
This has given greater scope for vibrant cultures to flourish across borders; it has raised, however, concerns about global homogeneity stifling distinctive local expression and identity. Countries are looking for the appropriate balance between openness to international culture and support of their own cultures to protect and enhance local identity and diversity.

This evolving context changes the nature of state sovereignty.

- Thanks to technological innovations, the adoption of outward-looking political and economic policies, and the other changes described above, borders have become more porous to the flow of ideas, people and capital. This has diminished the ability of states to act independently since they can no longer isolate themselves from the world without unacceptable domestic consequences. However, especially for smaller and medium-sized countries, sovereignty has also been enhanced since the growing number of international rules on security, trade and other matters better protects states from arbitrary and unilateral action by other international actors.

States differ in their international approach.

- In some parts of the world, the state is struggling to maintain or reassert legitimacy and order. The “tiger” states of Asia, by contrast, are newly strong and are projecting their interests more than ever.

The developed western countries are in a different position. The political consensus that sustained the welfare state and internationalism is under stress from fiscal pressures and globalization. Maintaining employment has become the dominant social challenge.

Room for government action in developed countries is constrained by debt loads. Doing a better, more innovative, more focussed job with less will characterize foreign as well as domestic policy making for the foreseeable future in all these countries. Choices — many difficult and painful — will have to be made.

Only states with clear objectives, acting on a strong domestic consensus, will be able to deploy significant influence and play an effective role in this new world.

Foreign Policy Making Will Change in the New Context

Domestic and foreign economic policy will be increasingly linked and mutually supportive.

- As stated by the Special Joint Committee, “Domestic policy is foreign policy...foreign policy is domestic policy.” For example,