

# Globalisation and the nation-state

Literature, Russian Literature



Emerging nations such as China and India have also allowed companies to reduce production costs and target wider developing consumers. With these opportunities and with many of the other opportunities surrounding globalization economics now look at the economy on a global scale as opposed to a national scale which has led to conflicting perspectives on the use of the nation-state.

As early as 1969 economists such as Charles Kindergärtner sparked the perspective that "the nation state is just about through as an economic unit" (Eagleburger 1969: 207). The following essay will look at globalization in terms of the economy and look at two of these businesses currently operating globally to see if the role of the individual nation-state government remains vital despite the trend towards globalization. Firstly one must define what globalizations actually is and what type of organizations qualifies as a 'global company'.

Researchers suggest that globalization is 'one of the most misused and one of the most confused words around today' (Dickens, 2007). Globalization is a widely used term that has no simple definition; instead researchers suggest that the word has become a 'convenient summary term' used by many to 'bundle together virtually all the goods and bad facing contemporary societies' (Dickens, 2007). There is one definition that most globalizers will agree upon and that's that it is a "process by which the experience of everyday life, marked by the diffusion of commodities and ideas, is becoming standardized around the world. In terms of the economic globalization that essay will be concentrating on, "Globalization is a level of economic activity that has outgrown national markets through industrial



operations are completely different. Lloyd TTS is a 'global organization' as its overseas operations are delivery of the same service to just different consumers, whilst the same researchers would describe McDonald's as a 'Multinational Organization' as it views much of its overseas operations as a portfolio of independently run businesses (Bartlett, 2000)

On both Lloyd TTS and McDonald's there are major influences affecting them as they operate in the globalized economy. Globalization and international companies arriving in individual national-states have always been met with a mixture of positive and negative opinions due to the instant challenge it brings to the uses and the very existence of the nation-state. There are currently 194 individual nation-states in the world (Rosenberg, 2009). Each state has its own common culture and has its own way of governing its state.

With new technologies, transportation and communications and the fact that organizations are now creating a standardized way of living it can be assumed that the power and control once held by the nation-state is being severely reduced. Due to the claims by theorists such as Kindergärtner (1969) there has been much debate sparked into the existence of the nation-state and the uses of globalization. In the globalization debate there are three conflicting perspectives on the uses of the nation-state.

The first perspective is that of the Hyper-Globalizers, who argue that we live in a borderless world and the nation-state is no longer relevant. The Hyper-Globalizers view globalization as a new development and suggest that the world's cultures and experiences are becoming homogeneous through standardized global products. The second opinion is the 'Skeptical

Internationalists' who accept that globalization exists however believe that it's not new and the grounding globalizes who believe that quantitative data is just as important as qualitative data in the debate.

According to Dickens (2007: IPPP) the roles of the nation-state in the contemporary global economy has four key roles; containers of institutions and cultures, regulators of economic activities, competitors with other states and elaborators with other states and when globalization intrudes these roles are often met with a degree of negativity. Lloyd TTS and McDonald's are diversifying into these individual nation-states and as a result are sometimes met with this negativity and political concern targeted towards the hyper-globalizes perspective.

These companies and most of the companies that are isolating are often from Western dominated economies and arrive with western values and cultural interests. Hilton (1998) suggests that one of the main negative impacts on these organizations and libations in general is that they are incorporating third world and developing economies into the global economy only as 'passive consumers of standardized products and nothing more' suggesting that although these companies are operating globally the economic wealth and growth still lives within its original national economy which widens the gap between the rich and poor countries.

Omaha (1995) considers the 'standardization of culture' as a negative impact on globalization. These Uninominal nation-states Tanat companies Like Lloyd Dank Ana c an ass are penetrating have individual cultural values and beliefs. Both companies are bringing their Western cultural values into these

individual nations and creating a standardized culture within. McDonald's for example has a very western cultural style to its food, items on its menu such as 'French fries' and 'hamburgers' are very much western orientated foods.

The very way in which McDonald's delivers its food in fast food restaurants, through American style diners and drive through's again reflect the western cultural values which are now being adapted and 'standardized' around the world. Omaha (1995) suggests that these changes can be seen as negative impacts and are seen as a challenge to the importance and use of a nation-state if the world is starting to live in a standardized way.

There are many negative opinions in the role of the nation-state debate and evidence to suggest that we are beginning to live in a homogeneity environment however, there have been many recent events that have shown that despite the trend to globalization the nation-state is still vital and that we do not live in a homogeneity world. One recent event that's affected nearly everyone is the global recession or the 'Credit Crunch' the world is currently experiencing.

The Credit Crunch can be defined as "a severe shortage of money or credit" (BBC, BBC NEWS, 2009) and is caused by banks not lending out money.

Lloyd TTS is one of many financial institutions affected in the credit crunch due to the very nature of the business and the fact that deregulation in the global financial economy allowed banks to lend money in insecure 'lax' borrowers, especially in the American mortgage economy Where billions of dollars was invested into mortgages made available to sub-prime borrowers

(people with bad credit rating, no jobs, no repayment amounts) at a low interest rate.

When interest rates started to increase people began to default on borrowings which meant the value of these investments plummeted resulting in huge losses for banks globally (Badmouth, 2009), including Lloyd TTS. As a result of this lax lending Lloyd and many other global banks were forced to write off millions of pounds of debts. Lloyd were 'left 250 million short' (BBC 2007) which left them at a huge loss and unconfined to lend out more money. As a result of the financial difficulties Lloyd were forced to make over two thousand people redundant and were left to turn to the nation-state for help.

In terms of the nation-state debate it's evident in economic downturns such as the global 'credit crunch' and the current recession the nation-state is vital for companies such as Lloyd to survive. The British government used tax-payers funds to 'bail' out the bank by supplying them with over a billion pounds worth of investment. McDonald's, operating in a completely different economic sector completely survived the economic downturn as people looked to them for a cheap source of food and drink.

McDonald's made a profit through the economic downturn and look set to do the same this year (McDonald's. Com 2009). Further to the debate that we do not live in a homogeneity world is the fact that states regulate trade, foreign investment and industry and each state takes an individual stance on how they do this. Policies towards imports and exports are individual in every

state and McDonald's and Lloyd TTS have to comply with these policies in each individual state.