

The Contemporary Globalization and Its Impact on the Role of States

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Abstract

The main aim of this paper is primarily to prefigure to what extent contemporary globalization impacted on nation-states role, importance, sovereignty and autonomy. The study is based on document analysis. It shows that the contemporary phase of globalization is profoundly shaped and impacted states, forced to adjust them with the changes coming with globalization. But this doesn't make states less significant and their role restricted. Rather they redefine their role and pursue wider policies to overcome the challenges of it. Yet unlike the Westphalia State System (1648-1945) the contemporary states sovereignty and autonomy is somewhat subject to compromise.

Keywords: Globalization, globalist, skeptics, transformationalist, role states

1. Introduction

In today's world individuals from all walks of life including from the remote village dwellers of geographic periphery to the cosmopolitan and of regional and global institutions, from politicians to academicians, the word globalization becoming their regular vocabulary.

Although globalization is not a new phenomenon, its complexity, intensity, quantity and quality, multiple interpenetration, and the pervasiveness of its influence since the end of the second world war has been undoubtedly unique and profoundly impacted on peoples, nations, global institutions and governance. And states are the sites of this phenomenal expansion and interpenetration. Along with this expansion it brought costs and benefits to countries whether they take part in the process actively or marginalized.

Many scholars argue that the contemporary globalization (since the end of the Second World War) significantly eroded the sovereignty of nation states and make it subservient to the forces and agents of globalization such as multinational corporations (MNCs). They go further on arguing that the state has marginal importance or they believe in the 'end of the nation-state'. Others argue that nation states are still the driving wheels of the International System and the rhetoric of the 'end of state' is a myth, rather the state significantly shape the nature & operation of globalization.

2. Conceptual Background and Approaches to Globalization

In spite of the wide use of the term, no one has come up with a precise and universally accepted definition for globalization. Yet some scholars attempt to give comprehensive definition touching economic, political, socio-cultural, technological, etc aspects while some others narrowly focus on economic or political aspects.

McGrew define globalization as a "marked intensification of global interconnectedness, i.e., a growing multiplicity of networks, flows, transactions and relations which transcend the state and societies which constitute the contemporary global system. Such interconnectedness belies stretching of social, political and economic activities and cultural practices across political frontiers with the consequence that events, decisions and actions in one continent impact up on communities and nations in a distant region of the globe". Such view indicate the narrowing downs of the global and the local distinction as boundaries of states are compromising. Therefore globalization expresses a qualitative shift in time and space relations which Harvey refers to as "time space-compression".⁸

It can also be seen as "a process (or set of processes) which embodies a transformation in the spatial organization of social relations-assessed in terms of their extensity, intensity, velocity and impact generating trans continental or interregional flows and networks of activities, interactions and the exercises of power" (Held, et al 2000:16). Thus, it implies a widening, deepening and speeding up of processes of world wide connectivity.

*In sum, globalization embraces complex phenomenon encompassing the stretching of social and economic relations, the intensification of communication and other linkages, the interpenetration of economic and social practices and the emergence of global infrastructures such as international organization to facilitate the growing complex and dynamic relationships across the globe.*⁹

Seeing the bulk and intensity of contemporary globalization, it will obviously pose a formidable

⁸Global Society 12(3), 1998

⁹ Cochrane, and Kathy Pine "A globalizing Society?" in Held" (ed), 2004.

challenge to the modern-nation states since 1945. In the Westphalian period (1648-1945) the state was undoubtedly sovereign which was indivisible, inviolable and supreme on its own domain. Still some of the aspect of nationhood remained the central organizing principle of the contemporary political system. The post war period witnessed significant changes where the ideal of sacrosanct sovereign principle has been challenged or at least subject to restriction because of the rise of global governance and the rapid expansion of non-governmental organizations and Trans National Companies (TNCs).

In lieu of this, the Westphalian ideal of statehood is being transformed. Some even argue that we are now entering the era of “post sovereign governance.”¹⁰ In analyzing how profound globalization impacted the existing states, we will see the commonly used three approaches to the study of globalization. These are the globalists/hyperglobalists, internationalists/sceptics, and transformationalists.

2.1 Globalists

Globalists take the view that globalization is a real phenomenon and inevitable. They argue that there has been a significant shift in the geography of social relations that operate at global scale. This make boundary less important, national cultures, economies and politics are subsumed in the networks of global flows. One of such globalists, Ohmae see it as a new epoch in human history in which traditional nation states have become unnatural, even impossible business units in a global economy.¹¹ In borderless economy they argue national governments are relegated to little more than transmission belts for global flows of goods, ideas, technology etc which crippled them through the growing significance of local, regional and global mechanisms of governance. They privilege economics over politics.

In this group there are divergent views among them are optimists or positive globalists and pessimistic globalists.¹² Positive globalists, who are the apostle of the neoliberals, see all peoples and states benefit from globalization in the long run, so must be accepted by states according to them. Apart from that they are hopeful of cultural homogenization that in turn promotes mutual understanding among nations around the world. On the other hand pessimistic globalists mostly neo-Marxists see the world as less diverse and more homogeneous. They see the diminution of national identity and sovereignty negatively and point to the uneven consequence of globalization especially harming the poor nations.

2.2 Internationalists

Unlike the globalists, Internationalists view globalization as a myth which is much exaggerated as distinctively a new phenomenon and they emphasize continuity between the past and present. The exchange of goods & culture is not new and further going on to argue that open trade and liberal economic relations were a norm worldwide. Therefore nothing is new rather it is the continuation of the past, and states are powerful enough to determine their own economic and political priorities especially of the powerful ones.

Therefore, the contemporary system implies “a perfectly integrated worldwide economy in which the law of one price prevails, the historical evidence at best confirms only heightened level of internationalization, i.e., interactions between predominantly national economies.”¹³ They share the pessimistic globalists concerns that the new trend favors the strong. The deeply rooted pattern of inequality and hierarchy in world economy promotes fundamentalism and aggressive nationalism, as we witnessed today in the form of cultural conflicts.

2.3 Transformationalists

They argue that nation-states remain militarily economically and politically powerful. However it is very difficult to underestimate the notion of globalizations that have great materials, political and social effects. The autonomy of the state is constrained by forms of transnational power that are not accountable because they reflect the priorities of major corporations pursuing their own commercial drive goals.

In consequence transformationalists argue globalization should not be seen inevitable or fixed end point because globalization may be reversed. For them globalization is a powerful transformative force which is responsible for the massive “shakeout” of societies, economies, institutions of governance and world order to use Giddens world.¹⁴ However the direction for this shakeout remains uncertain since globalization is seen as essentially a historical process replete with contradiction.¹⁵

In arguing that globalization is transforming or reconstituting the power and authority of national

¹⁰ Schotte, quoted in World Sector Report, Globalization and the States 2001, Department of Economic & Social Affairs. UN, NY, 2001.

¹¹ Ohmae, cited Held, D and McGrew, Global, D. and Perrations, S. Global Transformations: Economics & Culture 2002, (reprinted)

¹² See David Held (ed) a globalizing world? Culture, Economics, Politics, 2004

¹³ Hirst & Thompson (1996) cited in Held, et al, 2000, Global Transformations

¹⁴ Giddens, Anthony, cited in Held, et al, Global Transformations, 2000

¹⁵ Mann (1997) quoted in the same book, Global Transformation

governments they reject both the globalists rhetoric of the end of the sovereign nation state and the internationalists claim that nothing much has changed. I definitely buy transformationalists idea as this time we have witnessing dynamic changes and the sacrosanct traditional conception of nation state as absolute, indivisible and exclusive sovereignty is no longer the rule as states are voluntarily or otherwise conceding or sharing some of its powers. Indeed transformationalists rightly argue that economic factors shape or influence the political and cultural aspects but they do not determine them (Held (ed.), 2004). So the state still retains substantial components of power capable of shaping the environment, though not as powerful as the Westphalian state.

“Nothing much has changed” view of sceptists ignore also the realities of the present world where it is clear that the volume, intensity, multiple interpenetration and interconnectedness of peoples, states, global institutions and flows of ideas, cultures etc are unprecedented if not unique not only quantitatively, but also qualitatively. The internationalists usually infer their argument from the past century- late 19th century. This impact can not genuinely compare with the present system where most parts of the world were under the yoke of colonialism or imperialism. As a result there will not be multiple interpenetrations of goods, ideas, cultures, business etc as the large parts of the world were a dumping ground. But today economic, political, cultural, social interpenetrations are not unidirectional but multiple and complex.

3. The Role of the State

As compared to the past the post 1945 nation states are more permeable and increasingly adjusting to the changing needs and demands of the outside pressures. In some respects a kind of deterritorialization of national space is happening that challenges the creed of modern nationhood on exclusive sovereign rule.

Most problems affecting the world today such as poverty, environmental pollution, economic crisis, organized crime, terrorism and diseases are transnational in nature and can not be dealt effectively at the domestic level or simple bilateral relations. So a concerted effort is essential to mitigate or reduces the adverse effects of transnational elements. Thus makes states willy-nilly to come up with some sort of association in areas of their mutual concerns.

For such associations to come in to effect the role of the state is central. Apart from the traditional roles of the state, globalization added some other roles to the government such as playing pivotal role in economic integration, formulating favorable policies, and promoting productivity growth without even being directly involving in the production sector. ‘Economics become a powerful force in governance’.¹⁶

3.1 The Role of the State in the Economy

As we have seen earlier particularly the globalists argue for the demise of the state in the face of global markets/forces. On the other spectrum we see skeptics saying nothing is beyond the control of states. Yet in a more sounding way we can not deny the influence of global dynamics on states because of liberalization. With this in mind national governments no longer can formulate economic policy based purely on national interests, especially when their country wants to be a member of WTO, IMF or other international organizations.

The globalization of the economy may be weakening the institutional buffers between national economies and global markets, but States do not stand idle to watch what globalization brought to their territory. States, hence, play their role as primary actors to deal challenges so as to suit to their country on behalf of their societies. This is indicative of how important states are in the age of globalization. Still national interest plays important role.

For instance the contemporary ‘trade wars’ between the United States(US) and the European Union (EU), increasing tariffs and imposing quota on goods and services imported by US or EU from China and other trade relations and the subsequent retaliatory measures underlines the importance of states as primary actors. Along with these national interests also holds central place. Ruggie in this regard argued in the world where hegemon exists such as United Kingdom(UK) in the 19th century and US after 1945,an international economic regime based around free trade in likely to emerge as a liberal world order in consistent with the interests of the hegemon.¹⁷As a result the hegemon maintains open liberal economy not because of the altruistic concern but to make it maintain their position and national interest. Otherwise, if it does no maintain the stability of the hegemon, they will switch to their own national concern and interest.

The intensification of the global process has actually make states more important as an effective state becomes critical to promote competitiveness with in a global economy, though it might be limited to facilitating competition and providing easy infrastructure in the form of, for instance, information. States compete both with in an across national boundaries to offer the greatest incentives and concession to attract investment. Economic life and political governance has been rescaled as the national level has become destabilized both from above by

¹⁶ El-Mefleh, Muhannad, ‘Economic Role of the state in the Era of Globalization’

¹⁷Ruggie, 1982, International regimes, transactions, and change: embedded liberalism in the post war economic order.

globalization and below by the increasing salience of regional economies.¹⁸ As such nation states spearheaded to explore opportunities outside for their countries business and facilitate it to become beneficiaries.

Castells argues that the state is increasingly moving towards a position as 'network state' imbedded in a variety of levels and types of governance institutions. He further argued that globalization produces a pooling of economic sovereignty between institutions and across levels of governance.¹⁹ This implies the reconfiguration of states into new relations to the local and the global dynamics. Thus globalization imposes a set back on the economic role that nations play particularly of the weak ones as they are increasingly forced to accept reform programs that will cost them heavily.

All international economic activities do not have same impact and global reach. The striking features of contemporary globalization are the dramatic internationalization of finance by private players in particular since 1970s on a scale unprecedented in history¹³

Consequently the erosion of the nation state in the face of global finance occurs as states have little autonomy to increase domestic corporate taxes and would have little freedom in lowering interest rates fearing the danger of large capital flights since TNCs enjoy larger freedom because of liberalization. Yet it would be erroneous to think of states demise in lieu of finance as it misunderstood the economic role states play with respect to the market and it fails to see the way in which the relationship between the nations state economic nationalism is evolving overtime.²⁰ Perhaps if we compare the emerging trend of countries primarily the developed ones, market access is not as easy as it seems to be and increasingly constraining the free flow of goods in their borders. Nevertheless most TNCs are in the hands of developed countries and are increasingly powerful in the international arena due to their growing economic might.

Furthermore the most widely talked aspect of globalization and liberalization which believed to curtail countries welfare provision is far from reality. Evidence suggests that countries that have embraced globalization are also those which register higher rates of public expenditure.²¹ Thus, the responsibilities of the state widens with the expansion of global linkages. Market fundamentalists see states in almost all its facets an impediment to market and that the market alone would solve the problem falls short of sight. Obviously markets gave great potential but without regulation it can generate further imbalances and crisis. The 2008 global financial crash can be a good example.

Governments have legitimate moral grounds to intervene as markets are not accountable but governments compelled to intervene to avoid economic, political and social crisis. Even the World Bank maintains that efficient development without the states is very difficult. The report states that there can be neither economic nor social development without good government.²² Anthony Giddens (2000)²³ rightly argued that our 'runaway' world does not need less, but more government- and this, only democratic institutions can provide. Here it does not mean more interventionist big government but that institution which can be effective in discharging its responsibilities in the face of the many challenges that the society and the state may face.

3.2 Globalization and States Role in Governance and Politics

As globalization has intensified, the power of national government to tackle the challenge associate with globalization appears to have decline. State is no longer the locus of power and neither is possible to locate with in a single national unit because of the transcendence of issues beyond national boundaries.

Nonetheless, the scope for national state to mediate between the supra and sub national state is primordial in dealing with social conflict and redistributive policies, unless supranational organizations acquire some measure of democratic legitimacy and accountability. The fact that some government functions are relocated in the international organizations does not undermine the primacy of state since international organizations are depending on nation state for its support and operations. However the growing social and economic interdependence seems to impact national decision making process. In such a situation national governments are squeezed in both directions; above and below. From above states voluntarily or involuntarily transferring decisions to the international level and it also requires many decisions to be transferred to local levels of government (Subrandt, 2000)²⁴.

So far it is clear that globalization entails complex decision making process which takes place at different levels, sub-national, national and global-paving the way to a growing multilayered system of

¹⁸ O'Rian, States and markets in an Era of Globalization, 2000

¹⁹ Castells (1997) cited in O'Rian's article.

²⁰ For instance, Amit Bahduri indicated that global turnover in foreign exchange trading excluding trade in derivatives, rose from the average daily figure of \$18.3 billion in 1977 to \$1.23 trillion in 1995 a figure which increases about \$1.30 trillion per day including foreign exchange options and related derivatives.

²¹ World Public Sector Report, Globalization and the State 2001, UN.

²² Ibid.

²³ Ibid

²⁴ Ibid

governance. This make clear that the to effectively manage the challenges of globalization robust multilateral relations is essential as the challenge of today's world are beyond the reach of any state to meet on its own. Nations are becoming a 'network state' because of multiple external and internal pressures. As traditional authority structures is diminishing, global governance is slowly evolving but is clearly undermined by states particularly by the powerful ones who can make or unmake it depending on their interests.

The expansion of international governance institutions and its institutional constraints in the late 20th century plus economic costs severely limited the scope for national protectionism. The following paragraph indicates how the domestic matters are subject to external regulations.

Today not tariffs and quota restrictions but also policies supporting domestic industry and even domestic laws with respect to business competition and safety standards are subject to growing international scrutiny and regulation. Achieving policy options through protectionism is a diminished policy option as the 1997 Asian crisis demonstrated. (Held, et al, 2000: 187)

It transformed the conditions under which state power is exercised. The development of international human rights law has placed individuals, governments and other actors under new system of legal regulations. Here sovereignty *per se* is no longer a straightforward guarantee of international legitimacy. And hence human rights issues impinge sovereignty; where as financial globalization has great impact not on sovereignty *per se*, but autonomy. This is because *de jure* entitlement to rule is not challenged fundamentally by financial globalization, but *de facto* autonomy of the state to establish and pursue their own policy preference certainly is (*ibid*, 442)

So sovereignty of a state is eroded when it is forced by some supra national entities or other regional institutions that may hinder national decision making. However autonomy i.e., states capacity to articulate and achieve policy goals are not the same as sovereignty, where mostly policy options of states are restricted, not the legitimate right to rule.

For instance financial globalization implies that national interest rate is defined largely in global context. Here states are not free to increase or decrease interests at will knowing the consequences that they may face. Rather market forces determine it. So government preference are restricted, i.e., its autonomy to make independent decisions hindered.

Significant reconfiguration of power, jurisdiction, authority and legitimacy of state is underway. Surely I share the view that national governments are not so much losing power but having to adjust to a new context in which their power and sovereignty are shared among many other public and private agencies. As a result, as transformationalists' property observed, the classical questions of politics, how we are governed, by whom in whose interest and to what ends have been posed afresh by the process of globalization.²⁵

As global interconnections and movements touch a wide variety of issues and areas along with miraculous growth of information and communication technology, goods capital, knowledge, crimes, pollutants even disease move across national boundaries. Naturally this makes traditional conceptions of nations states seems to be at odds with the expanding scale upon which contemporary economics cultural and political activity is currently organized.²⁶ It highlighted that power has acquired a transnational, regional dimensions.

Furthermore the explosive growth of transnational institutions does have striking parallel structures of governance departments mirroring national governments in all directions and their impact is too. For example, international institutions regulations is not limited to the obvious common problems like environment and drugs but also applies to many other aspects of national governance ranging from taxation to safety standards.

Since politics is transnationalized, it is no longer contiguous with national territory and hence states are not longer the sole masters of their own or their citizens' fate. One of the best examples is the 1999 NATO intervention in Yugoslavia on humanitarian grounds to save the Kosovars. Although, very much controversial the trend gives national governments cannot treat their citizens in what ever way they want. But it doesn't mean absolute curb on sovereignty of states in all matters at the domestic sphere. The trend is,

The notion of global politics does not deny the continuing significance of national politics or politics between states but it does suggest that both are embedded in a dense web of social, economic and political relations which transcend borders, in turn creating overlapping communities of fate. (Held (ed.), 2004)

Consider for instance the recent East Asian crash which threatened to destabilize the international financial systems that bring the entire nations of the world on the brink of recession. But through the concentrated effort of major economic powers of the US, Germany, Japan and Britain funded the largest multilateral financial rescue package in the post second world war history to prevent global recession (*Ibid*).

For transformationalists the crisis meant indicative of the extent to which globalization has resulted in a shifting balance of power between states and global markets demonstrating the centrality of global economic

²⁵ McGrew, Anthony, 'Power Shift: from national government to global governance in David Held's ed. a globalizing world?' culture, economics, politics, 2004, p.130

²⁶ *Ibid*, 134

governance to ensure the stability of world economy. At the same time very important decisions were taken by the IMF, Multi-national banks and investment funds in London, New York and elsewhere. These had dramatic implications for the economic security and well being of the entire nations, communities and households across the globe (Ibid, p.151). This is indicative of to some extent that powerful states are preponderant influence on international economic relations.

In relation to the above point most international trade agreements and trading blocks were formulated, codified and implemented by states. It is states that determine the rules of the game and hence the scale and scope of nation states activity has grown to such a point that what Petras and Veltmeyer indicated to refer it as the 'New Statism' rather than free market.²⁷ Their view may seem right as one sees powerful states increasingly subsidizing their formers and at times restricting imports of different goods form outside. Yet it is fool hardy to generalize.

4. Social Movements

The transnational civil society movement is facilitated by the advancement of modern global communication, increasing interdependence and the growing awareness of common interests between people in different countries and regions across the globe. As earlier mentioned the extension of trans-boundary problems creates what is referred as 'overlapping communities of fate.' That is a condition in which the fortunes of peoples and individual political communities are increasingly bound together (Held et al, 2000: 449)

These are a kind of 'citizenship diplomacy' of political or social arena in which citizens and private interests collaborate across borders to advance their mutual goals or to bring governments and the formal institutions of global governance to account for their activities (Held ed. 2004.) This is because such governance structures are far removed form citizens, less accountable and as a result lacks democratic governance. For instance, WTO is virtually alienated from citizens. Yet, its decisions seriously affect millions of peoples across the world. Therefore, such movements can contribute for the establishment of democratic spaces.

Recognizing such facts key institutions of regional and global governance form the UN the EU, for example, have encouraged the participation of civil societies in the formal or informal deliberations. Thus, democracy has become a transnational affair and that international civil society and its peculiar organizations have gained primordial importance in all democratic struggles.²⁸ Along side the expansion of MNC's a new class which is transnational is emerging. The spread of TNCs, the expansion of FDI (foreign direct investment), cross national mergers, worldwide subcontracting and outsourcing... have given the empirical evidence of this transnational class.²⁹

Nonetheless, it is difficult to know the real motives of the social movement as mostly they are self-elective, organized based on some interests. For instance some business interest groups may campaign against global environmental legislation which actually benefited all peoples across the world but may affect some interests of the business community.

5. Opportunities and Burdens of Globalization to States

The rational behind globalization is for some it believed to be accruing benefits to all peoples and countries alike. Well it may offer benefits if it is well managed like economic liberalization, increased social and political interdependence, Opens markets for exports, attracts investment etc, it also implies costs. The reality is all states are not on equal footing-economic as well as political and hence are not benefited equally worse still many states are harmed by globalizations. So the promise of the world largely marginalized the larger sections of the world and benefited few. The following extract from Stiglitz highlights the existing realities of pros and cons...

The globalization of ideas about democracy and of civil society have changed the way people think, while global political movements led to debt relief ... the globalization of the economy has benefited countries that took advantages of its by seeking new markets for the their exports and by welcoming foreign investment. Even so, the countries that have benefited the most have been those that took charge of their own destiny and recognized the role government can play in development rather than relying on the notion of self-regulated market that would fix its own problem. For millions of people it has not worked, many have actually been made worse off as they have been actually been made worse off as they have been their jobs destroyed and their lives become more insecure. They felt increasingly powerless against forces beyond their control, they have been their democracies undermined, their culture eroded. (Stiglitz, 2002: 248)

Therefore we can easily point out that the beneficiaries are those who can manipulate the direction of it and who have great leverage in setting the international economic and political agenda. The global economic activity is largely regional concentrated in few areas particularly on North America, the EU and Japan (the

²⁷ Petras, & H. Veltmeyer, *Globalization Unmasked: Imperialism in the 21st Century*, 2001.

²⁸ Held (1995) cited in Ismet Akca's article, *Globalizations the State and Labour*.

²⁹ Ibid

Triads).

Take for example, although FDI is growing enormously the majority of low income countries are by passed by it-least developed countries as a group received 0.5% of world FDI in 1999.³⁰ The UNDP in its 1992 Human Development Report determined that from 1960 to 1989 those countries with the richest 20% of the world population saw their share of global output (income) rise from 70.2% to 82.7% while the share of the poorest 20% shrank from 2.3% to 1.4%. The UNDP (1997) has argued the same point on the basis of some recent data.³¹ The negligible amounts of FDI flows to developing world are massively received by Asia (overwhelmingly by China) and Latin America.³²

Regarding global operation and production of TNCs, we see them largely based at home. For instance, the share of the TNCs world output of production outside their home country was only 7% in 1990.³³ Honda, Nissan & Toyota produce 70 to 90% of worldwide output at home. Top management and governance are still home country hands. In 1991 only 2% of the board members of big American companies were foreigners. Research and Development activities are to a large extent done in home country. The percentage for US and Japan in 1980s were over 90% and 98% respectively. In other words both strategic and decisions making and technological innovations remain concentrated in the home nations of MNCs. Furthermore in the main developed countries most of the productions is still for domestic market and consumptions.³⁴

Looking at the above exhaustively reminds us that MNCs have strong attachments, customer, and production base at home. At the same time they are subject to national regulation. The rhetoric of foot lose MNCs are far from reality as their assets are concentrated mainly at home. In sum the Triad accounts 2/3-3/4 of the world's economy activity (Held ed., 2004: 171).

As a result the transfer of technology and other economic benefits particularly to the South is very little rather most developing world states are dumping grounds of products that undermine local industries. Of course, productions of manufactured goods are increasing in the South, yet it is still very low as compared to the volume of production and export of the OECD.

Globalization also drained the few expertise and professionals of the South which are skilled left to developed countries. Such developments further exacerbated the existing inequalities and generating new ones. At the same time western countries pushed poor countries to eliminate trade barriers but kept up their own barriers preventing developing countries from exporting their agricultural products and so deprived them of the desperately needed export income as Stiglitz cited rightly (2002:6).

In tapping the advantages of globalization weak state cannot be a feasible option. As we have seen it is only powerful states like Japan, EU and US that have the potential to block the adverse impact of globalization that may threaten their interests. Poor nations are not well equipped to cop up with complicated international economic, political, social challenges and to respond to the rapidly changing international environment.

5.1 Cultural Interpretation

Many scholars and politicians as well as peoples believe that globalization is cultural homogenization, the dominance of the west over the rest, Americanization, Europeanization etc of the world. The vivid cultural movements from the west to others parts of the world are paramount because of their economic and political might that makes some people to believe in unidirectional flow. This assumption however, falls short of the increasing influence of other culture especially from the third world to the west and each other. So we see cultural interpretation and hetrogenization tendencies from different cultural groups.

To explain the hetrogenizing aspect of it Robertson used the term 'glocalization'.³⁵ Here the local is essentially used in a flexible conception of the global. Homogenization went hand in hand with hetrogenization, universalism with particularism. In such senses he argued the compression of the world as a whole involves the linking of locales.

Glocalization originally adopted in Japanese business for global localization, a global outlook adopted for local conditions. In such a way globalization can mean reinforcement for go together with localism. Therefore there is no simple pattern of cultural imperialism or homogenization in the world as much of the global 'mass culture' is instilled with third world ideas. Not only is that cultural assertiveness rising among different corners of the world, at times different groups violently reacted to alien cultures coming from outside. In Asia, for instance that the 'Asian Way' of democracy is valorized.

Because of diversity, cultural messages coming from one part of the world are differentially received and interpreted. Thus most culture to be exported to other countries like "Hollywood" products is carefully

³⁰ UN World Public Sector Report, Globalization and the State, 2001, P.14

³¹ Petras, J. & H. Veltmeyer, Globalization Unmasked: Imperialism in the 21st Century, 2001, p.20

³² Hirst & Thompson, (1996) Cited in Ismet Akas's article.

³³ Hirst cited in Ismet's article

³⁴ Wade (1996) cited in Ismet article

³⁵ Robertson, Ronald, "Globalization, Journal of International Communication, 1994"

tailored to a differential global market.³⁶ In spite of these the western ideas continued to dominate and invade others. Usually it relates to the power of states and their prominence cultures will swap the rest minority cultures. This results in cultural clashes.

5.2 Globalization and States' Borders

Contemporary globalization as many argued deterritorialized nation states, make borders meaningless or some call it 'end of geography' because of the growing miraculous information and communication revolution. It is difficult for nation states to block such movements of ideas, information by blocking their territory.

But it is important to stress in which areas that makes geography less important. Obviously in the financial sector since 1970s great transformation has undergone witnessed international integration. Internationalization of finance increasingly making national markets more closer and interdependent.

This is evident with the expansion of like extra-national Euro-bond markets and multinational financial services which have global presence and diversified ownership of major financial institutions. Understanding this O'Brien argued that we are moving towards a global financial market place no longer bound by national frontiers or other traditional demarcation lines, which he called it the 'end of geography'.³⁷ clearly information technology plays critical role that overturned physical barriers at least in finance.

However a global market can not escape completely from national regulations. For instance if we take the Eurobond market, the institutional player are subject to regulations in the centers where they operate. Yet it is clear that as O'Brien indicates no one country can hope to impose its own regulatory framework. The liberalization of finance gives more power to those who possess money. As a result if there is hostile government policy to investors, they move their money out that country there by harming the state.

In such case therefore the autonomy of the state is reduced significantly. But in other respects like population movement, goods and services etc. may be deterred by erecting tariff walls and prohibition of immigration. This suggests that national sites are still central and distinct. For instance, the EU is further expanding in terms of membership, scope but member states are increasingly reluctant to allow people from newly joined states to move in freely and work in their country let alone people from outside Europe. The best example is 2007, two eastern European states, Rumania and Bulgaria joined the EU but the British government indicated that its border is not opened to workers coming from the two states. Furthermore British government disclosing that professional from others countries will be allowed to work in Britain only if such professional are unavailable in Europe. Thus, the trend is a kind of nationalism and/ or regionalism.

The 9/11 incident and the subsequent war on terror exposed the anomalies of globalization. It shows that the global flows and movement of peoples, technology, information, and culture can have both positive and devastating consequences, demonstrating the vulnerability of every country at any time and place. Kellner argued that 'worldwide terrorism threatening in part because globalization reliantly divides the world into have and have nots, promotes conflict and competition and fuels long simmering hatreds and grievances as well as bringing people together, creating new relations and interactions, and new hybridities'.³⁸

The event shows also the fundamental interdependence of the world despite American Unilateralism. Kellner also argue that the 9/11 events end the fantasies of Reagan-Bush conservative economics that the market alone solve all social problems and provides the best mechanism for every industry and sector of life.³⁹ So there is no simple unilinear end point or direction to contemporary globalization and it is not clear where it is heading. The dilemma may continue haunt.

6. Conclusion

The contemporary age of globalization is increasingly mired with contradictions, uniting and dividing, localizing and universalizing, marginalizing and integrating, harmonizing and discording countries, people, culture etc of the world. Unlike the Westphalian state system, the role of the state is continued to diverse and grow leaving some of its traditional authority and sharing its sovereignty in view of the emerging complex interdependence.

I buy most of the ideas of transformationalists as states are undergoing profound changes that neither it is meaningless nor unaltered as claimed by globalists and skeptics. The 'leviathan' type of state is no more placed comfortably in this age. State is transformed from direct intervener to a regulator, facilitator, broker or deal maker and of course the provider of some basic services to its people especially in its traditional functions like collecting taxes and revenues, intervening in its citizens lives, state are powerful if not as powerful as the Westphalian notion.

The idea of the 1980s espousing reform on states and deregulation commending states to cut back its

³⁶ Ibid

³⁷ O'Brien in Richard Dale's Reviewed Works, International Affairs, vol.68, no.3, (July, 1992).

³⁸ Kellner, Daglas, 'Globalization, Terrorism and Democracy: 9/11 and its Aftermath'.

³⁹ Ibid

role and avoid welfare provision seems at odd as states are increasingly engulfed in globalization, their expenditure is also expanding. Also the market is unaccountable, reactive, whereas states are accountable to their citizens especially in time of social, economic and politician crisis there by compelled to intervene on moral grounds. Every aspect of public life, as a result should not be left to the rules of corporate forces. Especially in third world countries the role of state is vital as their institutional and political capacity to respond to external shocks are limited.

Globalization also forced nation-states to engage towards multi-layered global governance where states are constrained on different directions from above by the international and regional organizations, from below local governments and other entities and along side by TNCs. As have seen already in such web of governance sovereignty is shared bartered and divided. Even though globalization may be physically uniting the globe, we have seen that they are not necessity bringing that sense of global community on which the legitimacy of global governance would depend. It meant that it generates centripetal and centrifugal forces. Identity patterns are becoming more complex as people assert local loyalties but want to share in global values and life styles as Ken Booth explains it.⁴⁰

Growing nationalization and global inequality reinforced cultural divisions and global fragmentation. This in fact is a strong evidence to disprove the widely perceived face of globalization leading to cultural homogenization. It in turn undermines the prospects of global community. Particularly the 9/11 incident in one respect indicate the downturn of globalization as the US acts unilaterally questioning the importance of multilateralism. The resurgence of national culture and identity are indicative of the explosive tension between the global and the local or universal versus the particular. That might express at the extreme case by cultural conflict or violent nationalism.

But this is not to deny that there is no unifying factor. Different social movements are organized across borders for common causes as overlapping community of fate and trans-border problem like environment and pollution as well as trade matters (illegal drug) define a new geography of political community and political power given the thickness of current globalization. National site in spite of multiple pressures is still central.

I would like to sum up this paper by the following paragraph taken form Anthony McGrew that I feel reflects the face of today's globalization vis-à-vis the state:

Sovereignty and authority of the state and government is being redefined, not necessarily eroded. States now use sovereignty less as a legal claim to supreme power than as a bargaining tool. So in such a system of complex multiple governance sovereignty is bartered, shared and divided among the agencies of public power at different levels. To achieve domestic objectives national governments are forced to engaging in extensive multilateral collaboration and cooperation (Held ed. 2004:163)

⁴⁰ Ken Booth cited in Robertson's article, "Globalization or Glocalization", Journal of International Communication, 1994"

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