

THE STATE AND THE ECONOMY UNDER THE IMPACT OF GLOBALIZATION

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Abstract

The political and economical processes of globalization impose the necessity of re-evaluating and redefining the role of the state in the national and global economy, as well as the traditional vision on the ability to act as a general manager of economy.

The profound change of the role of the state is due to the ideological mutations that characterize the end of the millennium and is emphasized by the direct analysis of its relations with the market and globalization.

The new post-war wave of globalization has profoundly marked the economy and the policies promoted by the national states. There is a diversity of opinions regarding the nature and economical and political implications of globalization. The presence and magnitude of certain economical and financial phenomena of instability underline the boundaries of government outside the state's intervention. The market is viable only in the context of considerable political and social order.

The state is transformed by globalization but it will continue to play an important role in the regulation of economical and social processes, as well as of neo-liberal failures. The globalization doesn't signify the end of the state; however it compels to the reconstruction and reassessment of the way of intervention and its capacity of action.

Keywords: *globalization, nation-state, the new economy, geo-economy, global order.*

Introduction

The complex character, the multitude of facets and the profoundly unequal consequences have placed globalization in the centre of the main theoretical debates.

At large, globalization is a controversial process. As an economical process and political project, the globalization has inflicted profound mutations in the ideas regarding the economical role of the state. Its economical and political processes have affected the autonomy and aptitudes of the state to sustain the economical and social regulation.

The stressing of the global interdependencies indisputably affects the traditional vision of the state and its capacity of acting as an autonomous actor in an anarchic international system.

The realism and the rigor of the undertaken analyses represent an essential condition of the validity of different opinions regarding the intervening changes, the way in which the globalization affects the state's policies, as well as its capacity to react in the attempt to preserve the autonomy in a changing global order.

The correct evaluation of the new tendencies needs the insertion of new evaluation standards regarding the state's activity in the area of economy. The debates regarding the role of the state in the globalization era are concerned not only with the internal organizational frames, but also with its relations with economy and society. If the common note is the recognition of the state's metamorphosis, there are controversial opinions regarding the level of vulnerability or omnipotence, the crisis and erosion of the state determined by the forces of globalization, the existing bind between the market triumph and the state's withdrawal, the point at which the convergence of policies and economic structures is achieved, the relevance of the international

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operating level of the state in comparison to the local and regional level, the state's reactions to the globalization forces, and so on.

Globalization is often portrayed as a process that undermines the action capacity and as a factor responsible for the crisis of the nation-state. Other analysts consider that the overemphasis on the globalization phenomenon and its consequences is inopportune. Despite these differences, the growth of the oppositions against the state, the establishment of new types of authority, the substitution of some of its functions and their assuming of these functions by new actors, the change in the nature of state's power, the complexity of its relations with the non-statal actors, as well as the transfer of some decisions from the public sector to the private sector, become clearer.

The speed and impact of the changes generated by globalization are different. The asymmetrical distribution of globalization conditions the level of involvement and the reaction capacity of the world states.

The alteration of the realist paradigm and the ideological reorientation of the '80s acted as an impulse for the action of the factors that limit the state's government capacity. The choice for economical liberalism accompanied by the active policies of privatization and regulation had a profound impact on the role and status of the state.

New economical and political evolutions

The beginning of the third millennium evinces, on the background of the globalization intensification and the emphasizing of economical interdependencies, a profound global economical and political instability, asymmetries and imbalances, the double state and economy crisis in the developing countries, as well as important changes in the content of the economical and political ideology.

Globalization establishes unusual relations between the economy and the politics, as important alterations in the nature, content and manifestation area of these domains of the social life. Under these circumstances, the understanding of the main transforming powers of economy and politics, the identifying of new manifestation factors of their interaction, become essential.

The reassessment of the fundamental problems of politics, power and economy must be achieved by obeying some essential requirements and criteria: the political and economical transformations are registering different rhythms and intensities, the essential causes of the new evolutions are internal and external, the treatment of their alterations and implications at different levels (micro, macro and global-economical), the emphasizing of the importance of the socio-cultural and institutional factors, the materialization of synthesis based on the conclusions formulated by economical science, the international relations theory, political science and so on.

The dynamic character of the economical transformations, the political context and the ideology in which they were achieved are found in theses of great theoretical and practical importance: a profound transformation from a world dominated by the state to a world dominated by the market, the beginning of the new globalized capitalism, the second big era of capitalism and the new industrial revolution and so on.

The post-war economical crisis of the '70s forced national governments to take action by restructuring the economical policies and capitalism.

The theoretical and ideological fundaments of this new direction were offered by "the conservatory revolution" started in the '80s.

In this new vision, the states have no longer the capacity to handle the economy, which determines the dynamization of individual initiative. The neo-liberal revolution raised a new economical logic based on a real abhorrence regarding the state's intervention and the social protection.

Its recommendations turn the deregulation into the privileged instrument of change, being considered the prior and imperious condition for the development of the market laws.

As the regulations are considered to be ill-fated or implacable, only a free and developed financial market can allow the re-launching of investments or the economic growth.

The new reform policies with their main dimension: liberalization and deregulation were applied in the main industrialized countries and became an inspiration source for the defining and orientation of strategies in the developing countries.

The more and more powerful questioning regarding the neo-liberal ideology at the beginning of the third millennium reveals ill-fated consequences possible as a result of its precepts application, stressing the opportunity of another approach to globalization founded on durable development that makes possible the reconciliation between economical growth and social cohesion and environment protection. (D.Plihon, pg. 4-5).

The evaluation tendency of the economical and political mutations materialized in the elaboration of theses and ideas that fuelled many controversies.

One of these refers to the evaluation of crossing a new stage or a new form of capitalism. To what degree affect the transformations the nature and substance of capitalism so that such evaluations can be justified? Despite the controversies regarding the evaluation of the alterations and their implications, the globalization tendencies of capitalism as a consequence of the seduction of the market economy model are becoming clearer. The detection of the mutations that took place in the order and management of economical activities domain at all levels is also essential.

The consequences on the economy are multiple and manifest themselves at different speeds. In this way, the economy is slowly eluding the political control, the economical cycles are overthrown, the problems regarding the clarification of the role of public powers in the contemporary economy are becoming more difficult, some economical policies are proving to be inefficient in the new economy, the real economy functions and coexists with the immaterial, financial, symbolic economy and so on.

In some theoretical approaches, the present period is identified with the shift towards a new form of capitalism under the effect of the new technologies action and of the financial globalization. There is no significant agreement regarding the evaluation of the mechanisms and of the micro and macro-economical implications of "the new economy".

Based on the experiences registered in different countries, many studies and analyses, which have the goal to clarify the nature and content of this new episode in the history of capitalism, were elaborated.

In the '90s, the idea of a new type of capitalist economy (The New American Economy) established itself as a result of the market liberation from the excessive governmental regulations, of the reduction and restructuring of American corporations and of the fast technological progresses (R. Gilpin, pg.18).

According to other specialists, "the new economy" represents a myth, an intellectual speculation defused through the deceleration of the rhythm of development in the U.S.A. that started from March, 2000.

The expression "new economy" is usually used to define the economical mutations from the end of the '90s as a result of new technologies and of the considerable finances expansion. This new reality is seen as a progressive and profound change that marks the shift from a "fordist" capitalism that prevailed after the Second World War, to the new "shareholder capitalism".

The socio-cultural and institutional factors, in addition to the finances and the technological mutations, had an important contribution to the molding of the "new capitalism" (D. Plihon, pg.47-48).

If we take into consideration the economical implication, there is a tendency to compare the new period to that of “the 30 glorious years” (1945-1975) - the post-war economical boom.

In conclusion, we can't speak about a “golden age” characterized according to the analysis of the growth rhythm, the markets' capacity of self-regulating and the wealth dispersion degree between different areas of the world. Despite all this, we must not ignore or underestimate the magnitude of the changes that is the instauration basis for a new society and a new capitalism.

The theoretical reflections regarding “the new economy” are sometimes not too far from myths and prejudice. The vehemence of the speech in favor of the economical, the tendency to put first the financial and technological aspects and so on, stress the risk of identifying capitalism with the economy and of taking to the extreme the importance of the market mechanisms and of the economical individualism. Thus, an obvious collision with the opinions coming from outside the economic scope that are against the solving and adjustment of all social problems from the perspective of a narrow utilitarianism, takes place.

The great challenges with which the contemporary capitalism is confronting are determining the development of a new type of economical assessment and the shift from the economical criteria to the cultural criteria –aesthetic, based on ancient values, in the government of society.

Capitalism is more than an economy and, therefore, the new mutations do not regard only the goods and services production sector related to the new technologies or only the developments in the enterprise management area.

In fact, there is a profound restructuring in the developed countries in the last quarter of the 20th century which refers to the aggregate of new technologies, to their consequences on the economical growth, as well as to the self-regulating mode of the economy, to the articulation between a mode of developing the enterprise and a mode of consumption (L.Batsch pg.99).

An overview on the “new economy” must also include the restructuring of the enterprise based on more flexible frames and on the analysis of the micro-economical implications (the capitalization of financial assets and so on) and of the macro-economical implications (the influence on the inflation growth, of the building of work places and so on), as well as of the associated financial risks (P. Artus, pg. 3-5).

Such an integrated perspective may comprise the complexity of the “new economy” which means both the development of new goods and services specific for the new technologies, as well as the introduction of new financial circuits.

The corporate governance was one of the greatest debates of the '80s that kept the media occupied. There is a common agreement that its essence regards the structuring of the relations between shareholders and the enterprise leaders. The basis of this debate was the difficulties of the American and British organizations of this type in the '70s. The corporate governance progressed under the effect of a double impulse: the adaptation of the companies' right to the new instances of government and control organisms.

In the fordist capitalism period, the economy and finances were organized according to national bases with a higher interventionism from the states. The economic growth was the main objective of the macro-economical policies, whose conception and applying mechanism were dominated by the traditional keynesist conception. As this policy under the influence of the monetary doctrine was proven inefficient, the monetary policy is considered to be the prime instrument of macro-economical adjustment.

Its objective is the monetary stability; the economic growth and occupation are seen as consequences of the disinflation.

As a reaction to the fordist regime crisis at the end of the '70, the shareholder capitalism which has as an essential characteristic - the “financialization” of the enterprise management - is introduced step by step.

The loosening of the hierarchical organization model of mass production, characteristic for fordism, is also due to the result of stagflation that sealed the failure of the keynesist policies.

The progressive substitution of the “fordism” with the “toyotism” leads to the promotion of new strategies and supple and horizontal organizational structures. The effect of this new organizational model is the reduction of the exploitation cost and the improvement of firms’ profitability.

The development of network firms leads to the reduction of the independent enterprise role. A growing part of the commercial flows is active inside firms, and the production seems to be more and more outsourced and de-located towards other enterprises.

The financial disintermediation tendency that signifies the diminution of importance and weight of banks (indirect financing) in relation to the financial market (direct financing) becomes more and more obvious.

The collective management of economies by means of three categories of institutional investors (the superannuation fund, mutual funds or investment companies and insurance companies) leads to a strong development tendency of the illustrated goods through the rapid increase of the main stock market index as a result of the structural dissemblance created between, on the one hand, the massive creation of titles from the investors and, on the other hand, the insufficient offer of titles from the states which are reimbursing their debt and the enterprises that are buying back their own shares.

As a result of these new evolutions, the current capitalism is detaching from the post-war capitalism and is bringing back into debate the status of the traditional wage earner and introducing forms of inequality.

The edification of the new stage of economy is based on the political options inspired from the neo-liberal ideology which puts first the globalized market and the financial profitability logic. At the heart of it, there is a new type of development, a type of economy based on knowledge and marked by the central role played by the production and dissemination of knowledge.

Development and innovation are major elements of the growth policy promoted in the developed countries. The economy, in the framework of which the notion of informational asset covers a great variety of products and services, acquires more and more attributes of an innovation economy that makes adaptation and the strengthening of competitive rules elaborated for the classical economy necessary through its strong monopolist tendencies. By taking into consideration the extreme volatility of the enterprises’ quotations, the economy gives the impression of a high risk casino economy.

The changes in the nature and structure of production lead to the re-designation of the boundaries between assets and services in the framework of an “immaterial economy” in which the central relation is that established between man, idea and images.

The frontier between goods and services is beginning to fade, the material product representing something else than the “support” for the distribution of services. Another major transformation of the services hegemony insurance fund is also the personalization of the services production which explains the shift from the mass production of standardized goods to the production of specialized services.

In the framework of the new economical and political relations created through globalization, there are structural mutations, the most significant being the political authorities’ loss of control and the impregnation of the market domination, the opening of the economical spaces, the privatization of society and the activity and economical mechanisms deterritorialization.

The considerations regarding the evolutions in the political, authority and power domain are stressing the contradictory tendencies and opinions. On the one hand, the necessity of assuring

some solid political basis that provides the stability and prosperity of economy, as well as the widening of the political field and the acquiring of new functions under the terms of globalization, is not known. On the one hand, the decline of the state is interpreted as an impotence and a deadlock for politics and as the restriction of its scope. The opinions that support the anti-political character of the current era are more downright.

The impotence of politics or the withdrawal of the state from numerous domains can not be interpreted as the end of politics, rather its carrying on with other instruments. More than ever, the study outside politics is not possible and must be achieved from another perspective. The degradation tendency of the political activity does not exclude the politics capacity of returning and it imposes the preoccupation for the redefining the nature of politics and of political authority.

The reinvention of politics also involves significant mutations in the power domain as an instrumental dimension which determines the way in which the resources are distributed. The evolutions in the power domain are accompanied by attributes such as crisis, dispersion, dilution, delegation and so on.

The debates concerning power are old as the thoughts on the government frames. As a function of power, the government must provide balance between power centers. The need for political authority and for legitimacy must be harmonized with the tendency for power decentralization and for strengthening the local authority, of dispersion towards state and non-state agents. These new tendencies have implications on the power formation and organization domain. As a result of this, the power moved leaving precise places that are part of politics.

The crisis concerning the traditional concept of power (especially that of political power) is accompanied by alterations in the content of economical power.

On the global level, the transfer of economical power has as a consequence the loosening of the public actors and the growth of non-statal authorities' influence.

The promotion of a level politics, equal to the power commutation tendency, as the separation of economical power from the political power favors the rising of centers of power outside the government.

The multiplication of power centers can be made if the new institutions do not defy the power. While the old pluralism based itself on power, the new type of pluralism is different through the social function and through the functioning mode, thus through its apolitical character.

Conclusions

Because of the intensification of the globalization powers action and of the establishment of a new capitalism spirit, the debates regarding the reason of the state's existence in relation to the new economical and social conditions have grown.

In a changing global order, a world with government rules that can't keep up with the enormous alterations from the end of the past millennium appeared. The transformation of states and of the international scene was achieved under the impulse of financial shocks, foreign debt, prices, as well as the monetary shocks created by a more and more volatile and deregulated global economy (Naomi Klein, 2007, pg.160). The shift from the fordist revolution to the "new economies" triggered multiple consequences on the nation-state which is more and more affected, on the one hand, by the powers of the economical globalization and, on the other hand, by the political requests for power devolution (J. Stiglitz, 2006, pg.21).

The combination between the great power of affaires with that of the state ("big business" and "big government) represented the premise for the rapid development of capitalism in the post-war period. A multi-temporal and multi-causal process, the globalization generated debates characterized either by the virulence with which it is attacked, or by the exacerbation of its

benefits. The intense critiques come from those who identify only the destructive side of “the creative destruction” (A. Greenspan, 2007, pg.376), and in other cases the accusation and the attacks concerning globalization come from those with conservative conceptions (Dehesa, 2007, pg.10).

The evaluation of opportunities and constraints generated by the globalization must be based on an adequate perception of its operation. As a result of this, the debate consecrated to globalization that marked a clear delimitation between pro and anti-globalists, must contribute to the tempering of emotional states and to allow a fair appreciation of costs and benefits for the global economy and every single country.

Although the globalization developed rapidly, it is far from being complete. This fact generates divergent visions on its nature and consequences. These different opinions are not so much related to the globalization problems, but especially to the way in which it is managed. In this context, the neo-liberal discourse of globalization is dominated by the idea that the losers are not “globalization victims”, rather “victims of the lack of globalization” (Dehesa, 2007, pg.10). The globalization is also considered to have relatively more positive consequences than negative ones for the entire global economy.

Without a doubt, globalization generated enormous benefits for humanity. At the same time, we must notice their unequal distribution in relation to the capacity and endurance of the states to the generated impulses of globalization.

Most of the pressing issues of mankind have a global character and can't be solved through the individual action of each country. While the world has become more and more interdependent and integrated, there are different opinions relating their way of approach and solving. (J. Stiglitz, L. Bilmes, 2008, pg.162).

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