

# Globalization Versus State

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## **Objective of this unit:**

In this unit, we shall discuss the meaning and definition of globalization. At the same time, we shall also discuss the impact of globalization on the sovereignty of the state in order to find out the exact power exercised by states in contemporary world. besides, the concept of state market and civil society would also be discussed in the context of globalization.

# Suggested Readings

- **Albrow, Martin (1996), *The Global Age: State and Society Beyond Modernity*, Stanford University Press.**
- **Hirst and Thompson (1999), *Globalization in Question*, Polity**
- **Gray, John (2000), *False Down: The Delusions of Global Capitalism*, The New Press.**
- **Jagdish Bhagwati (2007), *In Defence of Globalization: With a New Afterword*, OUP.**
- **Friedman (2012), *The Lexus and the Olive Tree: Understanding Globalization*, Picador**
- **Giddens, Anthony (1990), *Runaway World: How Globalization is Reshaping Our Lives*, Routledge.**
- **Ghosh, Peu “International Relations”**

# Globalization Versus State: Introduction

- The discipline of International Relation was founded on key assumptions about the centrality of the sovereign state system to the ways in which world politics was organised and conducted.
- The privileging of the sovereign state and the state system has been vigorously challenged by alternative approaches to International Relations in recent years.

# Breton Woods System

- Breton Woods system created after the 2<sup>nd</sup> World War rested on the foundations of closed capital accounts and fixed exchange rates. The world lived with a system of separate national financial markets.
- With the breakdown of Breton Woods system in 1973, the world monetary system underwent three revolutions all at once: de-regulation, internationalization and innovation.

# Globalization: Its Meaning

- The term globalization first appeared in Webster's dictionary in 1961 marking the beginning of an explicit recognition in the contemporary period of the growing significance of the world-wide connectedness of social events and relationships (Kilminster 1997: 257)

# Globalization: Definition

- In broad social terms, globalization has been conceptualized as a “process whereby the population of the world is increasingly bonded into a single society” (Morton Albrow 1997) which is similar to the notion of ‘shared social space’.

# Globalization: Definition (cont..)

- Politically globalization may be referred to the “increasing enmeshment of people within the networks of global governance but also to the spread of more widely shared political values around the world as manifest in a general trend towards democratization”.



# Globalization: Definition (cont..)

- Economically globalization is often seen to be at its most dynamic, especially since the collapse of communism, the increasing bias towards privatization and deregulation everywhere have given free reign to market forces.

# A brief history of Globalization

- The idea of a globalization can be traced back to the Stoic notion of 'cosmopolis' and the fact that major traditions of religious thought such as Christianity and Islam embodied the essential idea of transcending particular political communities.

# A brief history of Globalization (cont..)

- One source says that globalization may be traced back to the 16<sup>th</sup> century when European imperialist expansion began and that globalization today is simply a more advanced stage of the same process (Robins 1990).

# A brief history of Globalization (cont..)

- Another source locate the beginning of the globalization of economic activity to the European Middle Ages when systematic cross-border trading operations of a private corporate nature were initiated (Hirst and Thompson 1999).

# A brief history of Globalization (cont..)

- Some others trace it to the “ancient Babylonian and Roman Empires practical forms of long distance lending and trade” (Scholte 2001) or “to the development of international organizations, conferences, agencies, trade regimes and so on”.

# State Market

- Historical evidence suggests that societies that were late in the process of modern industrialization have witnessed a more active role of the state in the development process than the countries that were the early leaders.
- 20<sup>th</sup> century success stories like that of Japan and many other Asian economies have had strong governments that took an active interest in promoting and organising economic growth.
- However there are numerous other instances too where the state did assume an important role in the control and allocation of resources and in the creation of incentive structures for investment but failed to promote adequate transformations. Even in places where growth did occur under the aegis of strong state controls, the issue of the state's ability to sustain that growth came to the fore with the dramatic collapse of the soviet union and the East European economies.

# State Market

- One of the main areas in which states or more specifically their national governments have been seen to be loosing control is over the economic domain.
- This has been celebrated most enthusiastically by supporters of the liberal idea that the 'market knows best' when it comes to economic issues and should be allowed to follow its 'natural path'.

## State Market (cont..)

- This kind of approach has been described as a form of 'anti-political liberalism', a version of 'neo-liberalism' which celebrates the liberation of the global economy from the fetters of the state and of politics. In this vision the state of the future will have little else to do except aid in the protection of the state market system by maintaining law and order and upholding the rights of the private property (Hirst and Thompson 1999: 262).



## State Market (cont..)

- Objections to this extreme form of liberalism have come both from the political right and the left. One view from the conservative end of the spectrum which is also consistent with the left critiques sees clear dangers in this liberal rhetoric of globalization which reduces the scope of democratic political life to marginal adjustments in the management of market institutions and closes off the political process to questions about the contribution made by market institutions to the satisfaction of human needs (John Gray 1997: 1)

# State Market (cont..)

- While recognising that the contemporary period of world politics has seen very significant changes in the context in which state power is exercised, states remain key entities in the sphere of world politics, that political power has scarcely been abolished much less politics itself and for these reasons it would be foolish to discount all elements of realist theory (Chris Brown).

# State Market (cont..)

- Contemporary globalists have grossly exaggerated the extent to which states have in fact exercised real power in the past over their national economies and other aspects of political and social life.
- There has also been a tendency among some political leaders- especially around the English speaking world to play up an image of 'helplessness' which is related to the 'weak state' assumption which enables the government to conveniently evade responsibilities for adverse economic developments at a national level (Weiss 1998: 189-94).

# State Market (cont..)

- The global market is not as free and competitive as it is made to appear
- Added to this is the fact that international labour migration from developing countries to richer is not only resented by local labour but motivates the State in the industrial countries to pass new legislation to arrest the labour inflow (Melkote 2001).

# State Market (cont..)

- There are those who suggest that a market driven economy will bring prosperity to all.
- The second group argue that the State has a very important role to play in economic decisions for social and economic development.

# State Market (cont..)

- This group believes that economic structures are often used to enhance political power and cultural hegemony (Clark 2003).
- Joseph Stiglitz argues that the market needs government; ‘government aids the development of market economics in that it either helps provide infrastructure of a regulatory structure that ensures the private provision of infrastructure at reasonable prices; often plays a vital role in developing and transmitting technology, such as through agricultural extension services and can help promote equality and alleviate poverty’ (as quoted in Martin, 2000:8).

# State Market (cont..)

- The debate is not about one form or the other, it is about how much autonomy, dependence and intervention there must be between market and the State for trade, and business to flourish, employment to be generated, human development to be created. It however needs to be emphasised, in this context, that 'governments do not always act in the interests of people at large.

## State Market (cont..)

- There is a fear that economic globalization is harmful to social agenda such as the reduction of child labour, removal of poverty, the maintenance of rich country labour and environmental standards, the exercise of national sovereignty and democratic rights, the maintenance of mass destruction and there has been an increasing role of supra-state agencies like UN, IMF, WTO etc. in these fields.



# Civil Society

- Broadly, the term civil society points to that section of society which is distinct from the State machinery and market and does not represent their interests.
- Clark (2003:3) defines civil society as the collective activities of citizens for purpose of social change rather than individual gain – it is far from homogenous, and not always civil. It must be noted that it is quite fragmented and often represents varied interests.

# Civil Society

- The responsible role of individuals and groups within civil society is to closely study the flaws and foul play in the market and highlight and expose them so that adequate action is taken.
- Above all civil society must support, challenge and ensure that government is transparent and accountable, acts responsible towards the vulnerable, marginalised and excluded groups and communities, and upholds human rights such as right to education, health, employment, dignity and not violated by the state, market and civil society itself

# Civil Society

- Translated into action it would for example demand of civil society that it get to stop the ruling circles from unnecessary bureaucratic financial waste and purchase of weapons until their needs for education, housing, healthcare, public distribution of essential food items, sanitation and drinking water have been met (Mishra 1999)
- Citizens have to challenge, and at the same time support the government in its efforts to make public sector more efficient and competitive, while at the same time allowing the market to come into play where the market is a better provider than government so that the government does not waste its time, energy and resources (for example in hotel industry).

# Conclusion

- The core of Westphalian model i.e., the concept of sovereignty have been deeply undermined in a fast globalizing world.
- There has been de-territorialization of the world.
- the state in a globalizing world has to work along with the forces which are not under its control.

# Conclusion

- Political communities, are in effect, systems of inclusion and exclusion characterised by social mechanisms which unite and separate, associate and dissociate, human beings. The central problem is how to create communities or societies which do not subject aliens or minority domestic groups to the tyranny of unjust exclusion.

The closing decades of 20<sup>th</sup> century  
witnessed a steady