

# Hyperglobalisation thesis and the growing power multinational companies



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Since the second world war globalisation has increased at all time high speed and in the currently dominates the global sphere, for the purpose of this essay when referring to globalisation, it will be by definition of political globalisation - the expansion of a global political system, and its institutions, in which inter-regional transactions (including, but certainly not limited to trade) are managed (Modelski et al., 2007) - as well as economic globalisation, increasing economic integration and interdependence of national, regional, and local economies across the world through an intensification of cross- border movement of goods, services, technologies and capital ( Joshi, 2009). This interconnectedness between states has long arisen question of whether globalisation has been a threat to the nation state and their autonomy. That happens to be the case, especially due to the economic interdependence that globalisation has created, for example the European Union, and the increase influence of international organisation such as; the International Monetary Fund (IMF), World Bank, United nations etc. Whilst globalisation has indeed led to the end of the nation state, it has not done so by a great extent and not to the west. In reality globalisation greatest impact is on less economic developed countries, as it is another face for neo colonialism - the use of capitalism, globalisation and cultural imperialism to influence a developing country. This essay will use the hyperglobalisation thesis and the growing power multinational companies, and the transformationalist thesis to support the argument that globalisation is the end of nation state, whilst arguing against the sceptical thesis and the new intuitionist thesis, to show the effect of globalisation on states and highlight how organisations and companies are at its centre and play a vital role in ending states as we know it.

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The hyperglobalist thesis sees globalisation as an end-state. Economic globalisation has undermined state's autonomy over their national economy. It is possible to see such a phenomenon in today's world, as international allegiances have a great impact on how states conduct themselves. For example, the European Union is the world's biggest trade bloc, yet to join members have to lose autonomy over their state. As it stands, globalisation is mostly about free trade across borders, but with free trade comes the loss of borders. A nation state without borders is not a nation state. To join the wave of globalisation means becoming borderless; to join the EU its members must accept the freedom of movement, in such a case the end of the nation state becomes a side effect of globalisation and in today's world globalisation seems to be inevitable, with organisations such as the World Trade Organisation (WTO) being put in place to facilitate it, and so adhering to it comes normal to states, especially in order to elevate their economic status. That is another way in which globalisation leads to the end of nation states; by making states economically interdependent on one another, globalisation removes their sovereignty and states can no longer focus on themselves and be self-driven as they take their allies into account.

Britain's Brexit plan has already made its economy 2.5% smaller (The Centre for European Reform, 2018), which shows the appeal of falling in line with globalisation and practicing its economic transactions across borders, yet as Ohmae (1996) argues, globalisation is the end of the nation-state.

For hyperglobalists, multi-national corporations pose a real threat to nation states, their growing power can be an issue for states as it rivals its power. As Ohmae (1996) argues, nation states are the mercy of multi-national

corporation and thus their autonomy is limited, especially because multinational corporations' power is 'footloose' pick and mix different parts of world to invest their Foreign Direct Investment (FDR), whereas most are based in the West and China, they have large subsidiaries across the globe particularly in developing countries. This brings in the argument that the globalisation mostly affects developing country and it's neo colonialism in disguise. For instance, many developing countries are dependent on the income of the foreign organisation placed in their nations, and as such they are compliant with the wishes of the organisations instead of its own.

Between 1989 and 2003 the amount of money spent by United States of America businesses on developing countries increased from \$335 million to \$772 million (United States of America Bureau of Economic Analysis (BEA) 2003). Similarly, it can be estimated that multi-national

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economic interdependence that globalisation has created, for example the European Union, and the increase influence of international organisation such as; the International Monetary Fund (IMF), World Bank, United nations etc. Whilst globalisation has indeed led to the end of the nation state, it has not done so by a great extent and not to the west. In reality globalisation greatest impact is on less economic developed countries, as it is another face for neo colonialism - the use of capitalism, globalisation and cultural imperialism to influence a developing country. This essay will use the hyperglobalisation thesis and the growing power multinational companies, and the transformationalist thesis to support the argument that globalisation is the end of nation state, whilst arguing against the sceptical thesis and the new intuitionist thesis, to show the effect of globalisation on states and highlight how organisations and companies are at its centre and play a vital role in ending states as we know it.

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globalisation seems to be inevitable, with organisations such as the World Trade Organisation (WTO) being put in place to facilitate it, and so adhering to it comes normal to states, especially in order to elevate their economic status. That being another way in which globalisation leads to the end of nation states; by making states economic interdependent on one another, globalisation removes their sovereignty and states can no longer focus on themselves and be self - driven as they take their allies into account.

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Between 1989 and 2003 the amount of money spent by United States of America businesses on developing countries increased from \$335 million to

\$772 million (United States of America Bureau of Economic Analysis (BEA) 2003). Similarly, it can be estimated that multi-national corporations directly employ 12% of developing countries' employees. Such investments into developing countries, ensure that developing have an on-going dependency on international organisations and ensure that the countries remain in need of help and so they remain perpetually underdeveloped. When paired with globalisation need for 'interconnectedness' less developed countries dependency on Western based multinational corporations is only elevated and prolonged because globalisation brings along itself the spread of neo-liberalism. This is facilitated by organisations such as the IMF which's purpose is to provide monetary 'aid' yet by doing so, it ensures that the countries receiving help open its markets to their member states - all western states - and having such open markets means that they can never have autonomy over their economy and such cannot grow or be self-reliant; there a cycle begins in where debt increases and the need to help is continuous and developing countries never progress into developed countries and their nation states comes to an end, all whilst the west continuously benefits from it. However, that's not say the western and developed countries not under threat. Multinational organisation's power also undermines developed nation states. Berberoglu (2005) argues that globalisation's focus was to liberalise markets, so that it can be of easy access to world corporations. With the monopoly created by such organisations and their economic transactions, their influence on nation's socio-economic and policy making powers increases so it becomes harder to distance itself from it or to limit itself from it. For example, a myriad of country - including Austria, South Africa, Venezuela, Colombia, Thailand, <https://assignbuster.com/hyperglobalisation-thesis-and-the-growing-power-multinational-companies/>

United Arab Emirates, Denmark, Malaysia, Singapore, Nigeria, Chile, Hong Kong, Egypt, Philippines, Finland, Greece, Israel, Pakistan, Portugal, Iraq, Ireland etc – have a smaller GDP than

Walmart's annual turnover. And such outcomes are possible as states do not pass regulation against such companies, in the UK Amazon sales rose from £9.5bn to more than £11bn in 2017 (. Channel 4 News, 2018) yet they pay very little in taxes and do so legally, as states are discouraged to fight as against globalisation. So, globalisation is indeed the end to nation state, but the greatest impact is felt by developing countries.

Anti-globalisation sentiment seems to be at all high in today political sphere, and the growth of nationalism – ' economic ideology and movement characterized by the promotion of the interests of a particular nation, with the aim of gaining and maintaining the nation's sovereignty over its homeland' (Smith, 2010) – proves so. Societal changes like globalisation and the emphasis on diversity as well as the multiculturalism attached to it are behind the rise of nationalism. Globalisation takes away a country's sovereignty and leaves people on a ' identity crisis', whereby they feel their national identity is lost

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