

# A BRIEF OUT LOOK OF GLOBALIZATION, LIBERALISATION AND NATION STATES

Dr. R.RANGAPPA.M.A. PH.D.  
ASSOCIATE PROFESSOR  
DEPARTMENT OF POLITICAL SCIENCE  
GOVERNMENT ARTS COLLEGE CHITHRADURGA-577501

## ABSTRACT

When the process of globalization emerged, the world began to transcend national states and become a cosmopolitan world system. Although many states have joined this world system, a number of states that were closed to themselves in the past and today are still trying to survive without joining this system. Since the emergence of nation-states, there have been countless forms of rigid political power in the world. The process of globalization can now take so much control of the world that one state cannot use any form of weapon or even a nuclear weapon against another during a war. Because there is no need for that anymore. This process has already affected states to such an extent that today's democracies, which once treated each other inhumanely and promised world wars, have already managed to reduce wars among themselves by accepting globalization as a reality. Liberalisation is the process or means of the elimination of control of the state over economic activities. It provides a greater autonomy to the business enterprises in decision-making and eliminates the government interference.

Liberalisation was begun to put an end to these limitations, and open multiple areas of the economy.

Though some liberalisation proposals were prefaced in the 1980's in areas of export-import policy, technology up-gradation, fiscal policy, and foreign investment, industrial licensing, and economic reform policies launched in 1991 were more general.

**KEYWORDS**-GLOBALIZATION, LIBERALIZATION, ECONOMIC CONCEPTS, MARKER WORLSD TRADE

## Introduction

When the process of globalization emerged, the world began to transcend national states and become a cosmopolitan world system.

Although many states have joined this world system, a number of states that were closed to themselves in the past and today are still trying to survive without joining this system.

Since the emergence of nation-states, there have been countless forms of rigid political power in the world.

Even years after the collapse of such states, we can see that in our modern world, where human rights and legal declarations are universal, there are still political regimes with our states that are undemocratic and closed to globalization.

Because globalization shapes not only economies, but also societies, policies, and international relations (Wolf, Martin September 2014, "Shapping Globalization"), we can say that the process of globalization has an impact on the rigid forms of political power and nation-states in our world.

Today, I am going to talk about why the rigid forms of political power and nation-states have not joined the process of globalization and what they will gain if they do. In addition,

I am going to talk about the impact of globalization on nation-states in the system of international relations.

## The positive side of globalization for nation-states

**First of all**, we can easily say that globalization has historically been a universal alternative to the unified approach to thought, which is a trend for many states and governments.

That is, one of the main reasons for the existence of historically harsh political regimes was the idea of arrogantly spreading a single idea around the world.

For example, when the Soviet Empire was established, the only idea for them was communism.

Thus, in order to preserve this common idea, to keep it in the minds of the people, the **Soviet Empire** wanted to spread this idea to the whole world in the form of a strict political regime within its borders.

However, the emergence of the term globalization in the 1980s was a universal alternative to the consensus of rigid political regimes around the world.

Because globalization has become a counter-argument against a single idea, because it wants the globalization of goods in economic theory, democratic values in political theory, the corporation in the international arena, to reach the whole world.

As a result of this universal alternative approach, strict political regimes that no longer belong to the new world system, nation-states not only tarnished the image of states, but also reduced the scientific, economic and social well-being of the state they ruled.

Therefore, the nation-states that joined and did not want to join the process of globalization had their own positive and negative reasons.

One of the positive aspects is that today there is a sharp difference between the economy, quality exports and imports of the nation-states that have joined the process of globalization and the economies and exports of the nation-states that have not joined the process.

For example, in the last 25-30 years, third world countries such as India have joined the process, abandoned their political regimes and changed their living standards.

Or the collapse of the Soviet Empire, the emergence of **Eastern European countries**, and the examples I have given above have shown once again that globalization can seriously influence the domestic policies of existing imperialist alliances and harsh political regimes, as well as their post-sovereign decisions.

The process of globalization has already become an interstate reality. Today, states that take into account the global reality are beginning to pursue their geopolitical interests, domestic policy and foreign policy based on global reality.

The process of globalization can now take so much control of the world that one state cannot use any form of weapon or even a nuclear weapon against another during a war.

Because there is no need for that anymore. This process has already affected states to such an extent that today's democracies, which once treated each other inhumanely and promised world wars, have already managed to reduce wars among themselves by accepting globalization as a reality.

The process of globalization has once again proved to political theory that if both parties are democratic and join the corporate process and cooperate with other states, they will not be able to wage wars that will affect the international community.

Undoubtedly, today this theory proves once again that the democracies that exist in the world and join the corporate process do not go to war with each other. So, globalization is a factor that brings national nations closer together in the world, eliminates threats and creates a corporate environment.

Nation-states not only join each other's economic and political corporations, but also contribute to the world and humanity by trying to find a solution to global crises such as global warming, coronavirus, and international terrorism.

However, political regimes and nation-states that stay away from this process and isolate themselves have a serious impact not only on their states, but also on the well-being of their citizens, both economically and politically.

Even by resisting this reality, they pose a serious threat to the state internally.

#### **The negative side of globalization for nation-states**

However, the process of globalization does not consist only of the positive effects of a nation-state on its political regime, economy and role in international relations.

In addition to these positive effects, the process of globalization has a serious impact on the culture, economy, politics and sovereignty of the citizens within a state.

In a world advancing towards cosmopolitanism, as Dower and Williams claim, people no longer consider themselves citizens of a state to which they belong, but citizens of a global world.

Because thanks to globalization, the development of borders and communication, people are deepening their ties with each other, cultures are coming together, and as a result, new cultures can emerge.

That is, the process of globalization is transforming from a sovereign nation-state into a single world with a single government.

We can consider that the process of globalization has seriously affected the sovereignty and independence of the state, as well as the fact that globalization has transformed the economy, political ambitions, decisions and power of states in international relations, and the implementation of acts by states already paying attention to global reality.

Due to such factors, some of the harsh political regimes and nation-states that I mentioned above do not join this process, given the economic downturn and stagnation of economic development, in order not to sacrifice the national sovereignty of their states to the international global reality.

The decision-making sovereignty of the North Korean state, which isolates itself and does not join the globalization process, differs sharply from the decision-making sovereignty of the countries that already exist in the world and join the process of globalization.

The economic decisions and political decisions of a state participating in globalization are based on the laws and governance of global reality. When a state implements a geopolitical act, it must take action not only by planning the state, but also by taking into account the global reality involved in the process of globalization.

Therefore, there is a reality in this process. This is the reality of globalization.

We now live in a world of nation-states that depends on global reality. States are no longer governed by political authorities, but by the laws of globalization. In short, although globalization is already created by states, this process no longer plays the role of a functioning artificial intellect that opposes people, that is, it no longer serves their interests.

Therefore, states such as North Korea and Iran stay away from this process in the face of the economic and political crisis, so that this reality does not affect the sovereignty and domestic policy of their states, so that they can keep the idea of sovereignty and national state and decide their own domestic policy.

### **Conclusion**

In the end, as I said, there are factors that will create a deep debate between globalization and the choice of sovereignty.

In our modern world, many states have accepted their sovereignty in accordance with the global reality, and have formed their domestic and foreign policies accordingly, but there are also states with strict political regimes that do not take this reality into account.

Given that many countries in the world have already made the transition to this system and formed their economies, powers, decisions and policies in accordance with the rules of this system, states must also join this world system.

Since the majority of the world is already a member of this system, staying away from this system can simply lead to the decline of the state's economy and a serious threat to its sovereignty.

Joining an economic corporation while retaining some of its sovereignty in its decisions is better than operating in isolation from the world, away from the global reality, and by implementing harsh political regime acts. Because the world is evolving and the world is focusing on the current reality.

To fall behind this reality is to lead the state into political, economic and power decline.

### **Meaning of Liberalisation**

Liberalisation is the process or means of the elimination of control of the state over economic activities. It provides a greater autonomy to the business enterprises in decision-making and eliminates the government interference.

Liberalisation was begun to put an end to these limitations, and open multiple areas of the economy.

Though some liberalisation proposals were prefaced in the 1980's in areas of export-import policy, technology up-gradation, fiscal policy, and foreign investment, industrial licensing, and economic reform policies launched in 1991 were more general.

There are a few significant areas, namely, the financial sector, industrial sector, foreign exchange markets, tax reforms, and investment and trade sectors that gained recognition in and after 1991.

### **Liberalisation in India**

Since the adoption of the New Economic Strategy in 1991, there has been a drastic change in the Indian economy.

With the arrival of liberalisation, the government has regulated the private sector organisations to conduct business transactions with fewer restrictions.

For the developing countries, liberalisation has opened economic borders to foreign companies and investments. Earlier, the investors had to encounter difficulties to enter countries with many barriers.

These barriers included tax laws, foreign investment restrictions, accounting regulations, and legal issues. The economic liberalisation reduced all these obstacles and waived a few restrictions over the control of the economy to the private sector.

### **Objectives**

- To boost competition between domestic businesses
- To promote foreign trade and regulate imports and exports
- To improve the technology and foreign capital
- To develop a global market of a country

- To reduce the debt burden of a country
- To unlock the economic potential of the country by encouraging the private sector and multinational corporations to invest and expand.
- To encourage the private sector to take an active part in the development process.
- To reduce the role of the public sector in future industrial development.
- To introduce more competition into the economy with the aim of increasing efficiency.

#### **Reforms under Liberalisation**

- Deregulation of the Industrial Sector
- Financial Sector Reforms
- Tax Reforms
- Foreign Exchange Reforms
- Trade and Investment Policy Reforms
- External Sector Reforms
- Foreign Exchange Reforms
- Foreign Trade Policy Reforms

#### **Economic Reforms during Liberalisation**

Several sectors were affected by the outburst of the impact of Liberalisation. Few economic reforms were:

- Financial Sector Reforms
- Tax Reforms / Fiscal Reforms
- Foreign Exchange Reforms / External Sector Reforms
- Industrial Sector Reforms

#### **Impact of Liberalisation**

##### **Positive Impact of Liberalisation in India**

**Free flow of capital:** Liberalisation has enhanced the flow of capital by making it affordable for the businesses to reach the capital from investors and take a profitable project.

Liberalisation has improved flow of capital into the country which makes it inexpensive for the companies to access capital from investors.

**Diversity for investors:** The investors will be benefitted by investing a portion of their business into a diversifying asset class.

**Impact on agriculture:** In this area, the cropping designs have experienced a huge change, but the impact of liberalisation cannot be accurately measured. Government's restrictions and interventions can be seen from the production to the distribution of the crops.

In the area of agriculture, the cropping patterns have undergone a huge modification, but the impact of liberalisation cannot be properly measured.

It is observed that there are still all-pervasive government controls and interventions starting from production to distribution for the produce.

**Free flow of capital:** Lower cost of capital enables to undertake lucrative projects which they may not have been possible with a higher cost of capital pre-liberalisation, leading to higher growth rates.

**Stock Market Performance:** Generally, when a country relaxes its laws, taxes, the stock market values also rise. Stock Markets are platforms on which Corporate Securities can be traded in real time.

**Political Risks Reduced:** Liberalisation policies in the country lessens political risks to investors. The government can attract more foreign investment through liberalisation of economic policies.

These are the areas that support and foster a readiness to do business in the country such as a strong legal foundation to settle disputes, fair and enforceable laws.

#### **CONCLUSION**

**The weakening of the economy:** An enormous restoration of the political power and economic power will lead to weakening the entire Indian economy.

**Technological impact:** Fast development in technology allows many small scale industries and other businesses in India to either adjust to changes or shut their businesses.

Rapid increase in technology forces many enterprises and small scale industries in India to either adapt to changes or close their businesses.

**Mergers and acquisitions:** Here, the small businesses merge with the big companies. Therefore, the employees of the small companies may need to enhance their skills and become technologically advanced.

This enhancing of skills and the time it might take, may lead to non-productivity and can be a burden to the company's capital.

Acquisitions and mergers are increasing day-by-day. In cases where small companies are being merged by big companies, the employees of the small companies may require exhaustive re-skilling. Re-skilling duration will lead to non-productivity and would cast a burden on the capital of the company

**Destabilization of the economy:** Tremendous redistribution of economic power and political power leads to Destabilizing effects on the entire Indian economy

**Impact of FDI in banking sector:** Foreign direct investment allowed in the banking and insurance sectors resulted in decline of government's stake in banks and insurance firms.

**Threat from Multinationals:** Prior to 1991 MNC's did not play much role in the Indian economy. In the pre-reform period, there was domination of public enterprises in the economy.

On account of liberalisation, competition has increased for the Indian firms. Multinationals are quite big and operate in several countries which has turned out a threat to local Indian Firms.

## REFERENCES

1.RAM HUJA-CULTURE AND SOCIETY

2. C,N,SHANKAR RAV-WETER SOCIETY

