

Globalisation and Its Impact on the State

Globalisation has been producing a subtle change in the functions of the State. Its role in the ownership and production of goods has been getting reduced. However, this does not in any way mean a return of the Laissez faire state.

In the era of globalisation, the functions of the State began undergoing a change. With the increasing disinvestment of public sector, privatisation was encouraged. Public sector was made to compete with the private sector, and as a whole open competition, free trade, market economy and globalisation were practiced. State ownership of industries came to be rejected. The role of state began emerging as that of a facilitator and coordinator. The exercise still continues.

In this era of Globalisation, several changes have been taking place in the functions of the State:

1. Decreased Economic activities of State:

The process of liberalisation- privatisation has acted as a source of limitation on the role of the state in the economic sphere. Public sector and enterprises are getting privatized and state presence in economic domain is shrinking.

2. Decrease in the role of the State in International Economy:

The emergence of free trade, market competition, multinational corporations and international economic organisations and trading blocs like European Union, NAFTA, APEC, ASEAN and others, have limited the scope of the role of state in the sphere of international economy.

3. Decline of State Sovereignty:

Increasing international inter-dependence has been compelling each state to accept limitations on its external sovereignty. Each state now finds it essential to accept the rules of international economic system, the WTO, the World Bank and the IMF.

The role of MNC/TNC has also been growing in national and local politics as they play a significant role in shaping the state decisions and policies. Their key objective behind influencing the state decision and policy-making is to promote their vested interests.

4. Growing People's Opposition to their Respective States:

Globalisation has encouraged and expanded people-to-people socio-economic-cultural relations and cooperation in the world. As IT revolution and development of fast means of transport and communication have been together making the world a real Global Community.

The people of each state now deal with people of other states as members of the World Community. The loyalty towards their respective states continues, but now the people do not hesitate to oppose those state policies which are held to be not in tune with the demands of globalization.

5. Reduced Importance of Military Power of the State:

The state continues to maintain its military power as an important dimension of its national power. However, the strength being gained by movement for international peace and peaceful coexistence as the way of life has tended to reduce the importance of military power of the state.

6. Increasing Role of International Conventions and Treaties:

Several international conventions and treaties have placed some limitations upon all the states. All the states are now finding it essential to follow the rules and norms laid down by such conventions. The need to fight the menace of terrorism and rogue nuclear proliferation as well as the shared responsibility for protecting the environment and human rights, have compelled all the states to accept such rules and regulations as are considered essential for the securing of these objectives. Thus, Globalisation and several other factors have been together responsible for influencing a change in the role of State in contemporary times.

7. Decline in Public Expenditure on Public Welfare Policies

Most advanced western states appear committed to reducing social expenditure on public welfare programs, and to introducing measures such as labour market deregulation and lowered tax rates which facilitate greater economic competitiveness, but impact adversely on rates of poverty and inequality. These economic and political initiatives have coincided with a period of intense economic globalisation. The growing significance of international trade, investment, production and financial flows appears to be curtailing the autonomy of individual nation states. In particular, globalisation appears to be encouraging, if not demanding, a decline in social spending on public welfare programs and policies.