

The manifestations of globalisation politics essay



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Mittelman (2000, p 15) states that “ The manifestations of globalisation include the spatial reorganization of production, the interpenetration of industries across borders, the spread of financial markets, the diffusion of identical consumer goods to distant countries, massive transfers of population-mainly within the South as well as from the South and the East to the West,... and an emerging worldwide (though not universal) preference for democracy.”

This introduction will highlight and lightly touch on the key points and arguments being raised, all of which will be elaborated on further in the body of the essay. We will first look at the impact globalization has had on the world.

Globalization is merely a result of the mobility of three of the four factors of production, these factors being labour, capital and enterprise. However the globalization of business has led to an emerging global culture as ideas and knowledge are transported throughout the world. This emerging culture, coupled with the need for laws and regulation has given birth to the ideology of “ Global Governance” (Bertucci, Alberti). As the trade procedures grew and crossed borders, where practices and cultures differed, there came the need for an international norm.

As with anything new in this world, there will be arguments both for and against, however it is undeniable that the topic of globalization is a controversial one. The hyperglobalist would argue that free trade creates opportunities for “ global prosperity, peace and development” and that both parties benefit from the mobilisation of trade, (Moore, 2003, p 9). On the

other side of the coin, however, the globalization sceptics argue that one party loses out (usually the developing nations) and the rise of Global Governance poses a threat to a country's sovereignty as some economies become interdependent or even reliant on Foreign Direct Investment.

(Martell, 2010)

Further arguments involve exploitation of the labour market and human rights violations all in the name of competitive advantage. Brune (2005) states that globalization has led to a drastic increase in child labour, 'sweatshops' and other unethical practices as developing nations race for economic development, and so called "first-world" status. Finally we will look at the most pressing issue on the horizon today – the environment. Many believe that the rapid spread of business and economic development is destroying the natural environment, thus raising the argument of sustainable growth.

All these issues affect not only the business world, but the state too, and have given rise to International Governance Institutions which in simple terms serve to regulate, mediate and facilitate trade.

The “pre-globalisation” state: Traditional functions of the central government

The general assumption is that the government is a representation of a nation and that it is their job to uphold the rights of their people. Sliglitz states simply that the role of the state 150 years ago was to build the national economy and promote nation-building. Before globalization, the law began and ended with the government; it was the state that decided what

policies to introduce, what laws to impose and enforce, how trade would be handled and mostly the degree of democracy within the country.

The state preciously functioned on self interest, having no forceful external pressures meant that governance was a localised aspect, left up to the cultures, traditions, beliefs and preferences of that particular society.

According to Mefleh, the state served to provide public goods, such as defence, education while maintaining order and bringing about economic growth. Globalization however, has impacted the way the state functions and set international standards that have be to adhered to in order to keep up with the wave of economic growth through assistance from organizations such as the World Bank and IMF. The biggest factor that has forced governments to transition and change their way of governing has been the spread of democracy in information and communication and the demand for transparency by the global community.

International Governance Organisations : A new hierarchy

However, Global economic integration has resulted in numerous emerging trends, one of the most important being “ the democratisation of information and communications” (Friedman).

One of the fore-fathers in economics, Adam Smith believed that an economy that opened its trade up to the international world would open itself up to national economic growth, but as this has happened the fundamental aspects of economies have been affected worldwide, leading to changes the way business is done (Moore). Countries have seen change both economically and socially, but these changes are not always positive, and

this is where governance comes in. International governance organisations are meant to be a symbol of democracy and they have emerged as the need arose. They are large in numbers, and varied in their aims so we will look at some of the more powerful, well-known ones that are relevant to this essay. The United Nations is an umbrella organisation founded in 1945 after the Second World War, with the aim of preventing future disputes and wars through providing a platform for communication and mediation. This organisation has since expanded and become a super power. The UN has 192 member countries, out of the 245 countries in the world, each of which have to comply with the rules and regulations set by the organisation, or they risk losing out on the “ perks” that come with being a member. A good example of this is the situation where in 2001 the IMF discontinued providing financial aid to Zimbabwe, as a result of the deficit occurred [IMF]. The International Monetary Fund (IMF) serves to provide developing nations with the finances necessary to develop their economies. When the debt was not repaid, and the IMF felt the terms had been broken they made a declaration of non-cooperation with the Zimbabwean government, cutting off the country from financial aid. This move put pressure on the government to rectify the issues that led to this deficit, as without financial backing the developing nation would be unable to achieve its poverty-relief goals.

One of the main arguments against globalization is that developing nations receive the short end of the stick as they cannot compete in the international market against developed nations who have the knowledge, technology and finance which give these nations the competitive advantage. As a result of this, the World Trade Organization (WTO), which has 153 member states, has

taken the role of trade mediator. This organization promotes free trade and assists in the building of trade blocs, international standardisation and trade regulations. The WTO has several committees which deal with anything from assessing standards and enforcing international standards, to environmental concerns, to anti-dumping legislation and has over time questioned trade practices, criticised, ostracised and helped develop trade blocs which have ultimately assisted many countries in their economic rise. India for example having a large, well-trained population was not able to penetrate the services industry in external markets until the

Global governance has emerged in a time when it is needed. Many can argue that it takes away the power of the nation- state but there are many organizations that have changed the lives of people worldwide. The ILO enforces the International Labour Law, aimed at promoting equality, social justice, freedom of speech and an end to poverty. As the presence of unions has waned the ILO has been at the fore-front fighting for the rights of the labour force worldwide. An example of just how global this organization is would be the project run by the ILO in Mogadishu, Somalia. This country has seen years of economic strife, political instability and yet this organization was able to provide programmes that provided employment intense projects while promoting the equality of both men and women in the workplace. In a country that does not have a functioning government we see the need for a global system, for international standards and the benefits of having such organizations.

Post-globalisation: The emerging roles of the state.

It is clear that the welfare state is diminishing as free-market practices are being adopted and democracy is spreading like wildfire. However, although globalization has brought about many positive things, there have also been negative ones. As mentioned earlier in the introduction, the environment has become a great concern as businesses grow and the environment is damaged. One of the most esteemed and powerful organizations that exist solely to preserve the natural environment, Green Peace, have shown that businesses are polluting the water, air, irreparably damaging the environment as they struggle to compete in their respective markets.

Because of this, it has fallen on the state now to regulate carbon emissions and promote sustainable, environmental friendly growth. In the United States the Environmental Protection Agency in California has set laws regarding carbon emissions and in Germany cars have to adhere to the Euro4 standards. These examples of how governments are implementing laws and regulations to protect the environment are just a few of the numerous measures being taken as a result of the pressure from the International community, and organisations such as Green Peace.

Although globalization has led to the mobility of talent and knowledge it has also resulted in a wave of migrant labour from developing countries, to more economically developed nations. This has caused governments to tighten their immigration laws and so we see the aspect of nation-building is still present. On this topic England are imposing strict measures on allowing foreigners access to the country, after a period where laws regarding this were relatively lax (BBC NEWS). These laws are aimed mainly to protect the

labour market as local Britons are losing work to migrant labour willing to accept lower wages and sub-standard working conditions while benefitting from the state-funded welfare. Governments now have to consider the implications of globalization on the labour market and act appropriately as they are still responsible for their citizens, even more so in democratic environments.

The state does not only have to answer to any external organization it may be a part of, but in modern day politics the state has to answer to their people too. The media has become a powerful tool, and with democracy so wide-spread the elected state has become a medium of representation for the people, and is no longer a separate entity. The state still functions to develop the economy and protect its labour market, but now it also has the additional role of creating strategic alliances aimed at strengthening trade bonds that will contribute positively towards the economy. It is up to the government now to decide just how far they are willing to integrate and to use the platforms set up by organizations such as the WTO to negotiate the terms of trade to increase their competitiveness in the international market.

To look directly at the question of International Governance organisations undermining the state, we can see that the state no longer has the power that it once used to. Each country that is a member of these global governing bodies has to abide by international law, and face criticism and even legal proceedings by the International Court of Justice. However, generally speaking, the state has become more transparent and even though they are answerable to other governing bodies, the state still has influence. Unfortunately some countries have more power than others

depending on their political ties, but *ceteris paribus*, the state still has a necessary role to play.