

Review Article

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The Impact of Globalization on Sovereignty of Nation-States

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ABSTRACT

The term refers, in particular, to increased worldwide integrated trading and the enormous spread of international relations in general. Nonetheless, although it became an underlying influence on world politics and the transformation of universal states, it also brought about economic control and policy instruments into which states could no longer reach. Economic success would not only determine political power on the international scene but also trans/domestic politics. Nation-states were too small to have any influence because they could only coordinate policies that they could not influence on the international scene. It is another element of theory and practice that we think should require re-examination.

The term has ethnic origins and originally meant "weighs globally". It can roughly be defined as the intensification of cultural, social, economic, and political relations across territories that have been or are part of different political units. Such relations became easier, faster, cheaper, and more frequent as a result of technological innovation in media, transportation, and communication.

The concept of globalization has become an all-embracing phenomenon of the modern world. Its impact on states has generated a detailed debate about its role and significance for the nation-state. To understand the implications of globalization for the theory and practice of the state, it first requires some definition and understanding of the term.

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Introduction

After 1973, we can say "Toto, we are not in Kansas anymore, but in a world economy". The concept of nation-state is a product of European civilization, known since the Peace of Westphalia in 1648, yet a perfect model does not exist. On the contrary, it is only over the course of the 17th century that we can observe a growing separation and transfer of competences from the "crown" to the Estates-General and a growing sovereignty of the so-called "pepperoni". On the other side, several former domestic powers have been moved to state offices.

This paper is an attempt only to make a survey of different implications of globalization on nation-states worldwide, from a legal perspective. It is divided into four parts. An introduction is followed by the formal and factual meaning of the concept "nation-state". In a separate part, I will then focus on economic aspects of the transnational world economy and the emerging functions of nation-states in that system. The last fourth part will treat legal elements of global politics, especially regarding its transforming traditional meaning. Ireland is an important example for global processes. Since 1937, Ireland is an independent, sovereign state within the United Nations Organization. Yet Ireland is also a member of the European Union [1-10].

Background and Definition of Globalization

The term refers, in particular, to increased worldwide integrated trading and the enormous spread of international relations in general. Nonetheless, although it became an underlying influence

on world politics and the transformation of universal states, it also brought about economic control and policy instruments into which states could no longer reach. Economic success would not only determine political power on the international scene but also trans/domestic politics. Nation-states were too small to have any influence because they could only coordinate policies that they could not influence on the international scene. It is another element of theory and practice that we think should require re-examination.

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Concept of Sovereignty in the Context of Nation-States

Sovereignty is a complex political and legal phenomenon. According to the definition of Jean Bodin, the state is a holder of "rightful power" and does not depend on any other earthly power. At the legal and organizational level, sovereignty is a set of state organization elements, where exercises in the territory of the state belong only to its state and its organizations. All elements of building the state and its power are interrelated with the general

understanding of the state as a particular social phenomenon. The concept of sovereignty can be applied both to a single person and to a state. A person's sovereignty is defined by their total personal rights and duties, as well as the autonomous state or organization's freedom to exercise power. By providing personal sovereignty, the state fulfills its responsibilities for a free and just society.

The concept of sovereignty and its definition have been at the focus of attention of philosophers and political scientists for many centuries. Determining who has the right to exercise supreme power in states, as defined by the organization of international relations, is important not only during separate historical moments, but also when states form alliances, merge in integrational processes, and separate from other states or transform into other forms of sociopolitical organization. However, it should be acknowledged that this problem is becoming especially relevant during the period of deepening global processes.

Historical Perspectives

In the economic sphere, the mercantilist policy consisted initially of leveling barriers to the growth of internal markets, and subsequently instituting custom frontiers that would protect the territorial integrity of the states against the conquest of trade interests. Mercantilism was the result of an alliance between the monarchs and the emergent bourgeoisie. Experience of constant insurrections by the serfs and by the proletariat compelled European sovereigns to interfere in public affairs. By allying themselves with the bourgeoisie, the consistent policy of the "strong state" plus the strong bourgeoisie could ensure national independence. The nation-state, conceived as a territorial state presided over by a well-protected diplomatic-bureaucratic and military apparatus, which was backed by the national bourgeoisie, played a significant role in the development of capitalism.

The concept of nation-state, as we understand it today, became a dominant form of territorial and political organization in Europe in modern times. From 1500 to 1800, the political map of Europe was almost firmly fixed, as the large multinational empires that had existed during the previous period were dismembered. However, there was no form of political organization capable of providing the nation-state with internal stability, either in the economic or political field. As we shall see, the nation-state was consequently bogged down in its relationship with the emergent bourgeoisie as the hegemonic social class.

Evolution of Sovereignty in the Westphalian System

The relationship between the state and this notion of sovereignty is one that has exercised many political scientists and led to most of the key works in the area. Indeed, it is difficult to accept that there can be much of a separate state or that the entity which there is has much meaning wherever there is little sense of sovereignty. It was envisaged as a core, "organizing principle of global foreign policy," a cornerstone of international relations. It is no accident that the nation-state, the territorial state and the sovereign state were all born at much the same moment when both the Roman Empire and the Holy Roman Empire were in the course of disintegrating and because the papacy was in some difficulties of its own. This concept of sovereignty has for long been central

to the identity of the state. It has had national, international, and constitutional dimensions. It has underpinned constitutional and political structures and it has been an object of reverence. Any suggestion that a state might not be in control of its domain has been viewed as subverting the integrity of that state.

The term 'sovereignty' is derived from Latin words 'super' and 'omnia,' meaning 'above all.' There are debates over whether the state can indeed be said to be sovereign. The term was used in its modern sense by Jean Bodin as long ago as 1576. He defined sovereignty as the "supreme power over citizens and subjects, unrestrained by law." By this definition, even a constitutional monarch could not be sovereign since he or she would be restrained by the kingdom's constitution. Although a state is usually involved in sovereignty, it is the notion of the state as the highest power within a particular geographical entity or territory which is crucial to the concept of sovereignty. It means that it has the power to make the laws, execute them and enforce them. In accordance with its status (and in fulfillment of its obligations to its people) the sovereign state should also possess certain characteristics such as permanence, normativity, unity, and universality. Furthermore, sovereignty implies a capacity for genuine choice because it involves the action of free and independent actors.

Theoretical Frameworks

In seeking to measure the impact of globalization on the state, an approach with a well-defined understanding of the relationship between the internal and external dimensions of social relations is indispensable. This understanding is provided at the ontological level by grand social theory, at the conceptual level, by sociological institutionalism, which encompasses the international dimension and, consequently, sets out the general theoretical framework for addressing the relationship among globalization, sovereign authority and sociological government.

According to liberal international relations (IR) theory, as an inevitable consequence of the restructuring of production by multinational corporations (MNCs), there is a further extension of international authority and a loss of state legal sovereignty. According to global governance theories, global governance is nothing but a globalized state government, which includes not only intergovernmental relations mediated by IGOs such as WTO, but may also include transnational relations such as TNC-Countries (TCNCs). Therefore, both liberal IR theory and global governance theory implicitly or explicitly support the conclusion that, in addition to economic internationalization, political internationalization has also occurred and the status of the nation-state as an international actor has decreased. However, any approach to economic and political internationalization and, concomitantly, to the topic of the impact of globalization on the sovereignty of nation-states, should take into account the disjuncture between international and domestic systems of social relations.

Realism and Neorealism

In classical realist terms, it is the lack of global governance mechanisms and interstate anarchy that allow states to seek their self-interests and resist control. State sovereignty in

the international sphere, as realism postulates, is sacred and perpetuated by existing rules regulating inter-state behavior. States are assumed to be rational utility-maximizers that pursue power (and security) in an effort to survive in a competitive self-help state of nature. The primary responsibility of the state is to ensure its security against other states, and traditionally this has involved a strong emphasis on the defense of state sovereignty. A change or movement in state behavior implies a change in state security preferences (i.e., from self-protection to collective action), which would thus require structural changes to the international system itself. As the impact of globalization accelerates these structural changes to the international environment, the nature of the changes itself generates correspondingly different security implications for nation-states.

While it is generally acknowledged that in the discipline of international relations, the concept of sovereignty can be discussed from a variety of perspectives, it is the realist and neorealist viewpoints that evolved within the paradigmatic preferences of the discipline that carry the most weight. Realism in international relations, although carried by a sense of perceived static logic, is a very broad and complex theoretical approach, and the relationship between realism and the concept of sovereignty is anything but partial. Despite (or perhaps because of) the multiplicity of predictions generated by this structural approach, it is realism that offers the most compelling argument for the negative impact of globalization on the structure of the international system. The influence of globalization on the sovereignty of nations as the building blocks of the international system can be thus easily demonstrated, and theories on how the concept of sovereignty has been restructured or redefined accordingly include realism, neorealism, and to a certain extent liberalism.

Liberalism and Neoliberalism

Despite the seen necessity of an institutionally supported international economic order, a nation-state still remained a sovereign absolute unit. The motive to create international institutions in the neoliberal perspective was merely to coordinate policies among nation-states.

According to neoliberals, international capital movements also needed to be regulated by international institutions. They saw the liberal economic order not as an automatic result of natural forces but as an institutionally created process. A pure free market model was seen as close to utopia. In medieval societies, security against warlords was ensured by mutually accepted property transactions fixed by nothing more than a handshake. In the world system in their vision, consented by all parts concerned, was instead ensured by commercial contracts written in dollars and fixed with guns.

Later, in the 1930s and 1940s, a new liberal tradition, usually called neoliberalism, was developed by a number of scholars. They were disappointed by the failures of post-First World War attempts to create international institutions to protect free markets and freedom of action for Great Britain. They thought that the existing system did not provide sufficient instruments against nations who were unwilling to give up all their independence to trade and prevent, for example, the use of currency devaluations or the introduction of trade preferences.

In a great sense, it was Adam Smith, the founding father of liberalism and a strict advocate of free trade, who argued that an increase in trade will lead to the creation of a large complex production system and specialization. Such interdependence will

make wars among commercial nations irrational. Cooperation and peace will be established naturally. However, this spirit did not prolong for long among capitalists. They eventually cooperated with their nation-states to ensure their special interests in a world newly settled to Western power.

Constructivism

Based on this reciprocal-society maxim of identity formation and institutional change, constructivism claims that an interactive relationship forms between the state system and individual sovereign states. While states embody the practices of the state system by acting in accordance with the roles that they have assumed, the structures, norms, and rules of the international system are in part constitutive of the state, as the preference ordering of national actors is created by the state system. Consequently, the international system plays a role in states' attitudes and behavior. Given the importance of social interaction in institutional change, policymakers must take into account that their preferences and social identifications are functions of the state system. And this is not only at the time of finding efficient solutions to the problems at hand but also in the everyday decision-making process when they are making choices.

Constructivism poses the greatest challenge to much of established International Relations' theory (IR). Instead of taking the state and the state system as the basic units of international relations and theorizing in terms of the interaction among these basic units, constructivist theory posits that the components of the state and the state system have been "constructed" socially over time. Acting under the limitations set by the material world, entities as well as identities of the state and the state system have evolved over time through organizing social knowledge into agreed behavioral practices. The core claim of constructivism is that by building social connections, networks, and relationships with one another, agents of the international system have generated the identities of sovereign states, established states as the primary actors of international relations, and developed the very institution of the state system. They argue that inter-state practices, structures, and norms are social creations rather than objective facts.

Economic Globalization

However, the process of globalization has indeed weakened the ability of particular nation states to discipline their local or regional economies. In the United States, threat point failure results among other things from the decentralized scope for spending and from the very limited ability to create sufficient ex ante intertemporal leverage through the taxation of particular classes of persons or spending earmarked for chosen structural adjustment measures. Erosion of the veil of summity allows both militant groups and soft budgeting administrations to set fiscal and investment policy.

Economic globalization entailed the parting of the previously distinct domains of domestic and international economics. Governments, particularly those of the major powers, historically had sought to create and enforce conditions favorable to particular distributions of income, technology, and natural resources within their own territorial domains. This had been particularly true in the case of markets for military technology and labor that were seen to have public good features. Especially if capital and technology themselves conform to constant or near assigned factors, interregional and intertemporal welfare optimal trade policy seeks to stabilize the (discounted) shadow price of rural labor in the stage one relative to the (discounted) shadow price of urban labor in stage two.

Trade and Investment

Special and differential treatment is also available for developing countries within regional trade agreements. This is particularly controversial in the APEC agreement where countries are offered lower tariffs only if they agree to eliminate tariffs totally within set time frames. In investor-state disputes there is a widely held suggestion of double standards among investment lawyers in wealthy liberal democracies. With respect to the establishment of the WTO investment agreement, many developing countries are questioning the kind of investment protection provisions which the rich industrialized countries are likely to offer.

This chapter has examined each of these three forms of economic globalization in some detail, and so we limit ourselves here to some key points. Firstly, the liberalization of trade has been the most visible and the most controversial component of economic globalization. Critics argue that it is mainly the rich and powerful who have benefited from this liberalization while many poor countries have gained very little and some have actually become poorer. So it is generally agreed that some form of special and differential treatment for developing countries is appropriate in the WTO. It is an open question, however, just what form this treatment should take. Should it involve different levels of commitments or longer periods of time in which to meet these commitments, or should it involve different methods of implementing a particular commitment?

Global Supply Chains

The distinction between trading in final goods and services and trading in parts and components is especially important from a policy and national sovereignty perspective because of its implications for global welfare and the appropriate division of global and national governance roles. Although difficult to generalize, production of final products and services that command high competitive rents due to their unique design, innovation, marketing, and/or customer interface features normally takes place in a core group of high-income advanced, newly industrialized, and major-emerging-market economies. These economies offer innovative and/or technical production skills, efficient logistics and infrastructural services, and relatively good rule of law or strong governance.

However, whereas the traditional chain-based approach assumes that the chain's activities predominantly occur within the borders of the country of final assembly or consumption, the actual global supply chain model consists of a pickup zone where major parts and components are made, and tiers where many of the complex parts and components of final goods are also produced around the globe. Increasingly, the online customer interface and/or component manufacturers' service provider websites play a role in the global supply chain model.

Scholars and industry experts state that the emergence of global supply chains is one of the most influential developments amplified by the ongoing process of globalization. New information, communication, and logistics technologies, as well as resurgent trade, foreign direct investment, and gradual economic and political integration, are key driving forces enabling very different traders, manufacturers, agribusinesses, and service providers to pool their resources and specialize in particular stages or activities of the production process or delivery of complex goods and services.

Political Globalization

The advent of the era of globalization emanates pressure on nation-states, with a decline and change in the negotiation capacity of each of the stakeholders. The reduction of the role of the state was a historic problem during the 18th and 19th centuries during the liberating process of mercantilist policies. Free marketers argue that once borders were opened to free trade, consolidated and replaced the substratum of medieval protectionism, the state would lose its central political functions. Since the early 1980s, at Bretton Woods, governments have argued that new global conditions require a withdrawal of the components of the "paternalistic" post-Second World War state. This is thus the fifth dimension of political globalization. It interprets the crisis of the nation-state as the ultimate crisis of citizenship.

The reduction of the role of the state in international affairs is the fifth aspect of political globalization. Proponents argue that increased political cooperation between the more than 200 sovereign states would put pressure on the state to intervene less in the lives of individuals since political globalization recognizes 'no real need for national boundaries, national governments, national ownership, national control'. Traditionally, the state plays a key role in foreign relations through formulating and executing foreign policy in international affairs. The state formulates a foreign policy on the basis of the interests of the stakeholders. Foreign policy is a tool for promoting the national interest of the stakeholders at the international level. It is a combination of principles and guidelines that direct the external actions of national governments.

International Organizations and Treaties

Generally, the rules and regulations established by these organizations apply only to the member nations. However, in recent years, these rules and regulations have become increasingly coercive, applying both to the member nations and to those citizens of the world not represented in the deliberative process of the organization. Such compulsory regulation and supervision by international organizations encroaches on the sovereign rights of the nation-states. After all, the government of a member nation has a zone of interests, having the authority to make final decisions. Such powers allow no appeal by a citizen to an external body.

International organizations, whether political, military, or economic, have been increasing steadily during the past fifty years. By increasing the number of international contacts and the scope of these contacts, these organizations necessarily limit the freedom of action of the member nation-states to at least some extent. Grants of authority to these organizations by nation-states do limit their sovereign powers. Of course, the nation-states agree to these limitations, and they can withdraw their recognition at any time.

Cultural Globalization

The world's communication system is dominated by the US, so it is natural that this global culture is "American." The spread of American films and cinematography in one culture is relatively universal and has individual characteristics. In most cultures, you can buy rap and download "techno" from the internet, although sales of local artists are higher. If a British rock group could make their first good sales by debuting in the US, this no longer happens, mainly for economic reasons. You have more difficulty breaking into the US market due to the huge expense of launching the album and making it known. To keep it, the industry invests in the world.

Cultural globalization, or simply "globalization," is an inconclusive concept that focuses on the modernization of society. In the pure anthropological sense, globalization is the product of interaction and cultural exchanges. There is the idea of a global culture. It is a daily life that has, or at least wants to have, the same standards, from the dressing style to fast food and global products. McDonald's has branches in hundreds of countries, and in many of them, it is among the most popular restaurants. A Big Mac has the same composition from one country to another, as well as Coca Cola, Budweiser, etc.

Media and Communication

Media and communication: most dangerous is impact of the global economy on independent national mass media. Half a century ago it was called the "Fourth power" was equal to the legislative, executive, judicial, and therefore deeply integrated into the political system of any sovereign nation-state. It was required to inform the society of everything important happening in the world, bringing information from the whole of Russia, from unpopulated republics and regions. Information was listened and comprehended by people not only from technologically advanced countries, many of who lived satisfyingly. Only thanks to free and respective press, leaders of advanced European countries could construct economies that could provide high level of living to the world's best paid population. Only thanks to the press and journalists who presented in most truthful way fatality of Russian military Soviet expansion, means of enslaving formerly independent countries to fascism peoples began to understand depth of threat and go out to demonstrate against the imperial, colonial, adventuristic policy of the Soviet government. The press's role in this confrontation was not smaller than that of the military and political might of the Western coalition.

Consequence of the integrated world economy is globalization. Its main supporters are huge international corporations involved in production in numerous countries. Economists get a new nation-state offering an attractive range of services to businesses. Every new member has to pay for the admission. Introduction of a single currency, reasonable mobility of factors of production, a single organization of the economy and fiscal system follow. Services provided by it largely extinguish services the nation-states can realistically provide. Moreover, the global economy accompanied by globalization cannot function effectively without a unified political system. In any case, apart from economic and fiscal systems, a certain political subordination might be the necessary component of globalization.

Technological Globalization

At the beginning of this golden era, great importance was attached to the strategic position, not only to the shape of the national territory or the number of people inside it, or the material resources contained in these territories, as well. Indeed, some people, some corporations, some regions of the world, because of their location and natural endowments, have a proud dream of a certain derivative. These are Japan, the California region, the Persian Gulf, Rhine super, the Great Silk Road, or the big cities, the so-called world cargo. In other countries, regions, or cities that have not been deprived of their natural resources, they have been cornered by a careful conditioning strategy that has always very thoroughly stimulated their ambition to climb the carefully planned and already drawn job ladder. In general, it was and still is people, organizations, or countries who define the majority in the field of economy and defense tools. Only with such a owa we have enough chances to avoid threats of nuclear hooliganism, and

with it, the corresponding small mutual committees had established controlled operations.

One crucial dimension of globalization is a consequence of the technological revolution, which has been particularly marked for almost two centuries and extremely marked since the end of the Second World War. But one can also distinguish the technological progress of the last 50 or 40 years. The process of its individual dimensions can be described unequally clearly and with unequal vigor, and most importantly, the dynamics of this process are completely different. Before coming into the second half of the 18th century through the current crisis-bolide which has continued for 65 years to dream technological globalization, lasting 10-15 years. It's an era of great geographic and demographic discoveries, exploring and opening up new world territories, linking them together through the very early stages of trade exchange, and even more with the very twenty-first-century invention of jobs for doublewide traffic states – telecommunication. In the CRM era, people were less and less surprised by the fact that the place in space depends much more than many things, if you live better or worse.

Information and Communication Technologies

Word processing, communications over the internet, electronic commerce, global money transfers – global telecommunications and information technologies have profoundly changed our world. During the last decades, the cost of international information transfers has dropped sharply, while the communication speeds have risen. The application of such information technologies, in turn, has not only impacted global markets but has also initiated fundamental changes in the production circle. This virtualization of services, in turn, can destroy low-scale employment in many countries. However, the scale of such destruction might as well be limited. The proliferation of call centers, for example, is an example that low-wage countries might find themselves in a position to compete with high-skill services. But, by doing so, the rising unemployment in renewed industrialized countries could, of course, spur protectionist tendencies.

The use of information and communication technologies in globalization is quite widely understood. Apart from the spread of the internet and the growth of electronic commerce, these technologies also enable the production chains to remotely control and coordinate. This requires a new kind of transnationalism: private and by no means necessarily united networked structures. This is the capability of tending themselves whenever it deems necessary. It should be noted that these actors make but little use of the opportunities of democratic regulation. By their essence, however, these sectors could, in fact, be subject to democratic checks and balances. But the global system is probably where democratic constraints would be most effective.

Challenges to Sovereignty

One distressing result of the December 1999 Seattle Meetings is the potential for a negative tilt in our communications, for in a democracy, if the masses do come to believe that the actions of their elected representatives endanger the nation itself, the US political class, regardless of party affiliation, will respond to that mood in terms of relevant legislation, liberal or conservative. This has enormous implications for the future of open markets and the enforceability of existing global norms within the context of international economic globalization. This is a fundamental issue which will continue to be at the heart of the concern as globalization reconfigures the international political and economic

landscape. The instability that characterized its birth and early expansion signals the problems to expect in the future even as its borders and reach evolve and change with the passage of time.

The main difficulty is that the recipients of the 'pure products' of globalization - Ukraine, Egypt, Rwanda, etc. - do not, by and large, subscribe to the values or prioritize the norms that frame an openness and are comfortable with an environment that is explicitly hostile to national economic control, governmental intervention or domestic market protection, which they consider to be the essential instruments for the defense and prosperity of the state and of the society as a whole. The preoccupation with overarching agreement has programmed substantial resistance to the process before the US Congress, where the masses learn through the media of the possible and real casualties of economic globalization in the form of their jobs, protection of the vulnerable sectors and whether the United States could be vulnerable to the projects and needs of others when its leadership finally garnered political will and resources from the masses to build a world ordered in its favor have been widely seen as far from universally evident.

Supranational Organizations and Integration

There are different typologies that political scientists have used when they study regional integration. Nye, for example, has called for a focus on structures of social interaction, an approach that emphasizes common policy solutions rather than regional groupings per se. At the other extreme, Knight uses membership as the sole criterion to distinguish economic arrangements, with the influence of regional arrangements appearing in how decisions are done, how the resulting rules are enforced, and by what means. There are those social scientists who have felt it important to differentiate international agreements according to the outcomes to which policymakers aspire. The level of commitment, for example, can take different forms, such as tariff reduction, as with GATT, or economic integration and supranationalism, as with the EU. Restrictions to trade, such as those associated with monetary and economic union, may also characterize regional integration initiatives. National autonomy may also be partially or completely transferred to a new level, like national representation in supranational legislative institutions. Such examples represent various degrees of integration that require nation-states to make pledges to abandon absolute sovereignty.

There has been a surge of interest among political scientists on the relationship between globalization and regional integration. Although international institutions and regional integration were traditionally a concern for international relations (IR) scholars, today political scientists from other subfields are devoting increased attention to the study of regional integration, especially as a result of the EU and NAFTA. There has also been a relative shift in the focus of research conducted by political scientists from the developed countries to regional integration in the developing world, most notably Africa, Asia, and Latin America. As a result, there is now better coverage of EU politics, along with an increased understanding of the strategies used by individual nation-states when they join together into supranational communities. The increased interest in research about regional integration is certainly merited, given the fact that the number of such groupings is growing.

Transnational Crime and Terrorism

Terrorists have also joined these economic criminal elements and have seen that poorly policed financial markets or tax havens,

and the relative ease by which they can form and register their shell companies, are the roots of a financial web, supported by the world's banking systems, which can both enable and protect terrorists from the efforts of law enforcement and intelligence agencies to monitor, follow, and deal with the money flows. Such modern financial empowerment of both illegal and unlawful action is one of the reasons why terrorists will avoid creating such large citizen fears conditioned upon the successful and massive body counts they achieved on 11 September 2001. The law of supply and demand cannot be continually sustained when the casualty demands for a market value have been reached. Permanent psychological fear from near repetition of mass death by terrorist acts will likely create both economic instabilities, and in time, a resistance to inflated media glorification; opening gaps through which infiltration may occur.

Transnational crime, defined simply, is crime that takes place across borders. Its operations go hand in hand with the global economy and are more than just a passing nuisance. A Canadian parliamentarian and economist, Stauffer, estimated that transnational crime was 5 percent of world gross domestic product or about 5 trillion dollars in 1999. This figure, he points out, is the equivalent of the total annual revenue for grain, beef, and pork sales around the world or the equivalent of the gross national product of the United States. When the impact of such crime on the general population through rising prices and lowered revenues through taxes is taken into account, there is a significant negative impact on the quality of life and fair market competition. The economic nature of modern organized crime has become the primary driver of globalization and is largely beyond the grasp of public policy.

Responses and Adaptations

The preponderance of trends in the world today does not generally cause nation-states to lose their sovereignty or find it more difficult to be effective when they seek to act. Conservatively, we might say that one can detect a movement to what we might call 'pluralistic sovereignty', where the porosity of the state is such that many constituents of a polity can participate (directly or indirectly) in the processes of making rules for the polity, but where certain actors in the polity - perhaps because they are the state's agents responsible for the use of force within the polity (to the exclusion of other actors) - still take the key decisions about rule-making and resource allocation within the polity. Less conservatively, one can maintain the view of the sovereignty of the state as the sole legitimatizer of law and coercion in a polity and recall and even wish to reinforce the contrast between 'sovereignty' and the claims of an 'international order'.

Nationalism and Populism

The problem is thus not one of escaping from existing national structures of legitimacy, but rather of reshaping national institutions in such a way as to show that democratic politics can be better equipped to help ameliorate the consequences of change. In so doing, legitimacy will be better protected from a situation in which widening social and economic inequality generates a pool of discontent that will not be easily appeased by appeals to a belief in the superiority of the nation-state.

The economic and social challenges generated by the movement of people have, moreover, generated a backlash that has a real potential to greatly undermine the regulatory capacity and overall legitimacy of nation-states. A second, less fatalistic argument acknowledges that people are not prepared to follow such policies

so long as they are wedded to the existing structures of the state. They need the reassurance that the state can continue to serve as an effective instrument for the delivery of public goods, while traditional concerns for sustainability are not ignored.

Two sets of reasons are commonly used to explain the assumed benefits of this realignment. The first focuses on the manner in which the state has been shaped by globalization, while the second highlights the increasing alienation between the state's principal centers of decision making and the mass of the population.

Nationalism has come to occupy an increasingly influential position in the domestic politics of a growing number of nation-states. Liberal democracy, with its preference for governing elites who are committed to internationalism and regional integration, has been widely rejected in current Western debates as being a failure. Critics argue that the operation of the state has been distorted in favor of other groups, while for current politicians, the "national" has taken precedence over all other claims on the loyalty of its citizens.

Case Studies

10 Case Studies To end our summary of how economic globalization affects some area of policy and politics, we offer some case studies of governmental reaction to global forces. In some, such as monetary policy and international trade, the mechanisms of world order have become a matter of common consent. Others, such as regulation and restructuring of industry, are a delicate combination of domestic and external forces. In still others, such as the democratic deficit and world security, support for international policies is overwhelmingly Euro-Atlantic but is likely to be eroded over time, given conventional interpretations of the role of nationalism and boundaries in world politics. But, as we point out, the biggest threat to effective management of the world economy may come from the availability of public policy, rather than its focus or breadth.

In the following two sections, we will look at how globalization touches upon two traditional aspects of state sovereignty while also pointing out, however, that these traditional imperatives of state sovereignty as exclusive and autonomous control of a society and economy are being redefined by the twin forces of economic and political globalization.

European Union

There is an element in the debate over the European Union that entirely opposes the notion that globalization is eroding a nation state. What the doubters see instead is the European Union, built on the internal weaknesses and strengthened by the international opportunities given by globalization, as being a stepping-stone toward a new kind of nation state. Since the 1648 Treaty of Westphalia, the nation-state has been the main building block for the system of sovereign independent states. States did not have an internal hierarchy and did not answer to any superior form of power that could limit their internal and external freedom of action. Yet one of the fundamental consequences of globalization is that it has created access to a new assortment of global problems. Due to the high benefits of cooperation when addressing global problems, the nation state needs to internalize these issues for two reasons: first, they are a part of the national political agenda, and second, they must show some ownership of the new forms of international governance in order to preserve their political legitimacy.

When examining the influence of globalization on nations, the European Union is often the primary example of the nation state "in retreat." The European Union has an external border, yet nations within it have given up legal control of thousands of domestic regulations. It has a common currency and a central bank requiring budgetary accommodations by individual countries. It negotiates trade agreements and contributes militarily to operations around the world. Many of its member states are uncomfortable with the ramifications of these arrangements for their national sovereignty. The four pillars of the European Union – free movement of goods and services, free labor movement, and a common monetary policy – came to be in response to the disadvantages of a European Union dominated by isolated nation-states: it creates a space that allows nation states to pool some of their sovereignty to counteract the external pressures of globalization and maximize their individual capabilities.

Conclusion

Governments face a dilemma when the forces that drive and shape their domestic economies become international. The domestic welfare state and the international trading regime were nicely complementary in the heyday of the Bretton Woods system, when cross-border transactions were few and the growing insulation of national economies went largely unnoticed. In a global economy, where international transactions have once more become formidable, the same government actions that sustain national autonomy inadvertently destabilize the international economy on which national prosperity depends. Welcome to the paradox of plenty—and to the policy contradictions that flow from an international economy in which national economic sovereignty is not sufficient for the tasks of economic governance.

Will a new international economic regime generate the same protectionist pressures and conflicting national interests that have traditionally characterized international economic relations? The future of the global trading system is unclear; economic nationalism—and its political sibling, protectionism—are not yet dead. A new international bargain may yet be needed to organize international economic relations and to provide the reassurances and guarantees that national industrial policies can no longer deliver. In a more interdependent world, such a bargain would also be more difficult to strike.

Summary of Key Findings

We cannot expect the benefits of globalization to take effect without also posing certain conditions for the changes taking place in the economy. Sovereign nation-states have also to support this process, which means to adapt politically. Globalization has several negative consequences. It has consequently a destabilizing effect upon societies in transition. In contradiction to numerous globalization theorists, globalization does something else as well. The concept of 'sovereign state' does not and will not disappear. While global forces of all sorts are undermining sovereignty in a myriad of ways, it is also true that those same forces require a functioning and to an extent reconstituted public power in order to mediate between social worlds, or be them.

Some people view globalization as being inevitable and irreversible, a fundamental driving force of future worldwide economic development. Others regard it with hostility, even fear, believing that it increases inequality within and between nations, threatens employment and living standards, and thwarts social progress. But these divisions cannot be dismissed as if they were just an intellectual game. We must face up to them in order to

understand and to take action. Driven by deeper international markets for goods, services, finance, labor, and ideas, the world economy is undergoing profound and rapid change. The process of globalization has two dimensions: 'economic', to which is mainly referred when people speak of globalization, as well as 'political'. Both are almost impossible to stop or to reverse. They are closely connected.

Implications for the Future of Nation-States

At the most fundamental level, the problem may be the absence of a guide to predicting the behavior of nation-states in the new system. While complex theories-based methods of political analysis have undoubtedly been used to study the behavior of nation-states and of the international system, debate persists regarding whether or not these methods have led to correct conclusions about the future of the nation-state. Based on recent evidence, it is possible to identify at least five possible shapes that the state will take in a future world influenced by globalization. Although each of these projections appears to be plausible based on the evidence, it is also the case that different countries have made, and appear likely to continue to make, very different choices about which image is adopted.

From the previous discussion, it is clear that globalization has profoundly altered the world of the nation-state and has led to important changes in the international system. However, it is less clear what the nation-state will look like in the future. Some who are skeptical of the proposition that globalization undermines the sovereignty of nation-states argue that states are stronger and more important today than ever before. Others contend that globalization norms have significantly reduced the spheres of action available to nation-states. The dominant position today probably falls somewhere in between these two views, but the question of how to project the observed changes of the last sixty years into the future has drawn increasing attention in recent years.

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