

Role of international institutions: effects of globalisation



1. Introduction

Different theories and scholars exist in the literature regarding different “globalisation” definitions. While BBCNews (2015) indicated that globalisation is the process by which the world is turning out to be gradually interconnected as a consequence of vastly expanded exchange and social trade, which expanded the generation of the production of goods and services. Besides, according to Baylis et al (2014: P. 19) argued that “globalisation denotes the growing extensity, intensity, velocity, and deepening impact of world interconnectedness”, which stands for four characteristics of today globalisation. In another words, globalisation links the world and relate activities together on a global scope.

This literature review aims at exploring role of international institution in relations with four features above of globalisation. It also evaluates the link between IPE theories and characteristics of globalisation. Finally, the relationship between globalisation and poverty and inequality will be assessed.

II. Literature review

According to Krieger (2001: p 325) extends our knowledge of four characteristics of today globalisation, which is explained below such as :

- “ Extensity: the *stretching* of social, political and economic activities across political frontiers, regions and continents” (Krieger (2001: p 325).

- Intensity: the “ *growing magnitude and concentration of interconnectedness and flows of trade, investment, finance, migration, culture, etc*” (Krieger (2001: p 325)
- Velocity: “ *speeding up of global interactions and processes , as the evolution of world-wide systems of transport and communication increases the velocity of the diffusion of ideas, goods, information, capital, and people*” (Krieger (2001: p 325).
- Deepening impact: “ the effects of distant events can be highly significant elsewhere and even the most local developments may come to have enormous global consequences. In this sense, the boundaries between domestic matters and global affairs can become increasingly blurred.” (Krieger (2001: p 325)

1. The role of international institutions in the effects of globalisation

Globalization catches components of a broad observation that there is an expanding, extending and accelerating of overall interconnectedness in all parts of life, from the social to the criminal, the monetary to the natural. At issue has all the earmarks of being a worldwide changing; that is, a world being formed, by monetary and innovative powers, into a common financial and political enclosure (Polity. co. uk, 1999).

The one obvious effect of globalisation is to transform the world order from a state-centric geopolitics to a global politics. There is no clear departure between domestic and foreign governing; instead a hiding border is appearing in all aspects of human activities. The states are increasingly embedded in setting and covering of the World Wide Web (Baylis et al, 2011: p25). Obviously, international institutions appear and reinforce that <https://assignbuster.com/role-of-international-institutions-effects-of-globalisation/>

transformation by executing the global policies and developing the four characteristics of globalisation such as growing extensity, intensity, velocity and deepening impact of worldwide interconnectedness. However, whether this strengthening is positive or negative is still controversial and highly depend on the nature and situation of the aspects it influences.

As a result, the point of international organizations (IO) is to help manage the process integrating the developing economies into the world economy, however they have done more harm than good, leading to widened income difference and developing countries' dependence on the industrialized. On the one hand, IO's has a positive contribution in globalisation, which is indicated by many researches.

Firstly, according to Milner et al (2005) stated that IO make the application of force and power by states to achieve their objectives less likely; instead states are required to follow the rules, norms. One interesting finding is IO also supports society to harness power of the most powerful states (Ikenberry, 2001). It is such a crucial role in a world faced with heightened challenges of global governance. However, the developing countries have not gained much from trade rounds but IMF/WTO make a contribution on tacit supporting of developed countries by giving them votes (Milner et al, 2005: p 838). And make sure that all of voting actions should be fair-play negotiation in both developing countries and developed countries.

Secondly, IO also provides us the information and lowering transaction costs (Coleman & Porter, 1999). IO facilitates mutual cooperation in an anarchic world, reduce uncertainty by observing states' behaviors, allow distributed

enforcement through tradeoff strategies. Unfortunately, IMF/WB policiesadvice generally have been unhelpful because they failed to take into account conditions of developing countries. For example, there are some tradesrules are using toengage people in unfair agreements. In order to recover this issue, it needs to supply the requirement of technical info and expert knowledge in obstacle for more active participation, which is based on existing institutional arrangements.

Thirdly, international institutions facilitate tradeoff strategies among countries in an anarchic environment (Milner et al, 2005: 840). Especially, IO aims at exchangereliable and practical. Although, developed countries used GATT/WTO to enforce tradeoff strategies and lower trade barriers, which could helpthese bigcountries can achieve more efficient and cooperative outcomes. For example, The United States, Euro-pean Union and Japan have applied the GATT/WTO toenforce tradeoff strategies andworse their trade barriers. But trade preferential access harms small developing countries, does not provide growth in the long run. Because, according to theories about the value of reciprocity in is that “ Countries with small markets are just not attractive enough for larger trading partners to engage in meaningful tradeoff negotiations” (Aaditya&Subramanian, 2004).

Finally, IO alsofacilitates reform in domestic politics for everlasting by IO rules can help domestic managers to activate interest parties to balance othergroups’ impressive and thus present different approaches than something else. However, the poorest countries have not used WTO to make commitments (Milner et al, 2005: 841). Thus, they ought to give themselves a large adaptability of flexibility to turn around their exchange strategies.
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On the other hand, IO has caused bad affect into society such as:

Due to tech innovation, IO reduced communication between countries in the world and raised the transportation costs. And the policies also are changed that leads to differences in standards may reflect different conditions or preferences inside of countrystates which more than justify different, even higher standards. As a result developing countries have been more uncovered to world economy. In short, IO roles have not only grown balance, but also causeproblem (Coglianese, 2000).

2. IPE theories' explanation of increasing interconnectedness

Neoclassical or economic liberalism have a long standing traditional in world politics . *Peopl e are Liberalism* characteristic is “ perfectible”, that democracy is needed for that compeletely to improve and they they believe that “ the war is being natural condition of world politics” (Baylis et el, 201: p4). By another words, it means the realisation of a global competitive marketplace, or rather argues that the understanding of such an economy is unavoidable, and that its emergence is now apparent(Berry. C, 2008). But this process is not necessarily simplistic view of the economic processes associated with globalisation. Although, this theory also brings a belief in the efficiency and freedom-enhancing properties of the market economy, private property, the ultimate sovereignty of the individual, and the rule of law, but only through the concept of “ minimal state”, with the laissez-faire principle, i. e. with its singular role to maintain and warrant “ fair” relations on the free market. Financial aspects, as brought about by neoclassical economic theory, is still the focal main force of globalization, however neoclassical

globalization hypothesis contends, that elements, for example, corporate association and innovative advancement help to give contemporary business sector relations their particularly worldwide character (Berry, 2008). With regarding the multilateral institutions, agencies such as the IMF, the WTO and the. OECD have continually linked globalizationwithliberalization.

Globalization has promoted non-national, i. e. supra-national institutions and communities with trans-border mutual relations. Globality has transcended area and upset state sovereignty. Forces of globalization have undermined the democratic capacities of national governments. States cannot tame the tyranny of global corporations. Global financial markets, too, have often forced the possibilities for democratization (Kukoc. M, 20019

Marxism : Marxists generally relate agency only to given material interests. Ideas are seen as either functional of those interests or, for some theorists, devices employed in service of those interests (Berry, 2008). Moreover, it seems that with the apparent advent of globalisation, Marxists can confidently proclaim the victory of the structural forces of entrepreneurship over the potential mediatory power of states. A global class choice which incorporates the (neoliberal) leaders of nation-states, institutions of ‘ global governance’ and TNCs, and which acts to reproduce and establish the global capitalist system, is theorized.

In combining with the emergence of global class elite, the emergence of a global public is expected; resistance to global capitalism is often interpreted as signalling the growing relevance or power of the global public.

Neoliberal institutionalism: mains technique of globalisation conditions that present quickening reliance and its effect on how states see their hobbies (Keohane, 2002). In a state of complex relationship, states will perceive a shared interest for collaboration . This approach perceive the same helplessness and affectability of association that realists do (Kay, 2014). . However, rather than seeing globalization as education conflict, neoliberal scholars see states as having an interest in cooperation. In perceiving a state-based enthusiasm for all in all dealing with a globalized world, states try to decrease coordination issues, to build up concurred standards, standards, guidelines, and choice making strategies, to encourage straightforwardness, to expand the limit for bartering and “ issue-linkage” (Kay, 2014).

Constructivism: draws on social hypothesis of human collaboration and sets that the structure and substance of worldwide relations are the by-items of social connection . (Kay, 2004: P 13) .

Just as the domestic content of politics and culture shapes the analyse of the nation-state issue, thus does the nation-state concurrently shape the international environment. The worldwide environment consequently turns into an impression of the intersocial connections among states, and in the meantime can input to impact the household substance of country states.

3. Globalisation and poverty/inequality

- Porverty:

On the one hand, the negative factors of globalisation has been examined clearly through many reports, which are discussed below.

As a report of the Development Program of the United Nations (UNDP) announced in 2014 showed that over 2.2 billion people, totally for one-third of the world's population, live in poverty line because of being scarcity and lack of access to health care services, education and minimum living standards. Based on a scholar named "Sustaining human progress: reducing vulnerability and building resilience," the report gaved the whole imagination of the hardships of the conflict to avoid poverty across the global. In spite of the fact that the poverty rate is diminished by the general globalisation tendency, but there are 800 million people could become poor due to the changing life circumstances or dangers. Despite the fact that poverty rates have a tendency to minimise, UNDP(2014) additionally announced that rising inequality is creating the expanding defenseless issue. Also, neo-liberal monetary methodologies has brought about greater imbalances inside and between nations, yet views disparity positive as a goad to rivalry and the entrepreneurial soul (Baylis et al, 2011: p465). As a result, they are not simply only lessening the rate down to tiny, but also must ensure those individuals who are undermined by natural disasters, environmental change and financial crisis.

- Inequality

Inequality is relied on people and can only be solved by them self. The blank between the rich and poor people now touches the highest amount in 30 years(OECD, 2014). According to Karl Marx (1967) indicated that with the

aims at helping society to exist, the total distributed to personal consumption impossible exceed the total of social income. The neoliberal contention says that the appropriation of wage between the whole world's population has turn out to be more equivalent in the course of recent decades and the quantity of individuals living in great neediness has fallen (Wage, 2004: p567-589). More open economies are more rich, economies that change more experience a quicker rate of advancement, and individuals who oppose further financial liberalization must be carrying on of vested or “rent-seeking” interests. In a nutshell, World Bank claimed that “globalisation generally reduces poverty because more integrated economies tend to grow faster and this growth is usually widely diffused” (Neutel & Heshmati, 2006). To sum up, standard left supposition, interestingly, is that the rich and intense nations and classes have minimal enthusiasm for more greater fairness. Consistent with this view, the “anti-globalization” (more accurately, “anti-neoliberal”) argument asserts that world neediness and imbalance have been rising, not falling, because of powers unleashed by the same globalization. The line of arrangement is some level of fixing of open approach constrains on the operation of business sector strengths; however the “anti- neoliberal” camp grasps a much more extensive scope of arrangements than the liberal camp (Wage, 2004: p567-589).

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