

GLOBALIZATION AND DEMOCRACY – A FRAMEWORK FOR DISCUSSION

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<u>Abstract</u>

The connections between globalization and democracy are a classic question in international political economy and a topic much debated in foreign policy circles. Globalization and Democracy are divergent views. But global interconnectedness has spread democracy in several ways. The forces of globalization and their consequences collide with international and national system of government. In our paper we tried to make qualitative analyses of impact of globalization on democracy. The results suggest that there is an existence of positive vis. a vis. negative relationship running between globalization and democracy. We also tried to find out if better democratic world is possible through globalization by raising few important questions.

Keywords: Globalization, Democracy, Nation-State, Citizen Empowerment & Sovereignty.



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ISSN: 2249-5894

Introduction

The term globalization implies that countries are becoming more integrated into the world economy, with increasing information flows among them. Greater economic integration, in turn, implies more trade and financial openness. While democracy is conceptualized as a continuum, ranging from a fully autocratic regime at one end, to a fully democratic regime at the other. Hence it appears that Globalization and Democracy are divergent views. But global interconnectedness has spread democracy in several ways. The forces of globalization and their consequences collide with international and national system of government.

A country is likely to be benefited more from globalization if it has effective democratic system in place. Globalization means a democratic society where state provides leadership and it's accountable for its action. In this sense globalization can be a positive force in establishing a democratic society that ensures efficiency, effectiveness and accountability of government and administrative process. Moreover, it plays eminent role in citizen awareness and applies pressure on national government to rectify its dysfunctional forces. The democracy- globalization nexus is further reinforced by positive feedback from economic and financial growth. The exchange of goods and services is a source of exchange of ideas and more diverse stock of ideas that encourages political competition. In financially open economies the government and central banks must be transparent in order to retain the confidence of the market. The transparency spells doom for autocratic regimes. There have been upward trend in globalization and democratization. Between 1975-2002 there were quadrupling in the number of democratic countries and over the same period global trade as share of GDP rose from 17.7 to 19.5%.

The literature of globalization and democracy consists of case studies, statistical analyses and large theoretical studies. Schumpeter (1950), Held (1992), Lipset (1994), and Muller (1995) argue that globalization promotes economic development that foster demand for democracy. Similar positive views points is denoted by Kant (1795) and Starr (1991) that globalization intensifies the diffusion of democratic ideas. Some empirical work is consist of use of econometric tools by Bussmann (2001), Li and Reuveny (2003) and Rigobon and Rodrik (2004) all find no impact of trade openness on democracy or even a negative may limit the ability of governments to deploy redistributive taxation, regulation, and risk-sharing policies, thereby

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<u>ISSN: 2249-5894</u>

weakening support for democratic forms of governance. Sikkink (1998) and Boli & Thomas (1999) support the view that globalization not only makes NGOs (international and domestic) effective but also pushes the authoritarian states to decentralize power. Further, Boli & Thomas (1999) also added that opening up of economy promotes the domestic institutions that support democracy. Rudra (2005) argues that the effect of trade openness on democratization is positive but contingent – that one finds a positive impact only in countries with high or rising levels of social spending (where there exists a social safety net). And Quinn (2001) finds the opposite, that financial openness increases the probability of transitions away from democracy. Some of the studies like Im (1996), Whitehead (1996), and Kummell (1998) present the negative role of globalization that how it affects the state autonomy, cultural values of citizens, and emerging countries of the world. And Prabhat Patnaik (1995) and Rajni Kothari (1995) focused on Nationstate in the Era of Globalization. The latest studies like Mark Beeson (2003), Micheal Beliave (2003), & Micheal Parenti (2007) regarded globalization a tool of developed countries threatening the sovereignty of Developing Countries. On the other hand, Sylvia Walby (2000) emphasized on the opportunities provided by globalization for women development especially in political democracy. Barry Eichengreen and David Leblang (2006) using long historical data presents relationships running both ways between trade and democracy. Apart from positive and negative effects, studies like Frieden & Rogowski (1996), Hirst (1997) and Li & Reuveny (2003) put up the arguments when globalization does not necessarily affects democracy.

The above theoretical literature presents two way relation of globalization with democracy: first view argues globalization promotes democracy; and second view holds that globalization obstructs democracy; however their some authors who believe that globalization does not necessarily affect on democracy.

This article is divided into four sections: preceding section deals with the introduction and review of the article, the second section includes the relation of globalization with democracy, third section analyses the possibility of better democratic world in the era of globalization and the last section presents the conclusion.

The following para deals with qualitative analysis of above mentioned three theoretical positions keeping in view the current socio-economic and political scenario.

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Globalization promotes Democracy

We have tried to analyses this two way relation of globalization and democracy on the basis of four different dimensions of democracy- Nation-State, Citizen Empowerment, Social Welfare, and Economic Development.

The first dimension of democracy is Nation-State, which is positively influenced by globalization. The nation-state is regarded as political expression of democratic will of the people. The concept of nation-state was spread from developed nations to newly colonized areas of Asia, Africa, and Latin America as a part of ideological fight against colonialism. One of the basic premises of nation-state is Decentralization which has enhanced with the process of globalization. Decentralization is the delegation of authority and responsibility to the grass root levels is regarded essential for development of a nation-state. For example in Indonesia decentralization policy change the way in which the foreign investors bargain, with provincial and local governments, which are now having more control over companies in their jurisdictions. Hence, citizens become more involved in the day-to-day governance of the country, facilitating democracy. Further, decentralization may lead to a new division of tasks among levels of governments allowing national government to concentrate on "core tasks" and "essentials" which may enhance effectiveness. On the other hand, globalization provides them opportunities for "horizontal integration" into the world which can reinforce local governments becoming more competitive. Thus, globalization advances the discussion about, and the demand for, new institutional arrangements, clearly with new opportunities for improvements in state capability and governance.

The second proposition is that globalization promotes democracy by encouraging <u>citizen</u> <u>empowerment</u>. Citizen Empowerment deals with economic and social advancement of the citizens of a country. Citizens learn about the living and working conditions of others and share their experiences. Through better communication citizens become more aware of both new "choice" and "new voice" options vis-à-vis their nation state, their government representations, and their local administration. The openness of the economy reduces the gap between the government and the citizens by providing advanced technological communication devices. The most important aspect of citizen empowerment is women empowerment. Now women are

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playing prominent role not only in economic but also in political aspect. They are heading some of the most famous MNCs of the world as well as politically leading their countries. The Women Reservation Bill passed recently in the parliament is the milestone in this direction. Taking citizen empowerment in Indian prospective there are so many people awareness programs that can be credited somehow to the process of globalization. The concept of globalization has not only introduced programs like e-governance, RTI, citizen charter but also strengthen existing programs like consumer rights, political decentralization, which previously were existing only for name sake.

Globalization had deep impact on socio-cultural dimension of democracy. It has lead to technological transformation, international mobilization, exchange of information, thus facilitates communication and made life more comfortable. It has also made human rights violation in most of the countries an international issue and has affected international solidarity. Globalization has created more awareness among the citizen of the developing nation-state. It reduces information cost, increases contacts with other democracies and making International NGOs and Domestic NGOs more effective like Citizen for Peace and Justice, and NAAZ Foundation in India. It further strengthens domestic institutions that support democracy. It eliminates monopolistic power by enhancing competition among the industries (local and global) thereby left with more consumer choices. In Indian context, globalization has enhanced urbanization and industrialization which has promoted labour mobility, ultimately weakening caste system. The government has also taken various constitutional measures to promote social welfare like right to education, abolition of untouchability and child labour, etc. The emerging role of NGOs has also promoted the social welfare of the people. Globalization makes world more homogenous in terms of culture, customs, values and traditions. If there are more global linkages, global institutions and global values, presumably this mean that more people will have more in common leading to a homogenous world.

The openness of the economy leads <u>economic growth</u> which in turn promotes <u>development of the</u> <u>whole economy</u> in long run. An economy becomes open when it receives large foreign capital inflows through trade, FDI and Portfolio investments by the foreign investors. The openness of the economy especially developing ones in terms of trade, capital movements and financial flows promotes economic growth, enhances the living standards of citizen increases the size of the

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middle class, promotes education etc. all of which foster democracy. It also increases the demand of international business for democracy. The economic role of the government has change in recent years because of globalization, as seen in the table 1.

Government Responsibility	Old Paradigm: Role of Government as	New Paradigm: Role of Government as	Examples of the shift
Economic Management and Growth	Central planner	Facilitator and regulator of market economy	Privatization and closure of public enterprises Establishment of power sector regulators Business deregulation
Provision of employment opportunities	Provision of employment through public sector hiring	Facilitator of employment opportunities	Emphasis on physical and social infrastructure Freeze of public sector hiring on non-critical areas
Financial Management	Cash-flow manager	Fiscal manager	Development of medium-term fiscal frameworks Passage of fiscal responsibility legislation Fiscal adjustment through tax and expenditure reforms States making borrowing decisions on the basis of affordability rather than availability
Policy Role	Implementer of Central policies	Policy maker in many areas as well as implementer	Variations in policies now seen across states
Service provision	Broadening scope of services	Improving quality and access of existing services, as well as expanding their scope	Greater attention to education quality, rather than exclusive focus on increasing the number of schools

Table 1: Shift in Role of Government

Source: Stephen Howes (2003: 20), in Stephen Howes et al. (eds), State-level Reforms in India

All the above stated benefits of globalization end up to "<u>Good Governance</u>". It is associated with efficient and effective administration in a democratic framework. It is considered as citizenfriendly, citizen-caring and responsive administration. The broad objectives are to improve political accountability, participation, an effective rule of law, transparency, and flow of information between governments and their citizens to minimize the level of corruption so that each one can have equal share which leads equality among the society members. In other words, they focus on the need for "democratizing social decisions" and ensuring "good governance"that is accountable and active, governments that enjoy the trust and support of their societies.

Such potentially beneficial institutional arrangements enhancing state capability and governance quality within developing countries do, of course, not evolve automatically. Globalization, though, often acts like a magnifying glass advancing the discussion about, and the demand for, such institutional arrangements. Hence smart integration may open- rather than foreclose-options for "good government."

Globalization obstruct Democracy

Joining the global economy indeed carries various risks for the socio-economic progress of nation-states and for its citizens. Hence, we have focused how the same dimensions of democracy have been negatively affected by globalization.

The direct impact of globalization can be seen on the <u>sovereignty of the nation-state</u> which is usually debated under the name "crisis of the state". The widespread vision is that globalization has directly challenged the ability of nation-states to govern autonomously, even in the domain of domestic policy. It reduces state policy autonomy and brings about public policies that please foreign investors instead of the common people. It erodes the sovereign government's capacity, power, authority, and control over the political agenda. Further, to attract MNCs, states are under pressure to compete with other states for this they have given up significant right to interfere and protect the welfare needs of their workers. In a globalized economy where capital and technology are free to move around the world economies and where trade in goods and services are unhampered, no one country can pursue policies which are not in consonance with policies of others. Hence, there is a certain amount of sacrifice in the sense of loss of autonomy in formulating domestic monetary, fiscal and trade policies. Thus globalization is expected to challenge the basic principle of democratic governance, the authority of representative institutions to establish the rules of wealth re-distribution in a country.

The <u>cost of opening up</u> an economy is bear by the <u>citizens</u> of the nation-state in several ways. Firstly, globalization makes the world more homogenous leading to cultural imperialism, with likelihood of cultural clashes or even armed conflict which ultimately will harm the regional

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identity of the people. Secondly, it degrades the concept of citizenship, which is an important prerequisite for a functioning of democratic government in a nation-state. The global market transforms individual into a common "Homo-economicus" who cares about profits than public and civic commitments. Thirdly, the prevailing concept of consumer over citizen in matter of rights has far reaching implications for the principle of democracy. While equal rights of all citizen give way to the right of those who can afford the privilege of becoming consumer, the former are victimized once for their inability to become consumer and second for their failure to enjoy rights because of being non-consumer. Fourthly, loss of local autonomy may mean that more people will be vulnerable to economic swings, environmental degradation, and epidemics. Fifthly, it enables the state and the multinational corporations (MNCs) to control and manipulate information supplied to the public. The result is disconnection between the government and the citizens. It also includes labour migration across countries.

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Globalization may lead to aggravation of Income inequalities and regional imbalance especially in developing countries. The reason for income inequality is that globalization puts premium on productivity, efficiency, and professionalism in economic management. Thus, within the countries globalization would benefit those who have the skills and knowledge, hence it widens income inequalities. On the other hand, MNCs mostly enter in those areas or regions, especially mega cities that is rich in socio-economic and physical infrastructure neglecting the other backward regions, resulting in regional imbalance. In India, the New Economic Policy of 1991 requires the state to open up all sectors including the agriculture sector to global market. As a result, Public Agriculture Extension Services have been disappeared leaving farmers to mercy of private dealers of seed and other inputs such as fertilizers and pesticides that function without adequate regulation, creating problem of wrong choices and high prices. The regulation of agriculture and rural economy has affected not only the farming communities but also the landless labourers who because of "Agriculture Crisis" are finding it much more difficult to secure employment on viable wages. Further, all the benefits of globalization goes to the seeds and chemical corporations through their expanding markets and the cost risk is exclusively born by the small farmers, leading to farmers suicides and Crisis of Ecology (i.e. Global Warming, cutting of trees, pollution, etc.). Lastly the gap between middle and lower class widens because of globalization. Although the middle class extracting the benefits of globalization and aspiring to the status of upper class whereas lower class still remains indifferent and unprivileged.



<u>ISSN: 2249-5894</u>

The fourth view argues that globalization <u>increases the competition for domestic enterprises</u> within the country. Since the MNCs are big organization in terms of their advanced technology, lower cost of production, higher turnover, etc. they compete with the domestic companies especially small and medium. This results in more domestic losers than winners, at least in the short run, and also diminishes the ability of the state to compensate losers financially. MNC penetrates in the LDCs and sway the domestic politics in their own favor, all of which obstruct democracy. Further, it makes rich countries richer and poor countries poorer leading to inequalities in the distribution of global income. This income inequality arises as the gains of globalization accrues to the developed countries because of their improved efficiency of resources use, advanced technology, better resource position and efficient work culture coupled with the long experience that they possess in economic and industrial management.

Globalization is a boundary-eroding concept which may prove to be harmful for the nation-state, citizen and as well as socio-economic welfare of the society. For these reasons globalization has become an extremely contentious process.

We have discussed the positive and negative aspects of globalization on democracy. However, there are certain views of authors which argue that <u>globalization does not necessarily affect</u> <u>democracy</u>. Globalization aims at integrating the economies of whole world, as commonly believed. But in reality we see that most of the MNCs are home bias, FDI concentrates in few countries only and international trade takes place within the geographical regions for example NAFTA, ASEAN, EU, CARICUM, etc are free trade agreements. Moreover, Least Developed Countries generally do not participate in the global economy (African states) because of lack of resources and production activities, infrastructural facilities, low currency value, etc. and Developed Economies; on the other hand have stable democracy, hence globalization does not necessarily affect their democracy. Secondly, the countries of the world vary in terms of their governmental policies, economy status, geographical regions, political institutions and level of democracy, thus the effects of globalization on democracy may not be uniform.

The above analysis of globalization with democracy raises certain questions in our mind which will be dealt in the following section.

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Is better Democratic world possible through globalization?

ISSN: 2249-5894

The concept of democracy which was born as early as 600 B.C. in Ancient Greece has undergone various changes. It is not just confined to voting rights and simple election but widen its wings to public choice, transparency, direct democracy that includes people activism and participation. In addition to traditional pillar of democracy .i.e. executive legislative and judiciary, there emerged other key pillar for example: Civilian control of military, accountability, and Transparency.

In this section we would answer few questions which generally occur while discussing globalization in political context. These are: - Does globalization changes the relationship of society to state? Does globalization hinders the sovereignty? Does globalization determine the local events?

Does globalization changes the relationship of society to state?

There exist a direct relation between state and society. The state is responsible for services, making rules, regulations, and laws for the society as a whole. And the society is expected to enjoy more and more democratic cultures, values and choices. Globalization has created awareness among people regarding their individual identity through programs like civil society, e-governance, NGOs, consumer forum etc. The state has now more reverence for human rights, transparency, people's welfare and equality. However, in present time the thrust of globalization for resources which is often termed as neo-liberal imperialism is putting adverse impact on society. The super power is practicing a military ideology of stereotyping, humiliating states and people. Humiliation is worse than starvation of people and it has been main cause of revolution and war throughout history. We witness a strong upsurge of popular anger against states organizations, and government that submit to such humiliation. Increasing violence used by states and organization against their own people in response to external pressures which often made in the name anti-terrorism. For example, the action taken by Pakistan government against their own people on the name of fighting terrorism is purely under the pressure of US government. Similar incidence can be seen in the action taken by American-allies forces against Afghanistan in the name of democratic reforms. The reality is not granting basic rights of freedom to Afghans society and but taking away their very basic right to life.

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Does globalization hinders the sovereignty?

There are three concept of sovereignty, the first entails that there is an authority in political community that has undisputed rights to determine the framework of ruler and regulation in a given territory and govern accordingly. The second concept says that supreme law making and decision making power of community, whose ultimate source of sovereignty lies with people. The third aspect of sovereignty is in the international context means state should be regarded as independent in all matter of internal politics.

Globalization has significant impact on sovereignty which raises the question the question whether sovereignty still remains intact or it will be strengthen or weakened. State sovereignty is highly recommendable on global pattern of interdependence, as global capital still requires state functions to be performed. Globalization never wants the role of state to be eliminated. What it does is introducing new player in developing countries who share aspect of governance with government. For example cooperate entities and civil society has big say in not only electing political power but also framing policies accordingly in the United State of America.

The undisputed power of state in determining policies is being interrupted by international institutes, developed nations timely. When India cast its vote against Iran in IAEA, it was more under the pressure of U.S. government. Even the much talked industrial policy of India (1991) which emphasis on privatization, abolition of license etc. was framed more under the pressure of the IMF rather than strategic step for growth.

The second concept of sovereignty ensures that the supreme power of decision making in the hand of people also undergone lots of change. While globalization brings political culture, it has strengthened the concept of people choice, people participation. In India we witnessed quite a few democratic measures taken after the policy of 1991 like Right to Information Act, E-governance, citizen charter, Civic Societies, NGO's etc. But does these measures really ensures the decision making power in hand of citizen specially when there is pressure of MNC's and foreign institute on people elected government. There was popular agitation led by the farmer in Nandigram just to oppose their transfer of land arbitrary but result was bloodshed of our own people. Narmada Bachao Andolan has also met the same fate. Even the much talked civil society institute which can certainly prove to be an effective citizen empowerment mechanism as well as

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regulation of state and market players. But mere reduction of civil society, NGOs with little regard for people's right cannot be seen positively.

The third concept of sovereignty ensures the nation has the sole right of jurisdiction over people and territory. However, it is been overruled by United States while invading Kuwait in 1991 and later Afghanistan and Iraq.

Does globalization determine the local events?

In recent years Afghan girls returned to school after USA defeated the Taliban regime; a war crimes tribunal in the Hague handed down convictions for atrocities committed during the war of Bosnia; African countries struggled to achieve progress as parts of their educated classes succumbed to AIDS; and melting glaciers raised concern about the impact of global warming. Around the world local events bear the imprint of global processes. It would be easy to infer that local autonomy and local tradition must fall by the wayside; nut globalization is not a one-street. To be sure, local and global events become more and more intertwined, as illustrated by way a global "war on terror" enhances the educational opportunities of some Muslim women, by the role of global institutions in dealing with the aftermath of major regional conflicts, by the domestic reverberations of a global epidemic, and by the way global climate change alters the habitat of specific groups. But the local feeds into the global as well. Both their own desires and the Taliban's failures helped to change the fortunes of Afghan women; the Bosnian war provoked the innovative establishment of a war crimes tribunal to vindicate global principles; domestic hesitations and constraints contribute to the spread of HIV/AIDS in many countries; global warming results from the release from greenhouse gases in specific manufacturing centers and high consumption countries. Yet, even if globalization does not necessarily "determine" local events, there is no escaping it. As world society integrates, individual become conscious of being enveloped in global networks, subject to global forces, governed by global rules. Some of our selections concretely illustrate this local-global connection.

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<u>ISSN: 2249-5894</u>

Conclusion

Globalization has influenced nearly every aspect of democratic society whether its transparency, nation-state, sovereignty or democratic citizenship. The project of nation building is getting affected by LPG syndrome and related reforms. In our paper we have observed numerous linkages between globalization and democratization, including: favorable climate for democracy, global economic growth, global crises, foreign intervention, and sovereignty shifts. Generally, globalization work in two ways- as a positively motivating factor and negatively obstructing factor for democracy. We have analyzed the impact of globalization on selected four dimensions of democracy i.e. Nation state, citizen empowerment, social welfare, and economic development. Under nation-state dimension globalization has promoted the process of decentralization but leads to the loss of political sovereignty of a nation state. Globalization has not only promoted the people awareness programs but also strengthen the pre-existing programs. It also raised women participation in parliament through reservation. Social welfare promoted by globalization through information technology, civil society, NGOs, etc. is challenged by growing crises of farmer, agriculture and unequal growth. Globalization prefers the democratic situation in a country for better functioning of corporate world. It definitely increases the rate of economic growth and development, brings political and economic stability in the country and on the other hand also results in strong competition with outsiders', loss of local entrepreneurs and diminishes the small scale industries. This somewhere badly affected the unskilled labours and attack on their right to live and earn.

On the basis of qualitative analysis of the effects of globalization on the democracy few questions were raised and answered regarding the future projection of democracy. Firstly, globalization will definitely change the relationship between society and state and might be making it more intense and vibrant. Secondly the globalization is harmful to some extant for the sovereignty of a country. And lastly, globalizations prominently determine the local events through global spread of knowledge and awareness. It is very difficult to conclude strictly that what the future of democracy will be in the era of globalization. But surely globalization will shape it and give the new dimensions to the nature of democracy

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