GLOBALIZATION AND THE ROLE OF STATE: CHALLENGES AND PERSPECTIVES

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ABSTRACT:

Globalization is a term that refers specifically to economic integration of nations in an international framework transcending state boundaries through trade, investment, capital flow, migration etc. This process has both its supporters and its opponents. The opponents of globalization generally emphasize the diminishing of state's role in national affairs and the cultural social problems arising due to it. However, this attitude is over-pessimistic. Globalization is a logical outcome of the political economic changes the world over and it has to be coped with in a way that has positive results for the people and creates better socioeconomic environment with greater opportunities for private, individual and collective creativity and initiative. In this process, the role of the state is believed to be modified or gradually eroded. The nature and role of state in the new dispensation has been discussed in this paper.

Globalization In History:

Human societies have always been interacting in various ways and at various levels consequently, changing and evolving. This interaction has largely determined the pace and extent of human progress all along.

Frank[1] has traced globalization to the 3rd millennium B.C. The empires of old, viz. the Persian, the Chinese, the Muslim, the Mongol, the Mogul empires, though not global in the true sense, did create, in various ways, fairly well-knit and interdependent economies encompassing many lands and peoples. Later, in the colonial era, the colonial powers, especially, Britain and France wove far-flung peoples into a loose union of sorts. In all these cases the economies, societies and cultures underwent great changes.

Advocators of democratic globalization, often called pro-globalists believe that the first phase of globalization, which was market-oriented, should be pursued by a phase of structuring global political institutions according to the will of world citizens, articulated by the free choice of those citizens via a democratic process.

The media has had great influence over the dynamics of conceptualization, solidification and present day configuration of state and globalization. During the 19th and 20th centuries it was the press which united people of different faiths, races, and cultural traditions into bonds of the state. Both capitalism and socialism benefited from it. With

[1] Frank Andre Gunter: Reorient, Global Economy in the Asia Age, U.C. Berkeley Press, 1998.

the rapid growth of mass-media and means of telecommunication, such as telegraph, telephone, radio, television and internet etc., modern institutions of international cooperation and unity have seen accelerated growth, thus extending the boundaries of a modern state. As a consequence, the nation state is being persuaded to part with some of its rights and powers in favor of expanding mega-state which is the heaven of globalization. On the other hand the modern media in response to popular reaction to the imposition of dictates of globalization is lending its voice to bring about needed changes in the domain of governance, human rights and moral behavior. A study focusing the interaction of state and globalization is thus required to focus on the evolution, expansion and influence of mass media as well as on the national response to their performance.

Globalization Today:

The same process, albeit on a much large scale is going on today as a logical outcome of the triumph of capitalism and demise of socialism-communism. At its heart lies the organization of production and distribution on a global scale. According to UN ESCWA, modern globalization began in the late 19th century and after interruptions due to hot and cold wars, restarted in earnest in the fourth quarter of the 20th century[2]. It consists of an enormous variety of micro-processes that denationalize what was national in a variety of domains[3]. This has created a world far more interconnected than before, nurturing a sense of interdependence and hopes for unprecedented material progress. Transnational firms are now operating in almost every country using global resources to earn enormous profits. Mergers of and joint ventures between firms and countries are taking place to cut cost, increase production and raise revenues. Cooperation and opening of frontiers between states like that of European Union, NAFTA, SAARC, helps widen markets and mobilizes labor flow from different regions of the world.

The new world order that is emerging is bringing with it hope as well as despair because the changes that are in the offing are not yet acceptable to all, nor do they yet promise equal growth and betterment for all. Globalization needs both time and inter-state cooperation to bear fruit.

Palmer[4] describes globalization as the attenuation of state enforced restrictions on movements across peripheries and the rapid integration of complex global system of production and distribution that has taken place as a consequence.

Takis Fotopoulos[5] says that modern economic globalization encompasses:

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[2] Summary of the Annual Review of Developments in Globalization and Regional Integration in the Countries of ESCWA Region by the United Nations Economic and Social Commission for Western Asia.

[3] . Sassen, Saskia: Territory, Authority, Rights: From Medieval to Global Assemblages, Princeton University Press, 2006.

[4] Palmer, Thomas: Globalization is Great, Cato Institute, 2006.

[5] Fotopulos, Takis: Globalization, the Reformist Left and the Anti-Globalization Movement, Democracy and Nature: The International Journal of Inclusive Democracy, Vol.7 No.2 July, 2001.

i. Opening and deregulation of goods, assets and employment markets which has led to the present form of neo-liberal globalization;
ii. Political globalization, i.e., the emergence of a transnational elite and the phasing out of the all-powerful nation-state of the previous periods; iii. Cultural globalization, i.e., the universal homogenization of customs.

It may be added, *en passant*, that this last aspect is a major contributing factor of anti-globalization movement.

However, the globalization movement is gaining in strength, pace and range and is bringing about social and economic changes all over the world; it is generating unbalanced outcomes. Wealth is certainly being generated but not all countries are sharing it.

The world of today too is divided into have-countries and have-not countries and those that straddle the divide. Most of the world's resources are being increasingly exploited by a rich and powerful minority both on national and international levels.

This is nothing new, save in range, reach and repercussions. Even in developed countries there are communities and also workers that have been adversely affected by globalization. The challenge is how to ensure maximum benefit to the people while keeping the unavoidable cost of change and adjustment to a minimum[6] This can be done almost solely by the state within its own boundaries.

Impact of globalization on state:

The relationship between globalization and development is complex; the former is an international, and the latter is basically a national issue. Modern technological progress, liberalization of capital markets and lifting of trade barriers have vastly increased the global movement of people, information, commodities and capital, because of which a number of traditionally national or state issues have spilled over international arena.

However, openness to foreign trade and investment is not at all the most important factor in development; in fact it is a small factor in economy. Human development with reduction of poverty and increased output of trade and services depend far more on national policies than on international help. Domestic policies and institutions play key roles in the process. The institutional framework of a country, its political culture and the quality of its leadership play a pivotal role in economic prosperity as well as development, and in promoting social welfare. In fact bad governance is one of the major causes of poverty and the state remains the key actor in globalization both at home and abroad. Close cooperation of states with concerted action at almost every level is a reflection of exercise of state sovereignty. However, the new trends necessitate a change in the style of governance. The governance methodology particularly in developing countries is counter-productive in the long run. However, globalization, as it is today, is

[6] United Nations; 2001/N/56/127-E-2001/101.

spearheaded by rich corporations of developed countries; the poor nations have little or no say in the matter and have to silently accept whatever good might come as a windfall; like the WTO policies which are not always ideally suitable for developing countries. This situation can change only if the states, especially the poorer and weaker ones, would take concrete steps to improve their state of affairs.

The state has traditionally taken its own development decisions. However, now the situation calls for a transfer of decisions at international level and due to an increase in demand for participation, it also requires many decisions to be transferred to local and lower levels of government, because public decisions are taken at different levels. Thus the state requires a multi-layer system of governance spread over sub-national, national and global structure. This does not imply, as the opponents of globalization argue, that because of this the state would soon become an anachronism; in fact in the foreseeable future international cooperation and concerted action would remain within the ambit of state-functions. In fact the phenomena 'globalization' has been designed by states and it is driven by state-initiatives.

The functions of state comprise of guarantee of internal and external rights for its citizens, maintenance of law and order, provision of citizens' basic needs, response to citizens' demands and needs. None of these functions can be transferred to the international arena; actually these functions are going to expand in range and reach with time. The state will persist because the need for the state has grown, but also because the local resource pools and socioeconomic problems on which states are based are undiminished.

The functions and role of state have changed and so has the general configuration of its responsibilities, which has necessitated first of all a change in the governance methodology. State has traditionally used coercive tools to manage its affairs and not always with equal success; the result has depended upon the ruler's whims and inclinations and the disposition of elite and power-brokers within the state. Traditional cultures too have played decisive roles in state management. This is true of almost all states irrespective of political system. In the current environment, the focus has shifted from the traditional coercive hands-on management of all national affairs to the planning and creating an enabling framework for individual initiative and private enterprise. This requires decentralization, de-bureaucratization and deregulation and transfer of some traditional bureaucratic functions and duties to international level, so that the environment effectively enables private enterprise, individual creativity, public participation and responsiveness as well as reconciliation of conflicting sectors and sections of society.

All this implies, above all, a transparent democratic set-up, more public-friendly and open and facilitating bureaucracy that is able to effectively interface with the public as well as outside agencies and institutions. The measures mentioned are not all: physical change of environment can be truly meaningful and effective only if the recipient is prepared for it. In other words the state and its people must be prepared for the changes as a result of globalization. In many countries the opportunities created by private enterprise

have bred socioeconomic inequalities, creating a counterculture of corruption and exploitation; this is because the state machinery is inept. This is particularly true of countries where any and every change is seen as weakening the fabric of national culture. In these countries there is also strife between the arch-conservatives on the one hand and the moderates and modernists on the other. Such problems can be avoided or resolved through education, which remains the principal vehicle of socioeconomic and political change in all conditions. The state should prepare the ground for change by providing sound education to its people and giving them access to information.

The steps outlined in brief above are crucial in achieving the development goals set forth in the United Nations Millennium Declaration. Modernization and reform of the private sector is a key component of the development program of any country, including alleviation of poverty, reducing income inequality gap, enhancing citizens' participation in governance at all levels and management including resolution of conflicts. Four main areas of public sector that must be addressed and appropriately strengthened are:

i. Institutional reform (of the bureaucratic setup)
ii. Human resource development (through first-rate education training and information)
iii. Resource mobilization and financial management
iv. Innovation and information technology and capacity building.

These steps shall create an enabling environment for private enterprise, individual creativity and social action.

In most developing countries these areas are not being appropriately managed. This is especially true of countries with a colonial past and countries that have remained isolated for long from modern world. Almost all these countries have the following in common: mass illiteracy, well-entrenched insular elite, coercive governance mediated through an all powerful and apathetic bureaucracy and an over-concern for culture.

These factors have contributed to far more public suffering and economic under-development and imbalance than anything else. Whatever betterment in human condition is seen in such milieus is less due to governmental action and for more due to common man's own struggle against heavy odds.

Such states are doomed to remain for ever at the lowest rungs of development scale, because governments lacking in capacity to recognize and respond to unavoidable and inevitable change cannot ever hope for a higher place. Globalization has little impact, and that too very limited and in such states where it can exacerbate the social and economic imbalances.

The capability to come to grips with changes is related to an attitude of openness to diversity, comfort with uncertainty and hopefulness about the future. Globally alert leaders seek to build institutions that can represent these attitudes and encourage citizens

to contribute in the up-and-coming aspects of globalization while at the same time attracting global forces to share in state development[7].

Culture is a powerful determinant of attitudes and it has its foundation in history. It needs appropriately trained minds to shape those responses to changing environment. Environment is not static, it changes with time and conditions and so also does culture, though a cultural change is almost always resented because it is seen to threaten, above all, the spiritual-moral aspects of life of the people. This is nothing more than a myopic attitude of mind engendered and nurtured by the almost static social conditions and its elitist mediators, the rulers, the bureaucrats, the landed aristocracy and those who depend upon and benefit from them. In some countries the entrenched religious sector too sides with the power–elite for survival as well as gain and acts as retardant for almost every change at the cost of the people.

Thus in order to cope with the inexorable and unavoidable change and in the larger interest of the people the state should take the steps enumerated below:

1) Democratization: Establishment of appropriately empowered elected legislative and policy-making institutions at national, provincial and local levels that function in a transparent way and also inhibit and counter the unprofessional conduct of governance, especially corruption and other unlawful acts.

2) Bureaucratic reform: Bureaucracies should be diverted from its traditional insularity, unresponsiveness to public needs and almost exclusive subservience to the elite. They should work in a transparent manner, respond adequately and appropriately to public needs and demands, interface with people, on the one hand and with state government and foreign investors etc. on the other.

3) Mass education: Nothing changes minds, attitudes and responses like education. It is the only way to development both material and mental and to mediate change and to divert it into constructive channels for common good. Thus it is the only way to develop the human resources needed. Education, therefore, should be properly developed and managed at all levels. Poorer countries should seek international assistance for the creation of educated cadres for the training and further education of teachers and for obtaining appropriate equipment. This should take top priority in state affairs. It is only through education that leadership skills and professional expertise can be created which ensure sound analytical and diagnostic capabilities, galvanization and mobilization of support for the goals and course of organizational change, creation of appropriate institutions to promote the culture of dialogue and mutual accommodation, coming to terms with and accommodating diversity, reconciliation of differences and promotion of consensus and frictionless and peaceful management of change.

[7] United Nations; 2000, ST/SG/AC.6/2000/L6.

4) Social restructuring: The negative role of vested interests, grounded in socio- cultural history, has been pointed out. These can be countered and absorbed into the mainstream of the society by:

i. appropriate legislative steps to curtail the powers of the elite
ii. education of the masses.

These two steps together can bring about a profitable change at all levels and create a healthy, vibrant and dynamically purposeful society.

The dawn of economic globalization implies that state politics have to be analyzed in an innovative system focusing on the informal chains connecting the global market forces to state politics[8].

Perhaps one of the most felt ironies of the pulling out of the state from its role as a direct producer of commodities and services has been the rapid growth of the apparatus of regulation which it seeks to implement as a means of continuing control over its divested function. In a broad sense, regulation may be taken to depict all those ways in which the state intervenes administratively or legislatively to control the behavior of market actors[9].

It is being increasingly realized that state has a basic and important role to play in globalization; and it is also being acknowledged that good governance is vital for development and progress of the state. Reform in administration and governance is the basic precondition for fruitful globalization and promotion of well being of people. This reform must go hand in hand with appropriate mass education program so that the people are made ready for the changed environment and both contribute to, and benefit from it and are also able to retain the positive and eternal moral-ethical content of culture and resist succumbing to negative forces.

The economic sphere of globalization which includes system of taxation and distribution of wealth cannot be separated from the complex fabric of social and political life. At times it is the economic decision making by the state which gives direction to politics and at times we see state decision-making deciding the fate of the economy. The state directs and influence decision-making from grass roots levels to highest echelon of society. To stride and set pace in a global economy we should have a more strong social foundation in shared values and institutional practices. Weak states are the outcomes of weak institutions. The state must then nurture and make national institutions strong in order to spur economic development.

We have seen that people can be positively influenced by state actions embracing and promoting economic development, political liberties and sense of responsibility as well as social prowess. Generating economic opportunities, maintaining law and order, provision of basic needs and providing fair and free justice are sine qua non of development in the global milieu.

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[8] Chisti Mazhar Fareed, "Globalization: The Global Economy and National Politics" , Monthly Current Affairs Digest, Book 148, Dec. 2006

[9] Pierson Christopher, The Modern State, 2/e, Routledge, Taylor and Francis Group, London and New York, 2004