

## THE NATION STATE IN THE CONTEXT OF THE INTERNATIONAL MARKET GLOBALIZATION

Lecturer PhD. Student Carmen BOGHEAN

carmenb@seap.usv.ro

Lecturer PhD. Mihai POPESCU

mihaip@seap.usv.ro

Lecturer PhD. Mariana LUPAN

[marianal@seap.usv.ro](mailto:marianal@seap.usv.ro)

Lecturer PhD. Student Florin BOGHEAN

Faculty of Economics and Public Administration

" tefan cel Mare" University of Suceava, Romania

[florinb@seap.usv.ro](mailto:florinb@seap.usv.ro)

### **Abstract:**

*The impersonal forces of the world markets, integrated throughout the post-war period rather by the private companies from the finances, industry and trade, than by the common decisions of the governments, are now stronger than the states to which the fundamental political authority on society and economy is supposed to belong.*

*The failure of the modernist theories on the decline of the nation state may have been engendered by their refusal to make a connection between the consequences of the modernity and the part played by the cultural and ethnic bonds that appeared in the pre-modern periods. These bonds, as well as the ethnical identities, can be found mainly in the local and regional communities, in the walks of life lying at the basis of the society that represented the core of the national mobilisation.*

*An attempt to understand globalization and the emerging nationalisms must take into account both the modernisation process, and the pre-modern heritages, that constitute the basis of many national states.*

**Key words:** globalization, the nation state, the state power and territoriality, centres of power, political authority

**JEL Classification:** F52, H76

## **I. INTRODUCTION**

Globalization represents that natural tendency (?) that tends to undo the traditional economic, political and social ties, based on the authoritative, hierarchical state and to replace them with a horizontal, flexible and unbounded network type structure, coordinated at the top by a supranational power. The globalization is a vast process of surmounting the boundaries appeared throughout history, synonymous of the erosion of the national state sovereignty, which presents itself as a „detachment” of the free market from de mor al norms and the institutionalised bounds between the societies.

The elements contributing to the globalization are as follows: technological changes, more and more reduced costs in transportation and communication, trade amplification and the financial interdependence between the countries. We have reassessed the labelling as "natural" of the globalisation. Actually, this process is utterly anti-natural. It implies the authority dissolution at a high level of socio-political organisation, creates libertie s the human being has never known before, favours the disappearance of the cultural historical traits of different nations, leading thus to a mass culture.

## **II. GLOBALIZATION AND DISOLUTION THE NATION - STATE**

At an individual level, globalization means ge neralisation, standardization, being set free from the traditional restrictions (of a moral type), the effect, on the whole, being that of dissolution.

At an economic level, globalization favours the appearance of huge monopolies, possibly of oligopolies. This leads to the disappearance of the possibility to protect the market locally (at the

same time with the disappearance of the interstate boundaries), so chances that new players will appear on the market are being reduced. Globalization favours the already existent companies on the market and gives them the possibility to improve their position. Also, the globalization favours the trade development, the concentration of the power within the multinational corporations' ranks, the division of the world regions on specialized areas of industrial or agricultural production.

Analyzing the globalization necessity, from the territorial boundaries viewpoint, we see that the sovereignty, the state power and territoriality are, nowadays, complexly interrelated, through the appearance of new non-territorial forms of economic and political organisation in the global domain – multinational corporations, international agents, social transnational movements –, that oblige the nation state to be much more dynamic in its relations to the exterior world, to yield some of its attributes as the core or main form of governing and authority in the world.[6]

At a political level, the changes induced by the globalization are highly interesting. The appearance of a "top-power" and the disappearance, in the long run, of the power represented by the national governments may lead to a very effective control on the citizens ("nowhere to hide").

Legitimised by the objective need of development and democracy, and also by that of justification of the changes wished at the political and economical level, of portrayal of the political transformations, the globalisation is systematised by a complex process. The interdependency within leads to enormous implications, obliging the states to cooperate in order to reach their purposes and to serve their interests. [5]

In most of the cases, the states preserve their national sovereign character; yet, the state is increasingly seen as being too small for the big problems and too large for the small problems. Under these circumstances, the creation of new forms of state organisation and of new structures of suprastatal power becomes obligatory.

One of the biggest fears regarding the integration of the states in the international structures is represented by the loss of sovereignty. If in the past the states were once "the masters" of the market, now the markets are those which, in many essential problems, are the masters of the states' governments. The decline of the state authority reflects itself in an increasing diffusion of authority towards other institutions and associations, towards regional organisms, as well as in an increasing asymmetry between the big states, with structural power, and the weaker states, with no such power.

After September the 11<sup>th</sup> 2001, we have noticed that the globalization favours the appearance and the proliferation of asymmetric threats and risks whose negative effects are being sensed in countries all over the continents. The terrorism becomes, thus, a global threat. If globalization annuls the possibility of a war between the big powers, the terrorism, the organised crime and the proliferation of the weapons of mass destruction, the ethnical and religious extremism lie at the basis of the armed conflicts. Thus, the states are obliged to respond today to these global provocations (pollution, terrorism, informational war, etc.), which determines an intensification of the cooperation based on principles of subsidiary –at a regional level, for the time being.

### III. THE CHANGE IN THE BALANCE STATE POWER – MARKET

In the past, the state, exclusively political, did not know how to interpret the signals sent by the market and made serious mistakes. At present, the market, exclusively economic, no longer knows how to perceive the signals sent by the state, which leads to just as serious errors. There is a new connection between economy and politics, imposed by the globalisation. Through the internationalisation, the links between the states multiply, through the globalization, the vertical power of the state is progressively replaced by the horizontal power of the market, strengthened by the development of research, science and technology. Unlike the internationalisation, the globalisation reduces the role of the nation states, bringing along an increase in the level of functional integration of a variety of activities. We are, indeed, witnesses to a growing market force, the market appearing to have regained its original fierceness. Throughout a century and a half, within the framework of the nation state, the market could be "domesticated", civilised. Nowadays,

the globalization leads to the exceeding of the nation state boundaries; thus, the market is freed, little by little, from the political control, it becomes unstable, de-territorialised, while the political aspect remains engrained in the local level. On the grounds of the premise of the development of the new technologies, there have been created gaps between the political sector and the economic one, as well as between the political time and the economic one. While the economic sectors tend to become integrated, the political ones have a tendency towards fragmentation – the appearance of new countries on the map of the world, the phenomenon of the emerging local entities, towns, regions, which impose themselves as autonomous actors and as decisional centres. The political spaces become narrower and narrower, whereas the economic spaces, due to the integrationist processes, are vaster and vaster. The fragmentation of the political sector risks strengthening the economic power even more. This phenomenon penalizes the political power of the states.

The breakdown between the political space and the economic one is accompanied by the breakdown between the political time and the economic one. The political time witnesses a slowdown, due to the fact that the state must consult the identity and pressure groups, in the already complex decisional process, which requires a lot of time. Contrary to this slowdown tendency of the political time, the economic one accelerates. The development of technologies and the deregulation of the markets accelerate the innovations and reduce the cycle of life of the products. The best example is the software industry. This second breakdown between the political time and the economic one triggers, as a result, the weakening of the political sector.

In order to avoid the transformation of the market mechanisms into a jungle of the deregulation, it is mandatory to redefine the political activity and the role of the nation state. What the state did in the past for the economy, and implicitly for the people, by creating the national markets, must be achieved, at present, by the political sector, which should become the vigilant and diligent guardian of the human finality of the economic activity. It is not a choice between the national sovereignty and its abandonment, for it is not a question of strengthening the sovereignty principle; it is the concept of governing and the concept of quality of the state that need redefining. The nation states will not disappear, they will be redefined in terms of their role and even of their geographical boundaries, in accordance with the way in which distinct political identities intersect. For this adjustment to the globalization, it is necessary to provide the nations with necessary tools: stronger political, economic, financial, social, educational and cultural institutions. The globalization must accept the "reinvented" political power to ensure it a person-centred orientation. This is a historic task: inventing a political control form for the international market, at a different level from the national one. The entire process will last several generations and will be very difficult, if not even impossible, the big concern being related to the absence or the insufficiency of the control in this time interval. It will be difficult to surmount this period of time, for any comeback will be made impossible and any step forward taken in a hurry, perilous. All this will contribute, at first, to the diminishing of the political decisional system.

The study of the connection between the globalization and the reconstruction or the reconfiguration of the political, economic, cultural, military identities, as well as those relating to alliances, multinational identities and centres of power is extremely illustrative for the impact of this vast process in a globalizing world.

The development of the global networks determines a state interdependence in certain industries. The capital markets are undergoing the process of globalization. There appear global strategic alliances, and also new actors that wish to become global competitors. The new political, economic and cultural identities lead to an increasing awareness of the world as a whole. The analysts accept, nowadays, a multicentre world, but they are also considering the postmodernist non-centric variant.

We go deeper into a universal territory of the mankind, developed at a political, economic and socio-cultural level, by means of the democratisation of politics, the liberalisation of economy and the universalisation of culture. A global culture, with an imprecisely defined identity, artificially made. It may be built, but it will preserve its “ artificial condition “; the communities in

themselves, the nation-states or the ethnic groups, opposing themselves, in an active spirit of identity, to the dissemination of a global culture and identity.

The new global economic identity - resulted from the convergence of the values, of the institutions and of the national economic policies, that is, the convergence of the national economic systems towards a unique model, proves the significant homogeneity of the national economic and social institutions. This makes the future of the global economy itself appear rather uncertain, seen through the predicted instability caused by the economic regionalism, the financial instability and trade protectionism, as well as by the lack of political foundations for a unified and stable world economy. As for the future political identity of the world, this would be structured, following a gradual evolution of the power, as „a global community with convergent interests, formalised, with supranational arrangements which would undertake the security prerogatives of the national states”. [1]. For this, it would take the USA contribution, the only post cold war superpower that can represent „the catalyst either for a global community or for global chaos”

There are a few paradoxes regarding the reversing of the balance state power – market. [7]

The first one, that hides, to many people, the general decline of the state power, is the fact that the state intervention as well as the state agents' intervention in the citizen's daily life seems to be increasing. For the space of one's life where the citizen used to be free to coordinate his life and activities, the governments are now promulgating laws, founding institutions and planning authorities. This generates the impression that there is only a small part (getting smaller and smaller) of our daily life that remains immune to the activities and decisions of the governmental officialdom. The power is less efficient regarding the following fundamental issues the market itself has never been able to deal with: protection against violence, stable currency, infrastructure, law system etc. The need for any kind of political authority, legitimized either by means of coercive force, or by means of popular consensus, or rather by means of a combination between the two, is the fundamental reason for the existence of the state. In what concerns the fundamental problems, the states often become deficient. The government trivialization does not make its authority more respected; on the contrary it is not rare that the reverse is true.

The second paradox is that, while the existent state governments suffer from this progressive loss of their real authority, the line of societies wishing to have their own state increases. But this statality, once gained, does not seem to provide real control over that particular kind of society or nature of the economy they wished for. We can thus conclude that the desire for ethnical and cultural autonomy is universal; what is not universal are the means of satisfying this desire in an integrated world free market. Many, maybe most of the societies must content themselves with the mere possession of autonomy that is with a statality facade.

#### IV. GLOBALIZATION OR MARGINALISATION OF THE NATION STATE?

The nation state globalization and marginalisation are phenomena that evolve concurrently. To support this statement, we can outline three main ideas. [8]. First of all, the nature of the competition between the states in the international system has been modified from the competition for territory, to the competition for markets. Secondly, the alteration of the form of the competition between the states also modified its nature, the trade and financial policies becoming more important than the external ones and those of security. Finally, it is argued that “the state authority on the economy and on the society passes through a period of diffusion, after having become, for two or three centuries, more and more centralised in the state institution”. The power transfer in the global arena is seen from three different viewpoints: from the weak states to the powerful states; from the states to the markets, best represented by the transnational companies; and finally, part of this power “evaporates”.

The change in the balance of power is seen first of all through two factors:

- *impact of the technological innovations*, promoted by corporations, that respects the following trends: the American companies' domination from the point of view of the income from the fees obtained through redundancy; the concentration of the income resulted from the

technological innovations in the developed countries; the technological flow to the developing countries; maintenance of the qualitative gap between the flow sheets towards the developed countries compared to the ones towards the developing ones.

- *cost of the new technologies*, that only the corporations will be able to afford. Not only do the latter exercise their power of influence on the authority structure, but, moreover, even create new power structures and modify the existing ones.

Strange's hypothesis is argued against by Cable, who states that "the nation state has indeed yielded its sovereignty to the regional and global institutions and to the markets, but achieved, at the same time, new control areas with a view to promote national competitiveness" [8].

One of the most important analyses is done by Robert Cox who supports the idea of "internationalisation" of the state instead of its retreat – not destroying but altering it. [4]. Briefly, this author states that the state is undergoing a process of transformation from a guardian against the globalization intrusion, into a mediator, a negotiator of the global political economy. In order to play this part, the states must reconfigure their governing structures, laying more emphasis on finance and trade in the process of economic regulation, rather than on the domain of industry and labour. The state role becomes that of bringing support to the national economy in order to adapt it to the world economy requests. The sustained idea is that of a globalisation "authorised" by the state and surveyed by the governmental actors, being the optimal solution for the restructuring of the relations between capital and labour and for the management of the crisis situations in the capitalist society.

Yet, the multilateralism remains not only a basic principle of global economy and politics, but has become a part of the daily reality regarding the elaboration of the sectorial policies.

The nature of statality in the international arena is subject to the inevitable transfer of authority, which does not mean the marginalization of the national states or governments, but only their approach from a different viewpoint, as parts of a larger set of networks in the attempt to attain certain common objectives. The globalization has deeply transformed each state's governing capacity. The new state of the world imposes redefining the nation-state.

The nation-state has constituted, in the last 350 years, the key-institution around which has revolved the unity of the economic, political and cultural life of the peoples. The nation-state, with the territory, people and money, with its government, police, army and administration, is the space where the rules of the economic and social life game are being defined. Or, the nation-state in itself is the main victim of the globalisation process. The pillars of the state in the Westphalian system are undermined by the contemporary society. The governments lose control over the global development.

The state sovereignty is eroded on all directions: top-down, bottom-up and laterally.

- *top-down* – by the multiple networks that can no longer be controlled by the traditional state: the financial, air, information (the internet) networks. In cyberspace there is no national law or jurisdiction. The capacity of the states to fight against infringement of the protection of the private life, of copy-right or of the security of the payment methods on the internet is extremely limited. The internet can easily become a fiscal paradise where all the transactions can be made in a virtual currency, outside any taxes. The debates held at an international level concerning these issues are, for the time being, far from outlining a solution;

- *bottom-up* – through the emancipation of the local communities;

- *laterally* – by the growth of power of the new actors: multinational companies, NGOs, etc.

Nevertheless, the nation-state, although in difficulty, has not integrally worn out its resources. We are witnessing an increase in the number of states, the globalisation being accompanied by an increased fragmentation of the world: there were 46 states at the beginning of the century. Today, the world is organized politically into nearly 200 nation states. Such nations appear very durable and we still to equate modern societies with nation-states. [3]

## V. CONCLUSION

The nation - state can no longer claim to ensure the regulation of an economy which has largely become global. In order to surmount this distance between a globalized economy and the mainly national remaining institutions, it is necessary to create a new environment, an environment of an efficient "governing". It takes a totally new vision which means leaving behind the affiliation to old traditional political schemes.

The global economy imposes a new reflection on the act of "governing", which lies somewhere between the obsolete hypothesis of the "status quo" and the utopia of the "global state". This new form of governing refers to a system of management of the interdependencies meant to enable the economy to overcome the contradictions engendered by it. This cannot be a mere reproduction of the commonly known regulation ways ; on the contrary, it must take shape from an interweaving between self-regulation and public regulation, a process that, in order to be legitimate and efficient, must involve new actors. The new form of governing must succeed in reconciling innumerable regulation levels: the local one, the national one, the regional one and, last but not least, the international one.

## REFERENCES

1. Brzezinski, Z., (2004) *The choice: Global domination or global leadership*, Political Review no.45
2. Cable, V., (2001), *The Diminished Nation-State: A Study in the Loss of Economic Power*, Daedalus, Journal of the American Academy of Arts and Sciences,
3. Chamsy, O., & Hayden, P., (2006), *Critical Theories of Globalization*, Palgrave Macmillan, New York, p.8
4. Cox, R., (2002), *Approaches to World Order*, Cambridge University Press,
5. Gilpin. R., (2004), *The World Economy in the XXI century. The Challenge of the Global Capitalism*, Editura Polirom, p.24
6. Popa, V., *Implicațiile globalizării asupra securității naționale*, Editura Universității Naționale de Apărare Carol I, București, 2005, p.9
7. Strange, S., (2002), *Retragerea statului. Difuziunea puterii în economia mondială*, Editura Trei, București, p.20
8. Strange, S., (1995), *The Defective State*, Daedalus, *Journal of the American Academy of Arts and Sciences*, 1995