Changing Diplomacy

- Actors or structures?

Karin Ahonen-Ström
Pontus Andgren
Abstract

The nature of diplomacy has evolved during time and world political situation. The focus in this thesis lies on change in the nature of diplomacy and the explanatory capacity of two different views; namely the actor-centered and the structure-centered perspectives. The starting point is a theory presented by Susan Strange, focusing on globalization as a structural cause for change in the nature of diplomacy. With this theory as a background we perform three case studies to explore the relationship between actors and structures, in order to evaluate the view presented by Strange. We name our method a case study with comparative implications as we use different contexts to apply our actor-structure lenses. The last case study, that concerns the possible role of the Swedish Trade Council as a diplomatic actor of growing importance, is emphasized more than the others since it operates in the same contextual framework as the theory by Strange. Therefore it is of greatest significance when evaluating her theoretical approach. The structures explored as possible changing factors are all related to economy; this is a thesis about diplomacy, economical structures and the capacity of actors to change the development within these structures.

*Key words*: Diplomacy, Change, Actor, Structure, Economy

*Total number of characters*: 69360
# Table of contents

1  Introduction.......................................................................................................................... 1

1.1  Purpose ............................................................................................................................ 1

1.2  Disposition ....................................................................................................................... 1

1.3  The Theory of Susan Strange ......................................................................................... 2

1.4  Method .............................................................................................................................. 4

1.4.1  The Actor-Structure Relationship .............................................................................. 4

1.4.2  A Case Study with Comparative Implications ............................................................ 6

1.5  Limitations ....................................................................................................................... 7

1.6  Sources ............................................................................................................................ 7

2  The Concept of Diplomacy.................................................................................................... 8

2.1  The Historical Perspective .............................................................................................. 8

2.2  The Theoretical Perspective ............................................................................................ 10

2.3  Our View of Diplomacy .................................................................................................. 12

3  The East-Asian Company and Change in Diplomacy ...................................................... 13

3.1  Structures ......................................................................................................................... 14

3.2  Actors ............................................................................................................................... 14

4  The European Project and Change in Diplomacy ............................................................ 16

4.1  Structures ......................................................................................................................... 17

4.2  Actors ............................................................................................................................... 17

5  The Swedish Trade Council and Change in Diplomacy ................................................. 19

5.1  Globalization ................................................................................................................... 19

5.2  The Swedish Trade Council ............................................................................................ 20

5.3  The Swedish Trade Council today .................................................................................. 21

5.4  The interview with Torsten Ericsson .............................................................................. 22

5.5  Structures ......................................................................................................................... 23

5.6  Actors ............................................................................................................................... 23

6  Conclusions.......................................................................................................................... 25

7  References............................................................................................................................. 27
1 Introduction

Diplomacy is a phenomenon as old as the earliest human civilizations. It is a field composed of secrets, security issues and the most important global questions. The great importance of the field make it very interesting to study and theorize about who is conducting diplomatic work and what the issues concerned are. Equally important is to examine the fields’ ability to follow change within ruling structures. We aim to find and capture the change in the field and examine it from the view of Susan Stranges’ economic perspective and test the reasons for change by using an actor – structure method.

1.1 Purpose

The purpose of our thesis is to conduct a study of change in the nature of diplomacy. Our aim is to test a theory presented by Susan Strange, concerning the shift of diplomatic action from states to other actors such as multinational corporations (MNC: s).

Diplomacy is constantly evolving and changing together with the social and economic systems of the world. We found it interesting to take a closer look at the reciprocal action between diplomacy, economical structures and actors functioning inside these. The theory of Susan Strange has caught our interest as it aims to explain both reasons for and results of the changes which she describes. As Stranges’ focal point of explanation lies on the influence of the market structure we have found it useful to involve an actor – structure model. Our purpose is to examine the change of diplomacy as an actor – structure question related to Susan Stranges’ ideas of globalization and the effect of the international market on the concept of diplomacy.

1.2 Disposition

In this first chapter we present the theory of Susan Strange (1.3) as well as the background of the methodological questions connected to actors and structures and the methodological solution that we have chosen (1.4). We also discuss limitations (1.5) and sources (1.6). In the next chapter we discuss the object of our study, the concept of diplomacy. At first we give a short historical background
Then we present different theoretical approaches to the concept (2.2), and finally we present our view on diplomacy (2.3). In the following chapters we conduct three minor case studies to test the actor-structure relationship, when it comes to change in diplomacy. The first one concerns the East-Asian Company (3). The second is about the formation of the “European Project” and change in diplomacy (4). The last is about the Swedish Trade Council and its relationship to diplomacy and economical structures (5). Finally, we discuss our results from the three case studies and evaluate the actor-structure influence in the different contexts and in general (6).

1.3 The Theory of Susan Strange

In her article “States, Firms, and Diplomacy”, Strange presents her theory about the growing importance of taking part in the international market and the pressure that the economical structures of globalization puts on countries to compete with each other. These new structures bring more actors into the market, since both states and companies will be forced to take part (Strange, in Frieden & Lake, 2000:60). The basic premise is that the natural relation between states is competition but according to the view of Strange, the world will now compete by success on the world market and through showing wealth at home instead of waging war or compete with the size of their military capacity (Strange, in Frieden & Lake, 2000:60). This change can be understood in the light of the process of spreading both liberalism and democracy throughout the world.

Her claim is that the economic structure is changing because of the development of technology and a more closely connected world. The new fast pace production and communication creates awareness of the international market and its possibilities. This makes production both cheaper and easier, and gives a shorter lifetime of the products, which supports the newer society and the global economic system (Strange, in Frieden & Lake, 2000:61).

“As barriers went down, the mobility of capital went up.” (Strange, in Frieden & Lake, 2000:60)

More products are entering the markets, making them cheaper for the consumers, and generally the products have a shorter lifespan. This is contrary to the development of research and development, which has become more expensive. Her conclusion is that this development makes both countries and firms forced to seek markets abroad, to be able to regain and uphold their profits and investments, not to lose income due to the fact that they have to invest more in research. What she means is new about this is the pressure put on even regular size firms; that the international market is no longer reserved for multinational companies. (Strange, in Frieden & Lake 2000:60)
Strange also tell us about the development in the former group of third world countries, that they are not a uniform group any longer, but competing with each others as well (Strange, in Frieden & Lake 2000:62). Her view is that globalization has showed the widening gap between social groups.

“The revolution in communications, and thus in the whole global knowledge structure, helped to reveal the widening gap between standards of living for similar social groups under global capitalism and under socialism.” (Strange, in Frieden & Lake, 2000:63)

Governments have to create welfare for their citizens to secure the living standard. Companies bring incomes to states, they bring labor opportunities, material, knowledge and so on, and therefore states are competing about companies’ residents. Companies are dependent on states to be able to open up the market that every state has to offer. (Strange, in Frieden & Lake, 2000:64)

Diplomacy has changed since states have to negotiate with companies to place their production in their countries while they also persuade national companies to stay or at least partly stay (Strange, in Frieden & Lake, 2000:63). Strange also see a newer kind of diplomacy, the merging of common purposes of companies, which will help each other out if they consider the gains to be great enough, or if they can win shares on the world market by cooperating (Strange, in Frieden & Lake, 2000:64). The competition about territory has decreased and given room for this newer competition about wealth as power.

“Wealth build power”, not contrary, especially in the newer system of democracy where the creation of welfare to a state will allow the rulers to stay in power or other rulers to come to power. Even though territory is important, the size of it is not the most important thing. See for example Singapore and Hong Kong, with very small territories but great world market shares. (Strange, in Frieden & Lake, 2000:64)

“States today have to be alert, adaptable to external change, quick to note what other states are up to.” (Strange, in Frieden & Lake, 2000:65)

Strange paint the picture of all states in a constant competing position with each other. Thus, she figures the states to be “victims” not in charge of their own destiny or fait, but in need to be run as firms and follow the financial structure. (Strange, in Frieden & Lake, 2000:65) She describes a complete set of reality and sees the structure of globalization as a straight line which colors every action any actors want to take. This can of course be a consequence of her background in realist theory, where high and low power, weaponry force and relative power are elements of great importance.
1.4 Method

The methodological focal point in this study is the relationship between actors and structures, when it comes to explaining change in the nature of diplomacy. The key question is; which amount of explanatory power can we find in the perspective used by Susan Strange? In this chapter we discuss the methodology of actor-structure relationships and how we have chosen to deal with them in this study. We also lay out our arguments for using three cases, of which one is accentuated more than the others, when exploring the actor-structure relationship connected to diplomatic change.

1.4.1 The Actor-Structure Relationship

The relationship between actors and structures is one of the most important aspects of social science ontology today. The basic problem is “the Social Paradox”, meaning that individuals and other actors are shaped by society while they in turn shape society. (Johnson 2001:105.) Where in this process do we find the incitements for human behavior? To what extent are human beings, or other actors such as organizations, subjects to inherent structures and to what extent can they be said to act after own free will (autonomously)? What is the relationship between determinism and voluntarism? These are the key questions in the ontological debate concerning actor-structure relationship. In the following, a brief overview of the different standpoints and attempts to form a synthesis between the structure- and the actor-centered approaches is presented.

From the purely structural point of view determinism is dominant over voluntarism, meaning that the “free will” of actors have no significance. Traditionally, Marxist theorists have been oriented this way but it is uncertain whether purely structural perspectives really exist within modern social sciences. (Johnson 2001:99)

In the other end of the theoretical spectrum we find the actor-centered approach, that ignores structures altogether and focuses on actors. There are a few theoretical fields that live up to this standard, and they are connected to the idea of the rational individual, or the *homo economicus*. (Johnson 2001:100) Rational choice theory is a good example of an actor-centered view where the causes for individual behavior is merely sought for in the maximizing of utility, and not in any structures whatsoever.

In 1979, Anthony Giddens wrote that structures and actors were like fire to water in the social sciences. (Giddens 1979:25) He claimed that no research in this field were to be taken seriously unless it tried to combine the existence of conscious actors and pre-existing structures. Since then, a number of different proposals have been put in the light on how to solve the problem.

Lennart Lundquist highlights the need for a “contextual model” that bridges the gap between structure and actor, especially when it comes to analyzing
political phenomena in a process of change. (Lundquist 1984:2) But what are structures and actors?

The “contextual model” is based on the relationships between actors, structures and the nature. According to Lundquist, structures are patterns in relationships in nature, between actors, and between actors and nature. He also argues that;

“Structures are not static; they are continually subjected to change and pressures for change” (Lundquist 1984:3)

Perhaps a bit clearer is the definition of societal structures used by Garner; “the patterned relationships that people have with each other”. (Garner 1977:12) Rothstein means that a structure is a pattern with some durability, which is both the medium for and the result of individuals’ social practice. (Rothstein 1988:33)

And what is an actor? This is not as difficult to put the finger on, and there is some consensus in the academic literature. According to Lundquist, the typical attributes of an actor are consciousness and capacity for action. (Lundquist 1984:5) In a later definition, he sees the actors’ autonomy as consisting of two parts. The first one is “freedom of action” and the other one “capacity to act and achieve results”. (Lundquist 1987:37-38) This is very similar to the point of view taken by other scholars, for example Johnson. He sees the ability to constitute an actor as depending on the real capacity for action. (Johnson 2001:102)

But how does this apply to an organization? As Lundquist puts it, there is no fixed model to apply. The question of how to apply models of autonomy on organizations needs to be adjusted to the object of study to remain instrumental. (Lundquist 1984:6) Within political theory the autonomy of the state and other political organizations connected to it is a central theme. The key question is:

“What is the degree to which politics and the state have independent determining effects on historical outcomes? Can the state or the people who direct the state-apparatus act as historical subjects?” (Block 1980:227)

The contextual model of Lundquist promotes various strategies and recommendations to overcome the problems with forming a methodology that regards both actors and structures. Two of the recommendations are to work with comparative studies and to study change over time. His point is that these strategies will make the structural influence so obvious that it is impossible to overlook. (Lundquist 1984:20)

Rothstein offers some critique on the contextual model and means that it offers no guarantees for a balanced relationship between focus on actors and structures. Instead, Rothstein recommends studies of deviant cases regarding actors. These are the actors that acted “otherwise”, meaning they followed their free will instead of acting in a way that would have fitted into a structural analysis. His second recommendation is to compare deviant cases with normal cases over time. If you can find cases where the structural conditions were similar in certain aspects but different in some and the actions were different, then it may
be possible to isolate the impact of certain structural conditions. (Rothstein 1988:36)

Apart from this, Rothstein also have some ideas when it comes to analyzing political institutions as structures. Rothstein defines political institutionalization as when a certain form for resolution of conflict is established in a certain historical moment. (Rothstein 1988:36) These structures are not necessarily “man-made”; they can also be the result of economical structures for example. Interestingly, institutions entail their own form for rationality, culture, norms and ideology. (Rothstein 1988:37) Therefore, Rothstein wants to recommend a methodological focus on the formation of political institutions and their effects.

We will now move on to the less abstract level and be a bit more practical. How do we form a method to use for our study based on these theoretical premises?

1.4.2 A Case Study with Comparative Implications

We have chosen to apply our model for investigating the actor-structure relationship in three different contexts. The reason for this is our wish to see if we can find relevant results in more than one historical situation. However, as the space is limited the first two studies will be of “pilot” character, meaning that they will primarily function as examples of how the model can be used. Therefore the empirical support will not be as strong in the two earlier studies as in the last one, where we operate in the same context that Strange does in her article.

To have three different referential points is picked up of from the theories on how to make a good descriptive analysis in “Metodpraktikan” (Esaiasson et al, 2004). The general idea is that when you make a descriptive analysis, one of the methodological tools to work with is the “ideal type”. This methodology has its roots in the phenomenology of Plato, and practices the notion that there is an ideal version of every observable phenomenon. The work of the researcher is then to observe reality and relate the results to the “ideal type”. This methodology is especially relevant when examining change, since you can observe how an object of study is positioned on a scale between different ideal types. (Esaiasson et al, 2004:154 ff)

In our study, we do not use a regular ideal type analysis, but something equivalent. Instead of using different ideal types we explore how our empirical findings match in to the sliding scale between actors and structures as explaining factors for change in diplomacy. This means that the first “ideal type” is an explanation where only actors are regarded as factors of change, while the second one use the opposed view and only regards structures.
1.5 Limitations

Problems we have encountered throughout this work are for example the choice of cases to examine. As the cases must be of similar nature and be situated in comparable situations or structures but still be located in different times we had some issues with the choice of reference points. Because of limits in time and space the minor case studies can only be given restricted attention. However, we still think that they fill their purpose of showing the change in diplomacy we are aiming to describe and also help answering our questions concerning actors and structures.

1.6 Sources

Concerning both the case studies and for the theory, we have mainly worked with secondary sources such as different thesis’s and other relevant information. Furthermore, we have used the internet and to some degree articles from the relevant time. To capture the nature of the Swedish Trade Council, we have chosen to work with both first hand material such as an interview, as well as publications and evaluations made by the government and the Council. We are aware of the bias issue with using an evaluation conducted by the Council itself. Therefore we have only used facts from this product that we have found support for in other sources as well. Still, we think that the evaluation can contribute with many facts and help us to a more complete view, though it in some parts upholds values and perspectives of the Swedish Trade Council.

We have chosen to give the interview some specific attention as we think it is a source of information that has helped us reach a fuller understanding of the connection between the Swedish Trade Councils and the foreign embassies. It has also provided us with an up-to-date view of the development of these institutions. As we have been mainly interested in the change in diplomacy we found Torsten Ericsson (Embassy council) to be the perfect candidate for the interview, and were strongly recommended to talk to him from the Swedish Trade Council of Copenhagen.


2 The Concept of Diplomacy

“Diplomacy is one of those infuriatingly vague terms that can have different meanings depending upon user and usage”. (White, in Baylis & Smith, 2001:317) However, as we are trying to put the finger on change in the nature of diplomacy it is of crucial importance for us to try to define what diplomacy really is. In order to do this we will first present a short historical overview of the evolution of diplomacy. Thereafter we will discuss theoretical approaches to the concept, and finally explain our view on what constitutes the concept of diplomacy.

2.1 The Historical Perspective

“[...] beginnings of diplomacy occurred when the first human societies decided that it was better to hear a message than to eat the messenger.” (Hamilton & Langhorne, 2000:7)

When did the phenomenon diplomacy emerge on the international scene, and how has it evolved since? One of the first written pieces we can refer to as a diplomatic document is a letter sent to the kingdom of Hamazi, in what now is northern Iran, from the kingdom of Elba around 2500 BC. This is by Cohen described as one of the first evidences presenting diplomatic communication. (Cohen, in Melissin, 1999:3)

“‘You are my brother and I am your brother. As a brother I will grant whatever you desire, as you will grant whatever I desire. Give me good mercenaries [or, work-animals]. Please send them. You are my brother I am your brother. Ten beams of box-wood, two sledges of box-wood I, Ibubu, have given you the messenger (for you). Irkab-Damu, king of Ebla, is your brother of Zizi, king of Hamazi, and Zizi, king of Hamazi, is brother of Irkab-Damu, king of Ebla.’” (Cohen, in Melissin, 1999:3)

Diplomatic connections and conventions existed from this time and on, and in the city-states of ancient Greece a diplomatic system with some modern features existed. (Buzan & Little, 2000:237) However, it was not until institutionalized diplomatic connections between the city-states in fifteenth-century Italy were established, that we can see the origins of the global diplomatic system of today. The big difference between this new form of diplomacy and the older one was that it constituted institutionalized contacts between nation states instead of other political formations. Thus, the birth of “traditional diplomacy” was closely connected to the formation of the nation state in Europe. Another big difference
was the degree of institutionalization; this was the time when permanent embassies were established abroad. (Buzan & Little, 2000:274-75)

From the fifteenth century and on the diplomatic protocol was developed, with its ceremonies and regulations for immunity and privileges for diplomats. These regulations were derived from two basic principles, the first being that diplomats should be able to deliver their messages without being affected or blamed by the contents of it. In addition, the whole system of communication was regulated and surrounded by special forms to ensure immunity and secret communication. The second principle was that diplomats were to be perceived as direct representatives of the monarchs, and therefore were to be treated the same way. (White, in Baylis & Smith, 2001:320)

When traditional diplomacy failed to prevent World War 1, its role in the field of international relations as well as its form was sharply criticized. The demands were twofold, the first being that diplomacy should be more open to public scrutiny and control. The second was the idea that some sort of international organization was needed to promote peaceful settlements of disputes. The League of Nations was the first form of this idea, and after its failure and World War 2, the United Nations. This meant that states were no longer the only actors involved in the diplomatic “game”; intergovernmental as well as non-governmental organizations now entered the stage. (White, in Baylis & Smith, 2001:321)

This made diplomacy a more complex activity and the state-to-state relationships were mixed with multilateral diplomacy where different coalitions were formed. However, multilateral diplomacy did not replace bilateral diplomacy. Instead, the two existed side by side and even more complex forms of diplomatic cooperation developed, for example in the context of the European Union (this will be elaborated further in chapter 4).

After the global de-colonization a number of new states needed to be brought into the diplomatic community on the same premises as the older states. This led to the established rules of the 1961 Vienna Convention on Diplomatic Relations. The purpose of the convention was amongst others to prevent the abuse of foreign embassies, through creating a clear legal framework outlining the legal status of diplomats as well as a system of sanctions. (Berridge 2002:138-139)

At the same time as issues of military security became the focal point of diplomatic practice during the cold war, the diplomatic agenda also widened to encompass questions of economy and social welfare. The security issues of the cold war circled around the east-west conflict and the necessity of avoiding a global nuclear war. The cold war brought the multilateral diplomacy of The United Nations to a stalemate on many issues, and the states had to rely on informal alliances and traditional state-to-state diplomacy. (Malanczuk, 1997:391-92)

After the end of the cold war, there was new hope for the UN-system to start to function again. However, it seemed like the east-west conflict had merely overshadowed other conflicts that diplomacy failed to resolve, for example the conflict in the Balkans. In the 21st century, diplomacy can be characterized as more fragmented than ever, since it covers a wider scope of issues than ever before. At the same time, diplomacy basically still stands on the same institutional ground as
in 15th century Italy. Diplomacy is changing in many aspects, but one thing is the same; it is all about international relations and how these are conducted between states and other actors.

2.2 The Theoretical Perspective

The study of diplomacy is actually marginalized within the field of International Relations. This does not mean that there is a lack of literature on the subject, but it is rarely theory driven and often historically or culturally “biased”. (Jönsson & Hall, 2005:12 f) In the following, we will outline some of the different theoretical approaches on diplomacy.

One attempt to remedy the theoretical “vacuum” was presented recently in “Essence of Diplomacy”, a study that intends to pinpoint the essential and timeless features of diplomacy. The authors view diplomacy as an international institution rather than a means for states to achieve certain goals on the international arena. (Jönsson & Hall, 2005:25) The authors construct three dimensions through which essence of diplomacy can be understood; communication, representation and the reproduction of international society. “Essence of Diplomacy” explores the stable features of diplomacy, while we are looking at change in the nature of diplomacy. However, to be able to talk about change you must of course have an idea of what it is that is changing, what the core of the subject is. In short, “Essence of Diplomacy” represents a view of diplomacy that emphasizes its institutional features.

Brian White argues that there are two fundamentally different ways to understand the concept of diplomacy. The “macro” perspective tries to make sense of world politics as a whole while the “micro” perspective tries to explain world politics from the different perspectives of the actors involved in world politics. (White, in Baylis & Smith, 2001:318) From the “macro” perspective, diplomacy refers to a process of communications that is central to the workings of the international system, more clearly defined as “resolution of conflict by dialogue and negotiation”. From the “micro” perspective, diplomacy is understood as a policy instrument rather than as a global process. This means that it can be seen as merely one instrument amongst others for states to implement their foreign policies. (White, in Baylis & Smith, 2001:318) In a way, this twofold view on diplomacy supports the institutional view at the same time as it acknowledges the possibility to look at diplomacy as something disconnected from its institutional appearances.

In “Diplomacy, Theory and Practice”, G. R. Berridge confesses himself to the latter view of diplomacy.

“Its chief purpose is to enable states to secure the objectives of their foreign policies without resort to force, propaganda, or law.” (Berridge 2002:1)
According to Berridge, the core work of the embassy is to promote the foreign policy of the sending state. However, the diplomats should also when possible strive to create friendly relations with the receiving country, its ruling elite and the people (Berridge 2002:118). Negotiation and lobbying are seen as crucial elements in diplomacy. Negotiation is the important work of setting up meetings, participating and to survey legal and other aspects. Embassies are often highly engaged in lobbying, helping to prepare for coming negotiations as well as promoting their countries’ national interest. (Berridge 2002:119 ff) Except for this view of the functions of the diplomats and embassies, Berridge reviews the importance of clarifying intentions. Understanding between actors, both as states and with diplomatic represents is one of the main reasons why diplomacy is so important. The complicated procedure of delivering a message is then an important aspect of the diplomats’ work. The message can be both reassuring, threatening, encouraging and deterring, never the less it is the diplomats’ job to make sure the message is received the way the sender intended it to. (Berridge 2002:121) Berridge can be said to represent a rather anti-institutional view of diplomacy. Instead he emphasizes the role of diplomacy and diplomats to enforce the foreign policy of the sending country.

Galtung and Holmboe Ruge analyze diplomacy through the structure it works in as well as the talents necessary to the diplomat in practice. Thus, they perform an actor-structure related analysis of the nature of diplomacy (Galtung & Holmboe Ruge, 1965:105) Doing this, they aim to point out how differently diplomacy can be understood depending on what you choose to focus on. The first view is clearly more glamorous as the diplomats are seen as playing the leading role in the diplomatic “game” and the direction that it takes. This perspective is called “elite-oriented”. The second view is called “structure-oriented” and according to this, actors are trapped in the social structure and will act as the structure allows them (Galtung & Holmboe Ruge, 1965:105). Galtung and Holmboe Ruge examine the high status of the diplomat, taking off in a Danish poll saying that ambassadors enjoy higher social status than the Prime Minister (Galtung & Holmboe Ruge, 1965:107). According to the writers, there is a clash between the old-fashioned, elite view of the diplomatic profession and the growing importance of social equality. Therefore there is a need for newer actors to take place on the international arena to cover newer and different parts of the global and economical sphere.

Galtung and Holmboe Ruge present different views of diplomacy and the diplomatic work but the main focus lies on the functions of the profession, which are pointed out as ‘negotiation, representation and a channel of information.’ The need and the possibilities for change, due to the growing contact between countries, are highlighted. The authors examine the effects of different diplomatic styles, and from there tries to examine the quiz about actor-structure and the factors involved as explanations for why diplomacy looks like it does today and where it is going. The approach of Galtung and Holmboe Ruge is somewhat similar to the approach used in this thesis, apart from the fact that it searches for internal causes for change in diplomacy, while we search in a wider context.
However, the approach offers a different path to look at diplomacy than the other perspectives presented above.

2.3 Our View of Diplomacy

One of the key questions is whether you want to understand diplomacy as an international institution that evolves relatively independently from the influence of the nation states, or if you want to see it as merely an instrument for states to implement their foreign policies? In our study, we claim that certain changes have caused change in the nature of diplomacy. But with this, do we mean change in the international institution that is diplomacy or in the diplomatic practice that is understood as an instrument for the implementation of the foreign policy of the states? Or something different altogether?

We can only agree with Brian White when he claims that diplomacy looks different depending on whether you wish to choose the “macro” or the “micro” perspective. However, we do not think that it is necessary to choose between these two perspectives in this study. Instead we would like to use a definition that allows both of these views to be represented at the same time. We believe that it is useful to observe diplomacy as way for states to achieve their foreign policy goals, but at the same time the most fruitful way to observe diplomatic change and practice is through the diplomatic institutions. It seems that the most sensible way to perceive diplomatic change is as a reciprocal influence between the states participating in the diplomatic “game” and the institutions themselves, which clearly have an influence on how states conduct their diplomatic work.

In “Essence of Diplomacy” the key features of diplomacy are said to be communication, representation and the reproduction of international society. Galtung and Holmboe Ruge on their hand talk about negotiation, representation and a channel of information. We think that these two views put us sufficiently close to a definition of what diplomacy consists of to have a definition to work with throughout the thesis. The most important thing for us is to keep a very broad perspective on what diplomacy really is, in order to be able to talk about change in the periphery of the concept. As we examine the interaction between economy and diplomacy we take the functions presented above and see how they can be overtaken by “new” institutions that for mainly economical reasons have arisen to deal with contacts between states.
3 The East-Asian Company and Change in Diplomacy

Can a connection or a pattern between the changing diplomacy and the creation of the East Asian Company and the ruling economic structures be clarified? What actors and structures where involved?

The East Asian Company was a company with institutional features highly involved in the Swedish industrial life. The end of the 19th century and the start of the 20th century was an era of great change in both the economic and the societal systems. Economics as well as politics were changing as a response to each other and to the new technology. Industrialization had brought with it technology and capacity to produce more, enjoy easier long distance communication, and to export products both across sea and land easier. (Larsson 1977:21)

The economical development could occur in such a rapid pace much because of the massive change in the banking system. A loosening of the bureaucratic work and the opportunities for new banks to rise gave bigger possibilities to loans and investments which created incentives for growth in both the national and the international market (Sandberg 1978:656). The growth of the Swedish economy was among the fastest in Europe during this period, much because of the fast reform of the banking system (Sandberg 1978:654).

The wave of welfare that embraced the western states created dependency situations between the wages of the industrial workers and the success of the industries of the state (Larsson 1977:14). This connection gave rise to the importance for the states to support and uphold their companies’ production and export. This competition on the world market caused a back draw of free trade and many countries started to use more mercantilist systems. In Sweden voices grew strong for the government to get further involved in the industrial life, through a legal system which promoted the exporting companies’ opportunities. Official institutions such as the Export and Shipping Committee (Handels och sjöfartskommittén) were established with the aim of maximizing Swedish possibilities for export. (Larsson 1977:23)

The political involvement in the economy was clear. There were many attempts to establish constant and growth producing relationships with China and Asia, but because of differences in economical banking systems many companies did not succeed to become long lasting in the area.

One of the political actions taken to ensure this was to place an ambassador in Japan, which was a strong economic force in the region. The governments’ choice was Gustaf Wallenberg, who was placed there with the hopes that he could create prosperity for Swedish interests. Wallenberg was a strategic choice as he was well
known in the Swedish industrial life, had immense experience of shipping and closely connected interests with one of Sweden’s largest banks, Stockholms Enskilda Bank. (Larsson 1977:43)

One of the consequences of Sweden’s successful industry was the creation of the East Asian Company, which focused solely on shipping and trade with Asia, with the focal point on China (www.kommandobryggan.se). The work Wallenberg conducted in Asia made way for this connection which was considered to be a diplomatically stabilizing connection with China. (Larsson 1977:46). There were political proceedings made to further uphold the possibilities for export and trade through relieves for the shipping industry in both issues concerning tariffs and legal issues (Larsson 1977:47).

3.1 Structures

The consequences of the spreading of the mercantilist system were of greatest size in Europe and USA, which caused many governments and companies to focus their eyes on other markets, especially the countries in need for development, for example the Asian and the south east Asian markets (Larsson 1977:22). In Sweden, a debate was rising around the subject of trade politics and an awareness of the international competition gave rise to demands for greater influence of the economical life to create both laws supporting trade business and for solid support from the states’ politics for further expansion (Larsson 1977:22-23). Trade with China was necessary for the expansion and for successful production and export internationally. The structural view would presume that it was the pressure of the international markets which created the incitements for closer diplomatic and economical contacts with Asia.

3.2 Actors

Actors involved were the government, Gustaf Wallenberg, the industrial life and several banks and investors. By loosening up the complicated and strict banking system, the National Bank of Sweden created possibilities for new actors to arise on the market, which in turn gave an upswing to other companies to expand (Sandberg 1978:657). Through lobbying and new diplomatic relations possibilities for new institutions could take form.

Of great importance is also that the rulers of Sweden saw the possibilities of involving Gustaf Wallenberg, who had a good reputation and who they rightfully believed could create prosperous relations for trade and economical relations on the diplomatic path. His work in Asia created what the government had intended, new possibilities for trade which led to the creation of the East Asian Company. Through the creation of an institution and through the work of Wallenberg more
actors could get involved and stabilize the relationships. These actors were supported by the government by loosening of tariffs and legal obstacles and considered (even though it was a commercial company) as a carrier of Swedish interests and a creator of good relations.
Can a connection or a pattern between the changing diplomacy and the creation of the embryo of the European Union (here referred to as the European project) and the ruling economic structures be clarified? What actors and structures were involved?

After the end of world war two, the economy and infrastructure in most parts of Europe were shattered to pieces. As an intent to guarantee lasting peace in Western Europe, the embryo of the European Union was created in 1952. The form was the European Coal and Steel Community (ECSC), building on the idea that the two most important resources needed to wage war were to be put under a common administration. Since then, the idea of a common European market and society has gone through a great evolution and expansion. The experiment was aimed to create strong ties between the countries, to create a geographical interdependent area in which a greater control and understanding between participating states could arise (Parsons 2002:48).

What effects did the formation of common European institutions have on the diplomatic relationships between the participating countries, during the early years of European integration? Well, as the membership countries were to form supranational institutions hitherto unknown in the European history, there was a clear ambition to find alternative paths to the traditional diplomatic communication. This was something new, a form of quasi-state building. In that process, the distance kept up through the classical mode of diplomatic practice was not suitable. (Jönsson & Hall, 2005:150-51)

There were intents to build a common defense organization (the European Defense Community, EDC), but the initiative for this kind of organization did not find a growing ground in the negotiations. The project of the ECSC did not really take off until the interests were transmitted unto different economical groups and organizations which saw the possibilities in a closer connected Europe. (Parsons 2002:54)

So, if the political medium of the European Community were not to be diplomacy, what was then its role in this construction? Interestingly, a form of hybrid diplomacy developed over time. The traditional diplomatic connections between the participating countries have remained in function, since issues of foreign- and security policy are not covered by the supranational features of the European project. However, that does not mean that there has been a lack of cooperation in this field. Today, there are three major types of EU foreign policy. The “Common Foreign and Security Policy” can be described as an
intergovernmental process, primarily controlled by the member states, but not exclusively. When it comes to foreign economic policy on the other hand, the EU institutions have a much more dominant role in the diplomatic work and enter agreements on behalf of the member states. Finally, the states remain being individual diplomatic actors but the foreign policy conformism within EU is increasing. (White, in Baylis & Smith, 2001:329)

4.1 Structures

At the time a number of different uniting projects took form, for example the European Council, but none of them proved to have the same wide potential as the ECSC. It was not until the economical dimension became the focal point of the cooperation-to-be that Europe could start to unite. To unite the states in the cooperation towards a peaceful future, a common gain had to be found like the economic possibilities that ECSC presented, and the control of defence and foreign affairs had to be secured to be under sovereign control. Looking at the development of common institutions from a structural perspective, community in Europe can be seen as unavoidable. Several attempts to unite the countries were under construction or had already been realized. All the earlier attempts can be viewed as clearing the way for what would become the ECSC, and later the European Union.

The ruling economical structures put exporters and nations with export interest in positions for seeking new and bigger markets. By bridging the neighboring countries of Europe’s markets closer, both states and smaller entities could expand their business and industries. The final project was a union which has taken over important features of the traditional state-to-state communication, and this is clearly connected to economical forces.

4.2 Actors

The development was driven by a few actors, in particular one man named Jean Omer Marie Gabriel Monnet. He is sometimes referred to as the Father of Europe, and claimed that:

“The countries of Europe are too small to guarantee their peoples the necessary prosperity and social development. The European states must constitute themselves into a federation.” (Smith 2006:74)

The French were the driving force behind the creation of ECSC, through which they sought control over West Germany (Parsons 2002:54). There were no pre-existing structures that definitely determined the creation of the ECSC, which
could explain the similar attempts to create a united Europe. The process of unifying into a common institution was driven by actors such as countries, economical interest groups and individual visionaries. The actors who fought for the project had personal interests in creating a prosperous peace. Economic growth did not seem to come by itself, and both states and companies were in need for financial growth. The result was an economic cooperation, driven by actors who saw possibilities for gaining profits. The creation of the ESCS opened up boarders and decreased limits to inter-European trade.

One can assume that if it had not been for the European visionaries, Monnet for example, we could have still been living in a disintegrated Europe with “classical” diplomatic connections. This version is supported by the fact that the “founding fathers” of the European project consciously choose to not let the cooperation be administered by diplomats and foreign offices. The founders did not want this project to be run dependent on high politics but to be a cooperation, opening up for new actors and closer connections within Europe. This is of course of crucial importance for the role of diplomacy within the European project since it has resulted in the “hybrid diplomacy” mentioned above.
The Swedish Trade Council and Change in Diplomacy

Can a connection or a pattern between the changing diplomacy and the creation of the Swedish Trade Council and the ruling economic structures be clarified? We aim to explain the economical structures at the time of the rise of this new actor as well as explore the relation to actors and structures. The economical structural change that we want to look at is globalization. As this is a very wide concept we will begin this chapter with a short discussion about the nature of globalization. Thereafter we look at the Swedish Trade Council and actors and structures.

5.1 Globalization

The concept of Globalization is even more vague and confusing than the one of diplomacy. To clarify what different meanings the concept can hold, we have chosen to present two very different views of globalization, discuss these and then define our perception.

The first view to be presented is the view of Herman M. Schwartz. He has a rather pessimistic idea about what globalization is and what it has been. To him globalization is not a new phenomenon; on the contrary it has already had its time of glory (Schwartz, in Stubbs (ed.), 2006:59). According to Schwartz, globalization can be characterized as growth of states, cities and markets with accumulated currency instead of trade (Schwartz, in Stubbs (ed.), 2006:51). In short, his definition of globalization can be described as a world wide transfer of state systems, goods, workforce, technology, and ideas (Schwartz, in Stubbs (ed.) 2006:55 ff). So, how can trade and contacts between states have existed for thousands of years if globalization is to be considered a new phenomenon? Well, a big difference according to Schwartz is the amount of exchange of important factors as people and goods. With the movement of people and products, views and ideas are spread and develop a common political system over great geographical areas. (Schwartz, in Stubbs (ed.) 2006:51)

The other view presented here is the one of Jan A. Scholte. He describes the rise of world globalization as a way to explain that a change in the global structures has occurred (Scholte, in Baylis & Smith, 2001:14). Scholte means that the phenomenon reached its peak during the 1980’s (Scholte, in Baylis & Smith, 2001:15), much as a response to new science and technology that could spread influences over the world in a rapid pace. By making communication and long-distance contact easier and cheaper the change has created possibilities for both
individuals and companies to uphold contacts with actors on a far distance (Scholte, in Baylis & Smith, 2001:16). The increasing contacts means that states interact with other states and actors, problems and concerns can be solved through joined forces and actions. Still, it is important to point out that globalization is not a uniform process, it will put some people in situations where the ending is not always positive (Scholte, in Baylis & Smith, 2001:17). With the spreading of norms the unequal access to technology and systems will be more obvious and the gap in living standards will probably be widened.

However, territory is still important because of economical as well as social factors such as production and identity (Scholte, in Baylis & Smith, 2001:18). The effects of globalizations on states and territory can be understood as a paradox process, where people, currency and goods can move freely but with legal and other interfering effects influenced by states (Scholte, in Baylis & Smith, 2001:18).

Our view of globalization agrees with both the views above concerning the effect global trade has on spreading influences, ideas and understanding. However, our view lies closer to Scholte’s, since we think globalization can be viewed as a widespread web of knowledge and contact. Through technology, expanding markets and economic possibilities much of the world has integrated its official policies to adjustments for possible comparative gains. By closer contact and bigger opportunities for gains a comparative pressure has arisen for states which have interest in taking part of the possibilities that international trade offers. This can not be viewed as a system of fair competition as it is driven by the quest for financial gains. There are many aspects that are important when explaining globalization, for example the spread of capitalism, an international banking system, technology which allows direct contact and a spread of values and democracy (which implies always to give the citizens the best possible life, otherwise the leaders will be short lasting as rulers). With all the factors concluded in this explanation, globalization can be described as a great web of contacts spreading over the Earth, creating incentives for big business as well as shared knowledge of technology and ideas spreading among the everyday day individual.

5.2 The Swedish Trade Council

The Swedish Trade Council was established in 1972 and is partly financed by the Swedish state and partly by the industrial sector. The basic purpose of the council is to help Swedish enterprises to grow at the international arena and the services provided are free information, strategic advice, and even help with practical arrangements when an enterprise wants to get established abroad. (www.swedishtrade.com) The institution has an official assignment from the government. The assignment is basically to help Swedish companies to get started on the international market and at the same time promote Swedish interests, build
an international view of Sweden as a country to both do business with and in

The government in Sweden has sponsored a number of projects aiming to support
the Swedish industrial life. One important service that the Swedish government
has offered Swedish companies interested in establishment abroad, have been
export credits. Institutions needed for this in the Swedish regime are for example:
Institution of Export Credits “Exportkreditnämnden (EKN)”, and the corporation
of Swedish Export credits “AB Svensk Exportkredit (SEK)” (Svensk Export
71/4:3). As we could understand from our interview with Torsten Ericsson, these
export credits play an important role for export, especially to third world
countries. However, they are harder to obtain in countries without Swedish
embassies (Ericsson, interview). The institution of export credits is important to
mention as it helps to form a picture of the complexity of the international
industrial life.

The idea of creating the Swedish Trade Council was presented in an
investigation of the different measures which Sweden could take to promote
Swedish trade. The investigation was called Exportfrämjandeutredningen (the
investigation of export promotion) and it concluded that it was a common interest
for the state and the industrial life to carry out common efforts to increase the
prosperity and the ability for Swedish companies to broaden their business
potential internationally. (Svensk Export 71/6:3)

Before the Swedish Trade Council was created, a number of institutions to
promote trade already existed on the Swedish market. The Council was intended
to decrease the amount of work and co-web the information available to both the
government and the companies wanting to export. In short, the institution was
meant to be an organization with the purpose to gather work and information to
one full picture. (Svensk Export 72/1:4)

There was a clear awareness of the expanding markets and shrinking world to
be understood from the political debate around 1972 and earlier years (FiU
1972/1:1ff.). This awareness will also probably be the answer to why the
government in negotiation with the industrial life agreed to be sponsoring a new
institution, a new organ fully focused on international trade. This especially since
the organ managed to obtain a non-governmental status, which meant that
documents and information about its work did not have to become public and
therefore the institution could gain much professional trust (Svensk Export
72/1:5).

5.3 The Swedish Trade Council today

Today the Council has grown, according to their own numbers they have offices
in more than 40 countries and cover the markets in more than 100 of the countries
in the world with their 450 employees. (www.swedishtrade.com)
The scope of the activities of the council is not strictly limited to assistance when a corporation wants to establish itself abroad. There is also a general ambition to promote Swedish commercial interests and even to help create a positive image of Sweden as a country, in the sense that Swedish enterprises are to be perceived as reliable business partners. This dimension of the work of the council is partly carried out through a committee for the promotion of Swedish interests abroad (Nämnden för Sverigefråmjande i Utlantet, NSU), in which the council is responsible for the area of trade. Other parties in this committee are the Swedish Department of Foreign Affairs and representatives for the Swedish tourist industry.

In 1991, a big reform of the Council was initiated by the government. The biggest effect was the savings in state financing, in numbers down to half. The aim was to make the Council more independent by letting its work be paid for by companies instead. This could be justified with the lower taxes for different areas of business that companies could enjoy under the new government (Svensk Export 1992/1:20 f). It had the effect that some offices in countries with a weaker market had to be closed and the official, still state sponsored part of the councils’ work grew into becoming focused on information spreading and general advising (SOU 2000/102:54).

5.4 The interview with Torsten Ericsson

We had many questions about the cooperation between the Swedish Trade Council and the foreign embassies and their work, and we found a clear connection between them. One of the main differences is the area of promoting Swedish interests which both institutions share, but the embassy had a clearer focus on cultural aspects and the Trade Councils’ field of work were to promote economical and exporting information about Sweden. To some degree the two institutions supplement each other in the fields where operations can involve similar objects. The view of Ericsson was that the institutions function as coworkers.

The Trade Council is dependent on the embassy for much of its work abroad, as certain obstacles to trade can only be solved through diplomatic contacts. The embassies are laying institutional ground for the Trade Councils to be able to perform their work. There are still obstacles as national boarders to consider, which the Trade Council needs the embassies to overcome.

It is harder for Trade Councils to open up and function in countries lacking a Swedish embassy, since the embassy fills purposes of being a controlling organ for the Institution of Export Credits (EKN). The EKN is needed for the work of the Trade Councils. But the official reasons for both the Trade Council and the embassy to open up or close offices are mainly concerning markets. Where there are functioning and prosperous markets, both the institutions can conduct their work with more efficiency.
Torsten Ericsson’s view of the core of the diplomatic work is that it consists of making connections between countries easier. He sees the globalize market as an arena for completion but this is not the actual working field of the embassies. The work to promote peace and security has always been the same, but the field of work today includes many tasks concerning promoting Sweden and that work is to a certain extent shared with the Trade Councils.

5.5 Structures

The global economic structure forced Sweden into being a competitor on the international market. The Swedish economy had for a long time been built on export and the industrialization had been reinforcing the need for good and reliable contacts with other countries. Through globalization trade was getting more common between smaller entities as well as MNCs. The change affected the system by creating a need for organizations or institutions which put pressure on filling the gaps.

Similarly as for the creation of the East Asia Company and for the ECSC, there were a number of institutions already existing in the same field, these filled the purpose of clearing the way and both preparing the structure and working as structural attempts to change. In the case of the Trade Council the work of these institutions was widely spread, and the greater pressure of competition on the world market put pressure on efficiency. Therefore, a need for a coordinating organ which could delegate and gather information to both the industrial life and the government arose. The greatest threat was no longer war but to fall behind in the global competition. The new structure demanded a widening field of ideas about how to care for Sweden.

5.6 Actors

The Swedish Trade Council was established as a result of the Commission of Export Promotion (Exportfrämjandeutredningen), which stated that the industrial life and the Swedish government had a common interest in expanding Swedish trade. The need for an organization to collect and overview information was wanted by the already existing governmental institutions working with trade issues.

The previous institutions dealing with export had mainly been focused on promoting bigger Swedish companies, but the Trade Councils’ work was widened to include both a continuous promotion of Swedish interests and to assist smaller companies to establish contacts abroad. This change to involve several more actors made a difference in an overarching support from all sides involved. By the creation of a new actor the possibilities for promoting Sweden and Swedish
interests widened, both regarding the possibilities to gather information and to spread information and promote Sweden. The strong connection that the Trade Councils have with the embassies, and the official assignment, gave the institution a high status reputation.
6 Conclusions

As the concept of diplomacy is rather hard to grasp and a hard to define once and for all, we have tried to sort out what frames the concept can be captured within and how we see diplomacy as moving inside these frames. Why do we claim that there has been a change in diplomacy? Well, the classical concept is that diplomacy concerns mainly contacts between states. Through history the diplomat has been the represent of the rulers and therefore had a great responsible for delivering the sent message.

Due to the effects of globalization through out the world, the global system and the actors operating within it have changed. This change has thoroughly changed the idea about what the elements of the arena of international relations are. Notions of global trade and security have changed and we claim that there has also been a change in the nature of diplomacy.

In this thesis, we have tried to follow a timeline which can be characterized as specific for the evolution of the world as we see it today. The cases chosen are the ones we consider to be specific for showing how institutions can arise as answers to certain needs. One of these needs can be described as a gap in the connection between states, in the field of classical diplomacy.

What could have caused this gap? As said about globalization earlier, we understand that a major change has occurred. So much has happened in only the last hundred years; technology has given states potential to industrialize, export, trade with each other and have long distance contacts. There are always two sides to every coin, and the exact same development has caused a greater competition to sell products both nationally and internationally. This global situation of competition involves more actors than states. It is no longer trade between countries that is ruling but between companies.

What has happened? Diplomacy opened up for further trade in Asia. West Europe has had peace for almost 60 years, cooperation to manage the global economic competition. The Swedish Trade Council answers to a need of the expansion of trade.

What has happened to diplomacy in all this change? The diplomacy known to be the official and unofficial relations between states has also been the victim of global competition. The field of diplomacy concerning state security is and will be the same through out time, but the field has broadened, as the embassies and the diplomat are not the only actors who today can be seen as promoting Swedish interests abroad.

Now, we will conclude and examine how we think the theory of Susan Strange deals with the problems of changing diplomacy. More specifically, we will comment on her understanding of structural change and its effects on the concept of diplomacy.
Similar for all the three cases is that through a creation of a new institution the arena of the diplomatic “game” has been affected and changed. The opening up of more possibilities creates room for new actors and for communication between actors not being states. When international relations no longer can be said to consist of solely state relations, but a space of economic and other contact networks are growing, the classical diplomacy will not be the most important tool for states in their foreign relations.

So what can we conclude from our work and from the testing of Susan Stranges’ theory? By using a method of comparing over time we have aimed to capture the reciprocal work between the actor – structure influence. We think that actors do affect the structure, and that there is a certain amount of free choice involved in all institutional outcomes. The structural change does not erase earlier systems but merely gives them less space, function and meaning in society. Structure has changed but the structure can not bee seen as a complete set of ideas which change all parts of society but more as dimensions of ruling ideas and less adapted views. The earlier structures do still exist but has been supplemented by several others. From our view, this means that some actors are able to choose freely their actions and in this case their view of need for example we can choose between embassies and trade commerce.

The theory of Susan Strange shows a clear focus on structure. By using three different cases we have concluded that structure does matter, but so does actors. The impact of different kinds of actors is apparently interesting when explaining change in diplomacy and in economic structures. All the cases have had influential actors involved in the different creations of the institutions. The understanding of globalization and the effect this seem to have on the world show a further combination of actor – structure influence.

In conclusion, we think that the theory of Susan Strange show a clear image of structural causes while it overlooks actor dynamics. We agree that structure is important to change but the realist approach does not include a free will or the possibility that an actor could make a difference!
7 References

Books


**Articles**


Official Publications


Internet Sources

www.swedishtrade.se/omexportradet/ 15-04-06
Homepage of the Swedish Trade Council.

http://www.kommandobryggan.se/Bryggan/asok2.htm 15-04-06
Homepage of Aktiebolaget svenska ostasiatiska kompaniet.

Interview