

Globalization and Nation State

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Abstract

Globalization has introduced new and diverse challenges for the nation state not only in terms of managing rapid economic and cultural integration, but also with respect to governance and decision-making. Globalization, as a concept, contradicts the traditional understanding of the primacy of the nation-state in the world order and introduces a possibility for parallel existence of various non-state actors such as Intergovernmental organizations (IGOs) and International non-governmental organizations (INGOs). In recent decades, the growth of transnational groups - both political activist groups and dangerous terrorist organizations - also shows the ways in which modern technologies and globalization can challenge and possibly undermine the state's ability to protect its borders and pursue its goals. In other words, the sovereign state has been continuously challenged, both internally and externally. Therefore, globalization has a serious influence on the concept of sovereignty, which is a basic element upon which the existence of the nation-state depends. The present paper examines how globalization has impacted nation states on various fronts.

Keywords: Globalization, Nation-State, Sovereignty

Introduction

A nation-state is a form of political organization born out of the Peace of Westphalia in 1648. It is a territorial political community which has an independent organized Government. Sovereignty is a fundamental aspect of the nation-states. The sovereign nation-state has the ability to make legal regulations within a defined area of sovereignty to ensure the enforcement of legal regulations. Sovereignty is the most essential element of the state. There are two aspects of sovereignty: internal sovereignty and external sovereignty. Internal sovereignty means every independent state have the final legal authority to command and enforce obedience. External sovereignty means that, the State is not subject to other authority and is independent of any compulsion on the part of other States.

In the post-cold war era neoliberal economic policies and conception of parliamentary democracy have emerged as central to a powerful global narrative on capitalism and development. This dominant neoliberal vision is intimately connected to the shift in power from nation-states to increasingly flexible capital and international financial institutions and organisations. Globalization is a multifaceted phenomenon. Globalization is not merely an economic process rather it covers all the aspects of modern life such as political, cultural, humanitarian, social, ecological and technological etc.

The rise of globalization has stimulated a major debate about the power and significance of the state in a globalized world. Three contrasting positions can be identified. In the first place, some theorists have boldly proclaimed the emergence of 'post-sovereign governance' suggesting that the rise of globalization is inevitably marked by the decline of the state as a meaningful actor. In the most extreme version of this argument, advanced by so-called hyperglobalists, the state is seen to be so 'hollowed out' as to have

become, in effect, redundant. Realists, on the other hand, tend to deny that globalization has altered the core feature of world politics, which is that, as in earlier eras, sovereign states are the primary determinants of what goes on within their borders, and remain the principal actors on the world stage. Between these two views, however, is a third position, which acknowledges that globalization has brought about qualitative changes in the role and significance of the state, and in the nature of sovereignty, but emphasizes that these have transformed the state, rather than simply reduced or increased its power.

Globalists argue that globalization has undermined the sovereignty of nation-states due to the growing number of powerful supranational/super-territorial forces as well as global problems like climate change, (Multinational Corporations) MNCs, terrorism, international non-governmental organizations, new communication technologies like the Internet.

In the globalized world system, along with losing monopoly in international affairs, states are also experiencing a weakening of their sovereignty. It is evidenced that states often complain that their sovereignty is under threat due to the intervene of the international community. In the globalized world non-state actors have become stronger even in challenging the state both internally and externally.

As Thomas Friedman opined that globalization is “the overarching international system shaping the domestic politics and foreign relations of almost every country”. It is a process which includes not only economic, but also political and cultural interconnections that transcend the borders of the nation-state, as a primary unit of the international system. Consequently, under the pressure of globalization, the nation-state suffers serious implications on its traditional characteristics, which seems to become dysfunctional in serving the needs of a global world. At the same time, it jeopardises its primacy as a basic unit of the international system. No matter whether globalization will take its full form and realize its tendency to create a global-state with global institutions, or not, the very existence of any form of globalization represents a challenge to the Westphalia system of nation-states, based on the concept of sovereignty, due to the inability of the nation-state to practise its sovereign power over the global stage.

According to National Geography Encyclopaedia 2020, globalization can be classified into “three general aspects”. The first one is cultural, which speaks of cultural interdependence, and the potential emergence of a global culture. The second one is economic, and deals with trade and financial integration, along with the reduction of the impact of government policies in the economy. Finally, the political/legal aspect relates to the role of a state in a globalized world. All three aspects are driven by the development of new technologies, such as the internet, satellite, and high – tech computers. The inevitable and the most significant changes in the globalization process are evident in the field of economics and politics, and to a lesser extent on the cultural plane aspect.

Economic Globalization

Economic globalization refers to strengthening and expanding of economic relations worldwide. International economy, in the era of globalization, has become closely integrated in a system based mainly on global production and global finances aided by the global economic institutions and their agencies. Thus, the end of the Cold War increased the power of the international economic system by emphasizing the role of two main actors of economic globalization: Multinational corporations (MNCs) and international economic institutions.

Economic globalization implies the flows of profit, investment, production, technology and communications across the national borders. The main effect of the economic globalization is the decreased ability of the state to control the national economic policies as well as their own economic

future. The existence of global actors, such as multinational corporations accelerate the integration of the global economy. The financial markets have also gone through transformation. Financial flows have increased, while the national capital has become integrated with the international capital. At the same time, it is impossible to control the flow of information, which also accelerates the financial globalization. Moreover, the growth of international trade and globalization in trade due to the emergence of various global markets and global competition has also reduced the state control of the economy. Therefore, the economic globalization has put the state not only in a position of having a reduced sovereign control over the national economy and the national markets, but also in a position where the market has the increased ability to influence the nation-state, through global actors and global interconnections and flows.

Dutch – American sociologist Saskia Sassen, argues that economic globalization has contributed to a “denationalization of national territory, in a highly specialized and functional way”, caused mainly by international corporate practices. MNCs are multinational which are opposite to the traditional concept of mono – national corporations. These globalized companies are not strengthening countries in which they are established. The first implication is connected with the fact that multinational corporations are relying on themselves and not on the countries where they are situated or have affiliates. In such conditions, they are focused on strengthening their own establishments, hierarchies of control, and degrees of autonomy. Yet, these central functions are disproportionately concentrated in the national territories of the highly developed countries. Involving all these national and international actors, the company is confirming its global position and excludes the possibility of national domination in its central structures and processes. International non-state actors began to appear as a result of escalating economic interdependence. In the global economy, transnational companies have gradually come to represent emerging power centres. The state, as a primary international actor, finds itself surrounded by competitors ready to offer alternative rules and norms for world politics. In the globalized world the states often have to 'give up' their right of imposing certain policies because of the actor and factor contributing to the globalization. United Nations Organizations and the so-called ‘Britton wood Institutions’ role in this regard is vital. The states often give up their economic sovereignty by removing trade barriers and tariffs from their global trade.

As a result of globalization, the nation-state has lost some of its weight in international and domestic issues. The free movement of capital and the flexibility of transnational corporations escape the regulating role of the nation-state. The financial crisis in the second half of the 1990s and early 2000s (Asia, Russia, Mexico, Argentina) showed the lack of control of nation-states. The fact that many industrial companies have transferred their production to China and the Western European nation-state can do little against it. The World Trade Organization (WTO) has created a set of binding international trade rules that limit the economic policy space for the nation-state.

Political Globalisation

Just as economic globalization has involved the strengthening and expansion of economic relations around the world, political globalization refers to the same processes when it comes to global political relations. Political processes raise an important set of policy issues, pertaining to the principle of state sovereignty, the growing influence of Non-Government Organisations (NGOs) and the prospect of potential global leadership. Political globalization refers to the transfer of decision – making places from national to international organizations and institutions. This is achieved through interstate integration (e.g., European Union). Contemporary manifestations of globalization led to blurring of the nation state boundaries

founded during the previous several centuries, dating back to rise of the concept of state sovereignty in the 1648 Peace of Westphalia.

Political globalization involves the shifting of the governing power of the state to various new forms of institutions or bodies. As it was stated above, the process of globalization and the necessity for international cooperation among the states, reduces the sovereignty of the nation-states and creates a suitable ground for the emergence of transnational or non-state bodies, such as Intergovernmental Organisations (IGOs), International Non- Government Organisations (INGOs) and businesses. IGOs include bodies like the United Nations Organisation (UNO), the European Union (EU), the International Labour Organisation (ILO) and the International Monetary Fund (IMF). The common feature for this form of bodies is that they all possess a certain degree of legislative or coercive power through which they present a challenge to the traditional nation-state sovereignty. INGOs, like Amnesty International and Catholic Relief Services, are transnational bodies that also have the effect of influencing the sovereignty of the state, due to their ability to have global financial and political influence through uniting people from different states based on their common causes and interests and forming powerful lobby groups. Businesses, such as transnational corporations, are also affecting the sovereignty of the nation-state. In many cases, they are more powerful than many governments and states.

Thus, at the political level, too, globalization brings about many changes. It is widely acknowledged that countries on their own have less impact in the international political arena. Therefore, the arena or space for national policy making continues to shrink in the context of globalization. Globalization has brought so much uncertainty and complexity in terms of policy making at the national level. The nation-state is losing power to the international institutions. In many ways, its role is being reduced to a spectator that watches the international policy actors at play. Finally, in the domain of security, regional arrangements (NATO, ASEAN) have been since long established to provide mutual support in case of foreign aggression.

Avram Noam Chomsky, an American political activist, opined that a new form of international government has emerged designed to serve the interests of the new international corporate ruling class. Chomsky mentioned the Organization for Economic Cooperation and Development (OECD), the World Bank, the International Monetary Fund (IMF), the United Nations Organization (UNO) and the World Trade Organization (WTO) as de fact world governments that control macro-economic policy in the third world. Recently Pakistan's national Assembly had to pass a money bill to fulfil demands set by International Monetary Fund (IMF) for seeking USD 1.1 billion loan facility to avoid an economic meltdown. Pakistan Prime Minister Shehbaz Sharif stated that his government had to accept "beyond imagination" conditions to unlock an IMF bailout package. Thus, it shows the compulsion of a nation state to accept instructions of an Inter-Governmental Organisation.

Tito Titus Mboweni, former minister of finance of South Africa, argued that for Africa, the least globalized region of the world, globalization has two crucial implications for macroeconomic policy managers. Firstly, decisions are often made on the basis of what is happening elsewhere, and thus, the African governments are implementers rather than innovators or strategic players. Secondly, globalization will grow over time, thus increasing uncertainty and complexity in national macroeconomic and social policy making. Africa is a marginal player in the global economy, the economic fundamentals are often driven by global developments such as the pace of growth in the OECD countries, primary commodity prices, Foreign Direct Investment (FDI), donor strategies and head office decisions of multinational corporations.

The blurring of the boundaries between internal and external affairs adds potency to the political role that MNCs unavoidably play as non-state actors at the intersection of foreign and domestic policy. Because multinationals often make decisions over which leaders of states have little control (such as investments), MNCs' growing influence appears to contribute to the erosion of the global system's major organizing principle—that the state alone should be sovereign. MNCs' awesome financial resources are much greater than the official statistics suggest, and this is why many states fear that MNCs, which insist on freedom to compete internationally, are stripping away their sovereignty.

Many MNCs are now globally integrated enterprises that produce the same goods in different countries so that their horizontal organization no longer ties them to any single country. Controlling the webs of corporate interrelationships, joint ventures, and shared ownership for any particular state purpose is nearly impossible. Between 1988 and 2008, the number of MNCs grew to more than 82,000 parent firms that control 810,000 foreign affiliates spanning every continent in the world. Perhaps the most notorious instance of an MNC's intervention in the politics of a host state occurred in Chile in the early 1970s when International Telephone and Telegraph (ITT) tried to protect its interests in the profitable Chitelco telephone company by seeking to prevent the election of Marxist-oriented Salvador Allende as president. More recently, the huge profits and activities of corporate giant Halliburton to rebuild the infrastructure of Iraq after the 2003 U.S. invasion provoked widespread complaints that this MNC was exploiting the circumstances to line its pockets—at U.S. taxpayers' expense.

It is difficult for governments to regulate the commercial activities of companies within their country, because companies may choose to engage in regulatory arbitrage. If a company objects to one government's policy, it may threaten to limit or close down its local production and increase production in another country. The government that imposes the least demanding health, safety, welfare, or environmental standards will offer competitive advantages to less socially responsible companies. There is also a strong global trend towards the reduction of corporation taxes. It thus becomes difficult for any government to set high standards and maintain taxes. Therefore, in the globalized world the list of threats to state sovereignty often includes global financial flows, International Organizations, multinational corporations, rapid development of the information communication technology etc.

Globalization's Security and Environmental Implications

Globalization has dramatically affected the movement of people, goods and services. These developments also influenced security interdependence of countries unprecedented in human history. In the context of security, the post-cold war globalization favoured the emergence and spread of the influence of plentiful terrorist organizations, organized criminal and insurgent groups. The forces of globalization have made it easier for non-state actors to travel, communicate, and operate on a worldwide basis. Technological innovations in weapons- nuclear, biological, and chemical - allow these actors to potentially gain weapons of such destructive power that it is possible to imagine whole cities suffering at their violent hands.

Therefore, the traditional Westphalian idea of the international system - and the modern sovereign state itself - has been challenged in recent decades by a cluster of inter-related developments: non-state actors empowered by technological change and the changing norms and expectations of the international community. The technological advancements have made it easier for private groups, such as criminal gangs and terrorist groups, to operate and inflict harm across national borders and at longer distances. The internet makes it easier to communicate and transfer funds across the world. These groups can build extended transnational organizational networks. Technologies of violence - nuclear, chemical, and

biological - also provide capabilities that allow non-state actors to wield destructive force that, previously, only states could possess. It remains an open question whether these modern technologies give the advantage to non-state groups or the states which seek to detect and prevent their violent activities. The capacity of states to retain sovereign control over their national territories varies considerably. In the developing world, there are many nation-states that are sovereign more in name than reality. Afghanistan, Sudan, and Somalia are just some examples of states which are so weak because the central government has no effective control over major regions within the formal territorial borders. These unruly territories provide attractive havens for non-state criminal and terrorist groups to operate, offering training sites and launching pads for transnational operations. Afghanistan is an appropriate example to explain how weak nation states are unable to fight against extremist groups. On August 15, 2021, the Taliban overthrew Ashraf Ghani's government and seized power in Afghanistan.

The operations of criminals and other non-legitimate groups have become more complex, spread over a wider geographical area, and increased in scale. Government attempts to control such activities have become correspondingly more difficult. The legal concept of sovereignty may nominally still exist, but political practice has become significantly different. Now virtually every government feels it has to mobilize external support to exercise 'domestic jurisdiction' over criminals. Defeat of terrorist groups will not be achieved by military counter-terrorism, but by global political change that delegitimizes fundamentalism and violence. Thus, the military/security dimension of globalization is also crucial in the discourse with regards to impact of globalization on nation state and its sovereignty. Traditionally, national security is understood as "the acquisition, deployment and use of military force to achieve national goals". But globalization widens the scope of security. International security also includes environmental issues such as global warming, ozone depletion and acid rain. Globalization means that nation-states can no longer control their non-physical security requirements. States are becoming more sensitive to security and military developments in other regions due to increasing financial, trade and economic relations.

The liberalisation of international trade and investment also worsening the impacts of human activity on the environment. Critics point to many channels through which globalisation may adversely affect the environment. First, with the increasing levels of global trade there is risk of exploitation and use of oil and other non-renewable resources. The result of these is a rise in levels of land, air and sea pollution, deforestation, soil erosion, floods and other ecological imbalances. Second, more trade often means goods and people travel a longer distance and in greater numbers, resulting in even more consumption of fuel resources and subsequent emissions of pollutant gases. While on the one hand global networks of trade and consumption increase choice in the marketplace, for those that can afford to buy these goods, it also creates a false impression of the true cost of many of these goods. One of the dominant trends of globalization continues to be the spread of mass consumerism around the world. Unless this is checked, or technological improvements allow for more environmentally friendly patterns of growth, this is a scenario that is likely to be increasingly divisive and create increased conflict between individuals and states.

Although there is considerable debate on the role of the state in the globalized world, the effects of globalization on state functions cannot be denied. The most important result of globalisation is being felt on its "sovereignty" which is basic characteristic of the state. Newly imposed constraints on state sovereignty have led to the emergence of different forms of cooperation amongst states. Countries bargain over influencing each other's internal affairs. Different dimensions of globalisation have taken states to different scopes in the international political system. Therefore, contrary to the classical meaning of

sovereignty, states no longer rely on their own policies and preferences. To maintain their economic and political position, they are compelled to cooperate with other states and hence sovereignty is undergoing a transformational process. Globalization has both positive and negative impacts on the states. On the one hand it contributes positively to the overall development of the already developed economies and on the other hand it paves the way to exploit the underdeveloped by the developed ones. On the positive note, globalization increases interdependency. On the contrary, globalization makes states more fragile, erodes state sovereignty and makes the national economies more fragile.

Conclusion

It can be concluded that the process globalization has a significant influence on states and challenge them in numerous ways, which has been previously examined through economic, political and security globalization. However, despite the fact that globalization challenges the state sovereignty and autonomy it seems that national interests are still very important for nation states. States are proud of their history and their achievements. At the same time, it is undisputed that states have decreased ability to control various activities on their own territory, including their own economic policies, while they are completely unable to control the global market and the global economies. Furthermore, the emergence of the various transnational bodies as a result of the need for cooperation among states also affects the sovereignty of nation-states, mainly through the multilateral arrangements and shifting of the governing power. Moreover, the states are finding it very difficult to face the transnational threats created by globalization on state security.

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