

Review on Effects of Globalization on Politics

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ABSTRACT

Globalization can be a hard sell to the public because the benefits are widely distributed and not as easily understood, compared with the personal costs to very specific companies or workers. In this article, we identify multiple instruments of globalization, effects of globalization on politics, globalization and the new agenda of politics. The evidence also suggests that, though there is a general tendency among parties to shift their economic platforms leftward in response to liberalization, there is significant between-country variability in the effects. But with the development of communications and the vast technological revolution brought by liberal systems, it has become an extension to the world capitalism, which seeks to create a liberal global community within which liberal values prevail.

Keywords: Globalization, liberalization, communications and technology.

INTRODUCTION

Globalization is the word used to describe the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information. Countries have built economic partnerships to facilitate these movements over many centuries. But the term gained popularity after the Cold War in the early 1990s, as these cooperative arrangements shaped modern everyday life [1]. This guide uses the term more narrowly to refer to international trade and some of the investment flows among advanced economies, mostly focusing on the United States. The wide-ranging effects of globalization are complex and politically charged. As with major technological advances, globalization benefits society as a whole, while harming certain groups. Understanding the relative costs and benefits can pave the way for alleviating problems while sustaining the wider payoffs [2].

Before World War I, it was only the rare observer of the international economy who wondered about the effects on

domestic politics of soaring levels of cross-border capital movements, migration, foreign direct investment, and the new transportation and communication technologies that accelerated movement of information and goods among countries. But the idea that globalization undermines the autonomy and leverage of the nation-state appears in writings from this earlier period of internationalization.

Globalization undermines the national state, these observers claim, not only by shrinking the resources under national control for shaping economic and social outcomes, but also by reducing government's legitimacy and authority in the eyes of the public [3]. Across virtually all advanced industrial countries over the past two decades, there has been an erosion of public confidence in central governments. Even when analysts mention the role of specific national causes in this loss of trust, still they tend to emphasize the universality of the shifts how everywhere globalization destroys national control of information flows, hence weakens a government's ability to influence its public. The effects of the

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internationalization of the media, the marketing and export of American popular culture, and the deregulation of information all combine to weaken national values and traditions, and in so doing, they dry up the springs of support for national action [4]. The effects of changes in the international economy are experienced through the national political leaders' diminished control both over the material determinants of a country's prosperity and over the vehicles for reaching common public understandings of national well-being. In this widely held view of the coming political order, the eclipse of the national state is the central fact.

Instruments of Globalization

There are many instruments by which globalization is being promoted and enhanced. But the most important instruments influencing this process are the multinational corporations and the new revolution of information technology [5].

1. Multinational corporations are main instruments of globalization. They possess huge capitals and assets. As profit maximizers, they establish their factors in many developing countries where cheap workers and raw materials are found. Because of their size and their contributions to national economies in terms of taxes and employments, they influence decision-making processes in those countries. Once they established, none has the ability to stop them from withdrawing their investments or moving their capitals from country to another whenever it is in their advantage to do so. In spite of their contributions, the given privileges are not without price. Their activities usually leave serious effects on many host economies; they even sometime create civil unrests. This is because these companies control not only markets, but also peoples [6].

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2. New Information Technology, which is a product of the industrial revolution, is another instrument of globalization. Its aspects, in particular the Internet and multimedia, remarkably contribute to the spread of globalization due to their rapidity, easiness and availability [7]. In spite of its huge benefits, the revolution is still possessed and controlled by some advanced nations, which might use it as a means of cultural influence and informational hegemony.

Effects of Globalization on Politics

- **The Second Image Reversed**

Research on the impact of globalization on domestic politics builds on a paradigm in political science that [8] has aptly called "the second image reversed," a reference to [9] models of international relations theories. [10] sought to identify studies that analyze how changes in international factors are transmitted into domestic life. How do changes in the international economy affect domestic actors? Do the same changes produce the same results in national politics everywhere? According to [11] research on national responses to common international crises, the mechanism by which changes in the world market are brought into national politics is a process of transmission through changes in the prices domestic producer groups pay and receive. [12] emphasizes the possibilities of politicians' building different domestic coalitions of interests out of the groups mobilized by upheavals in their livelihood deriving from the international economy. In the countries [13] discusses during the crises of 1873-1896, 1929-1949, and the 1970s, the basic "societal actors" or interests are the same: farmers, finance, labor, industrialists. Yet the patterns of accommodation these interests reached, under pressure from external events, and the economic policies these coalitions supported varied greatly from country to country. Party politics, state structures, intermediate associations, and politicians built different alliances among (the same) social groups [14].

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If [15] map of societal interests reveals a determinacy in the presence and importance of groups in societies at the same level of economic development, his conception of their politics is far more open. Swedish and German farmers in the 1930s may have had similar preferences for protection from the market, but the Swedes ended up supporting a Social-Democratic alliance with workers, whereas the Germans ended up with Nazism [16]. In the same research tradition, [17] work on neocorporatism in small open economies also focuses on variation in the responses of social groups under comparable pressures from the international economy, depending on political structures and policies [18]. However similar the maps of social and economic interests in societies at comparable stages of economic advance, political reactions to shifts and shocks from the international economy are essentially indeterminate because they are mediated by political parties, ideologies, strategies, and contingent acts of leadership [19].

- **International Trade Theory**

Whereas the “second image reversed” literature built on a proto-Marxist historical conception of social actors and a rather wide range of possible political outcomes under world economic pressures, the research inspired by international trade theory suggests both a simpler map of interests and a sharper set of predictions about groups' responses to change in the world economy. Standard theorems of international trade Heckscher-Ohlin, Stolper-Samuelson, Ricardo-Viner elaborate Ricardo's original insight about relative comparative advantage as the reason that nations find benefit in exchange. These theorems predict patterns of trade based on different national distributions of the factors of production, and they suggest that social groups, as defined by their stakes in the factors of production, will have their fortunes altered in predictable ways by trade opening or protectionism [20]. If interests are distributed in patterns determined by the ownership of

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shoe-industry workers would oppose removing barriers to the entry of shoes from lower-cost producers. The shoe manufacturers could not quickly or profitably sell off their shoe factories and reinvest in new sectors; the workers have acquired particular skills in making shoes that may not be transferable to other jobs. In this research agenda, a critical issue is how specific particular assets are [24]. If the Heckscher-Ohlin predictions based on factor type (labor, capital, or land) are too broad-gauge to capture the logic of economic interest, how much detail about the industry would we need to analyze the dynamic of political responses? Even in one industry, looking at one factor, there are multiple potentially important specificities. We might distinguish capitalists who held shares of footwear companies from those who owned physical plants, or we might distinguish shoe manufacturers in niche markets (high-fashion shoes, orthopedic shoes, work-protective shoes) from standard mass product makers (athletic shoes and the like) [25].

These two approaches from trade theory lead to two distinct predictions about political preferences and behavior. In a test of the two models, [26] ask whether individual trade-policy preferences are better accounted for by factor type (which they define by worker skill levels) or by industry of employment (which they characterize by degrees of exposure to trade). They find that the skill level of workers is a better predictor of individual support for restrictions on trade than is employment in a trade-exposed industry. This result is consistent with a Heckscher-Ohlin factor-type model. Other empirical research, however, supports a Ricardo-Viner model [27]. [28] argues that in the short run, the specific-factors model better explains responses to trade, although over the long term Heckscher-Ohlin may prevail. Increasing integration of world markets would bring homogenization of interests within factor types, so that eventually, political struggles over globalization would become conflicts between labor and

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- **Structural Constraints on Government in a Global Economy**

If public policy is considered the result of the vector of interest group pressures, then the political models derived from trade theory suggest some simple predictions about the future of the state in a global economy. The growing mobility of capital and the relative immobility of labor would make governments increasingly responsive to the interests of capital. If taxes, industrial policy, environmental regulation, or industrial relations in any society are too costly or constraining, investors will pull up stakes and transfer them elsewhere; workers cannot move so easily [29]. Therefore, the expected results of limiting taxation of capital are that labor will have to shoulder a greater part of the tax burden and that society's ability to fund social welfare expenditures will decline. The shift in the domestic balance of power between capital and labor that globalization promotes by rewarding mobile factors thus translates into a shift in domestic politics. Social democracy becomes less likely because capital's incentives for cross-class compromise are lowered by its growing power. Even when socialists win electoral majorities, as Mitterrand did in France in 1981, an open economy (in the case of France, the European economy) offers the holders of mobile assets the opportunity to enforce their preferences by threatening to exit. Although capital flight is hardly a new problem for the governments of the left, the range of policy instruments for dealing with it is far narrower than at any time since the beginning of the century. Globalization shrinks the state by reinforcing the political resources of those groups in society who desire limitation of the use of state powers to redress outcomes in the market. It also ties the hands of even those political forces whose ideological traditions support state intervention in production and redistribution. In this view, it hardly matters whether the left or the right wins

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elections; the constraints of the internationalized economy will oblige either party to follow the same monetary and fiscal policies or else face a loss of national competitiveness and investment.

- **Globalization and Neoliberalism**

One need not view the world through the lens of international trade theory to see links between globalization and the shrinking of the nation-state. Whereas political economists who have developed political models out of theories of comparative advantage see openness linked to the power of the state by the dynamic of domestic interest struggles, others see globalization as the result of ideological changes that have transformed national governments. The global spread of neoliberal doctrines has everywhere reduced the legitimacy of broad state involvement in the economy and reduced governments' ability to shape or to protect against market outcomes [30]. The waves of deregulation that have swept away governmental powers virtually across the world over the past two decades have their origin in deep and complex value shifts. These changes first captured the parties of the right, but the Thatcher and Reagan "revolutions" were reenacted in even more far-reaching renunciations on the left [31].

At the same time, the end of the Cold War and the collapse of state socialism opened new terrain for economic liberalism. According to [32] one third of the world's work force lived in centrally planned economies [33]. During the past decade, these economies became integrated into world markets. Even in China, the sole remaining major socialist country, capitalism and liberal market principles made major advances. Although it was possible to argue for more or less rapid "transition" to market economies, plausible alternatives to the market economy no longer seemed to exist. Both in liberal democracies and in the former state-socialist countries, the political appeal of socialist or left doctrines that would enlarge the state's mandate to regulate the economy evaporated. Where Communist parties have reemerged, they

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function mainly as vehicles of populist protest. The spread of neoliberal norms was propelled not only by the failures of socialism but also by the advocacy of the United States. In a position of unchallenged dominance in global financial and trade institutions, the United States pushed for a rapid end to capital controls across the world and for making International Monetary Fund and World Bank assistance contingent on recipient countries' acceptance of sharp limitations on the role of government in the economy [34]. From this perspective, globalization, far from reflecting the spontaneous spread of world markets and the toppling of barriers by economic actors eager for new opportunities, is a story driven by politics: ideological change, the contingencies of the collapse of the socialist economy, and US power in the world.

Globalization and the New Agenda of Politics

The case for a decline of national power and sovereignty in an age of globalization stands on two legs. One is the notion that the magnitude and velocity of international economic exchanges have eroded the state's capabilities. The other is the argument that the extension of market relations across national borders diminishes the citizen's attachment to national authority, leading to a decline in the legitimacy of central governments. Contemporary politics in advanced industrial countries provides much evidence of a growing distrust of elected politicians [35]. But there are no signs that the electorate's disillusionment about their representatives reflects a deeper detachment from national loyalties, let alone a transfer of political allegiance and identification to regional or international bodies. As pressures from the international economy intrude on domestic societies, citizens turn ever more urgently to their own governments for help. What many of them mean by help is protection from the unregulated flow of capital, labor, and information from outside national territory. In their view, domestic problems e.g.

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unemployment, delocalization of industry, immigrants, pornography on the internet are carried into the community by this unregulated flow across unguarded national boundaries. Far from understanding the new relationships induced by internationalization as the product of impersonal and inevitable market forces, many of these citizens see the new situation as one created by their own government's actions in opening the frontiers, in negotiating new trade treaties, and in legislating about immigration. Because the problems appear to have political origins, they appear reversible by government action. Thus, one paradoxical outcome of globalization may be to refocus political attention on the role of the state on the boundaries of national territory [28]. Citizens are mobilizing along new lines of cleavage, and in many advanced countries, a new political camp has emerged, organized around a program of reinforcing national controls at the frontiers. Supporters of these views can be found across the political spectrum. A twenty-first century of nation-states an expansive, intrusive, and unregulated global economy these are the future parameters of our opportunities and our dangers. Citizens increasingly understand the relative economic strengths and weaknesses of their societies as products of specific national political arrangements

Globalization emerged as an economic phenomenon in the 1960s. But with the development of communications and the vast technological revolution brought by liberal systems, it has become an extension to the world capitalism, which seeks to create a liberal global community within which liberal values prevail. If we are to reflect upon the credit and debit sides of the process, we would realize that whatever advantages have come out of it, they are to a large extent accompanied with unintended effects of a process the basic motivation of which is the expansion of market economies, the accumulation of wealth and the maximization of profits. While the current

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and of different national cultures, not as the result of diverse natural advantages. The combination of these elements makes it likely that the new age of globalization will be one of international conflicts over the economy [8]. We can already glimpse the character of these contests: a mix of conflicting visions of right and interest. The struggles between the United States and Japan in the Structural Impediments Initiative negotiations, between the United States and Europe over the "cultural exception" in the Uruguay Round, between the United States and Europe over beef hormones and genetically modified substances in foods, between Japan and China on the linkages between trade, aid, and nuclear weapons; in the conflicts heating up on internet content, on child labor, on "social clauses," environment, and trade all reflect different national conceptions both of interest and of the basic norms of social life. Energized partly by interests, partly by ideals, these confrontations do not align one ideological camp against another nor one civilization against another. They do not pit "Asian values" against "Anglo-American" values [19]. Often they mobilize multiple and conflicting traditions within pluralistic national societies. In this way, the conflicts between societies that are induced by globalization threaten to reopen old lines of domestic discord.

CONCLUSION

mechanisms of globalization provide certain opportunities to achieve technical progresses, and might push toward democracy and political rights, or even open unprecedented 'horizons' for the freedom of information, the process, on the other hand, paves the way for injustices and inequalities in the distribution of wealth among and within societies. However, and regardless of our attitudes toward globalization, it is our moral responsibility, as proponents or opponents; individuals or groups; NGOs or governments, to rethink the process of globalization in a manner that enhances its advantages and reduces or eradicates its negatives.

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