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DISTANCE BETWEEN THE MARKET AND THE STATE

- **SHEO NARAYAN SINGH ANIVED argues that globalisation is the new myth of the post-communist world**

Myth of globalisation : Redefining the nation-state

(The process has also proved a polarization between the developed and the developing countries and the rich and the poor in each country, as seen in Seattle protests.)

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GLOBALISATION has become catchword on the eve of the third millennium. It is the new discourse of post-industrial societies and, in its overarching reach, has emerged as the logic of a borderless One World; disembedded from socio-cultural and historical contexts. The out-of-scale, transnational images, evoked by electronic media, exaggerate the real impact of globalisation on the different facets of the contemporary life. The images, like McLuhan's utopia of 'the global village' or the globalists rhetoric of the withering away of the state' blur the distinction between the virtual and the real globalisation. The impact of globalisation on the sovereignty of the nation state is currently under intense debate in social sciences as well as the media and has assumed global significance in view of the protests and riots by radical groups and NGOs against the WTO in Seattle.

The globalists view of an 'ungovernable world economy' celebrates the triumph of TNCs and global market forces, presenting the market as a substitute for the government. However, the reality is in contrast to this dream of neo-classical liberalism. The globalists' rhetoric about the 'powerless state' may itself

be a creation of the global upper class ensconced in corporate houses and five-star hotels, operating from the metropolitan cities of the world, cutting across the borders of nation-states. For the majority of the global under-class, however the nation-state with its bulldozers is very much visible on the pavements below these ivory towers. Thus, globalisation has also emerged as the polarisation between developed and developing countries as well as between rich and poor people within each country. This is the core issue of the Seattle protests.

Historically, the modern nation-state, as an apparatus of socio-political management of modern societies, is a creation of industrial capitalism. For Max Weber, it was the closed nation-state which afforded to capitalism its chances of development and for Karl Marx, the ‘bourgeois society must assert itself in its external relations as nationality and must organize itself as a state. The role and the character of the nation-state have undergone fundamental changes in the post Second World War period. After the post war recovery in the West and the containment of labour by compromises between it and the capital in the form of the ‘welfare state’ in the North and the ‘developmental state’ in the south, the threat of radical revolutions had apparently been managed by 1970s. The nation-state, therefore came under the attack of neo-liberalism characterized by Reagonomics, which accelerated the ascendance of the market over the state. This set the stage for the unfettered flow of capital across the globe.

Carried away by the 'casino effect' of money markets, proponents of free market neo-liberalism have overlooked the fact that foreign trade and growing international flows of capital are not per se globalisation. Historically, the current characteristics of internationalisation of financial markets, technology, important sectors of manufacturing and services can be traced to the 1870s and not to the 1970s. The pattern of international trade, as it exists today, evolved in the colonial era, and modern TNCs and MNCs can be seen as the descendants of colonial merchant trading companies.

According to Hirst and Thompson, international financial penetration of the UK and other economies was greater between 1910 and 1914 than it was in the late 1980s, and similar results emerge for foreign trade as a percentage of GDP. Further capital mobility is not creating any shift in investment and finance from the First World to the Third World and 80 percent of the world trade is within the OECD countries. Thus globalisantion has deepened the polarization between the First World and the Third World and the major portion of productive capital remains confined to the First World. According to Hoogvelt, in the colonial period right up to 1960, the Third World had received a half of the total direct investment flows; this percentage had declined to one-third in 1966 and to one-fourth in 1974 and by 1988-89, it had dropped still further to 16.9 percent.

Renowned economist Samir Amin in his recent book, Capitalism in the Age of Globalisation, has identified Bretton Woods Institutions (BWIs) led by the WTO as the hegemonic apparatuses of the American supremacy in the post-war world system in the name of globalisation. The expansion of capitalism and growth of the nation-state coincided within the space of the nation during the era of mercantilism and industrial revolution. Post-war global economic restructuring by BWIs since 1945, by ending the system of national economies has created the current crisis of the end of coincidence between the space of the economic management of capitalist accumulation and that of the national management of social and political dimensions.

Globalisation, thus, has emerged as the new myth of the new age of the post-communist world of the 1990s. The demise of the ‘state-driven’ socialism of the Soviet model has created the euphoria of TINA (There is No Alternative) formula of globalisation, as if it were a creation of the 1990s. Internationalisation of trade and finance was an integral part of the colonial era. Therefore globalisantion should be seen as a consequence of modernity, science, the state and market making and unmaking the world since the industrial revolution.

Globalisation has been actively shaped by the nation-state and, in turn, has been shaping the contours of the nation-state. Transnationalisation of trade and finance has elicited different responses from different nation-states. While strong states like Germany, China and Japan have taken the bull by the horn, weak states like those of sub-Saharan Africa have fallen into the debt-trap of structural adjustment programmes.

Nowhere is the nation-state ‘withering away’ under the onslaught of ‘irresistible and invincible’ global market forces. The conflict between the global space of economic management and the national space of soico-political management is being effectively managed by the adaptive capacities of the nation-state and by internationalizing its economic functions. Both globalisation and liberalization may, thus be seen as the new processes of the hegemony of the post-modern nation-states.

It may be relevant here to recall Antonio Gramsci, who put at rest the false dichotomisation of economic (liberalization) and executive (minimalisation) functions of the state. "Thus it is asserted that economic activity belongs to civil society and that the state must not intervene to regulate it. But since in actual reality the civil society and the state are one and the same, it must be made clear that laissez faire too is a form of state regulation introduced and maintained by legislative and coercive measures."

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