for Peace, and published in the journal *Foreign Policy*. At least one in five countries is categorized as being unable to meet its obligations. That process has been developing slowly for many decades. You could say that is a slow system crisis, but that’s almost a contradiction in terms. One thing is certain, however: I have never been startled by breaking news on CNN announcing ‘the sudden emergence of yet another failing state’! ■

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