

Globalization and Political Sovereignty

Freedom and Globalization

The economic freedom is vital to development and poverty reduction. Over the long run, societies in which individuals, households, and firms have the freedom to make key economic decisions that affect their lives have consistently outperformed those in which the government has arrogated those decisions to itself.

Economies cannot succeed without reasonably well-functioning governments, such government is vital to economic freedom. But neither can they succeed if those governments overreach in ways that undermines the incentives for and dynamism of the private sector.

Political freedoms, and democracy more generally, can promote development in several ways.

1. They serve as a bulwark protecting economic freedoms: freedoms of speech and assembly make it possible to organize against government decisions that would reduce economy-wide dynamism to benefit a minority.
2. As Amartya Sen has emphasized, democracies do not have famines: democratic political systems have the information flows and responsiveness necessary to prevent the worst types of economic volatility from occurring.
3. There is some evidence that democracies respond and adapt more rapidly to external economic shocks. In the same way, democracies may be better able to mediate tradeoffs or conflicts that inevitably occur in development more generally. For example, well-managed openness will raise incomes and reduce income poverty. It is also likely to have an effect on culture that is unpredictable.

Finally, we should recognize that history tells us that political freedom is highly valued as an end itself, over and above any effect it might have on other dimensions of development.

Principles of decentralization

From other countries we can infer that decentralization, and the greater local participation it can generate, can improve accountability and public service delivery. Decentralization can also allow policy and project experimentation, which can lead to innovations that are then imitated by other states. At the same time, there are risks to decentralization. For example, irresponsible budget decisions by states and localities can add up to macroeconomic instability.

Globalization and Government Policies

Globalization is brought about by information and technological revolution. This has reduced the government powers in some traditional areas. Sophisticated communication and vast amount of capital in multi national company make it impossible for any government to control international capital movement. Capital movement were controlled by government in the days where exchange rates are fixed. But now exchange rates are determined by free markets.

Globalization of capital markets were responsible for breakdown of IMF ruled world monetary system. All macro economics policies are getting restricted due to the expansion of markets. There is increasingly downsize of government. While governments powers are restricted, they are getting more access to data about individual citizen and firms. The technological revolution is enabling them to have a greater surveillance over the lives of citizen.

Genetic revolution which is taking place may help the government in providing the better health services. It can also help the government in crime prevention and detection. Modern technologies are giving government wide range of powers whether the government should use them for macro economic management or micro issues.

The powers of national government are transferred to supra national bodies upwards and to local self government downwards. This supra national bodies are IMF, World Bank, WTO, Free trade area like Europe economic union, NAFTA, SARC, ACM.

Globalization requires an indirect supervision of the international level of many issues involving trade and investment. Foreign investment rules are also been liberalized. Some MNC have their annual income much bigger than GDP of developing countries. Government policies concerning labor practices, industrial competition, R&D support, intellectual property protection, subsidize etc. are becoming internationalized.

What type of Government will be there in Globalization?

- Government should be lean and flexible. Change should be anticipated by the government.
- New model of government, to enthuse commands, intervention, regulation etc. and replace by empower, co-ordinate, co-operation etc.
- The relationship between private sector and government should be close like Japan, Korea.
- Government can adjust to the civil order, depending on civil services.
- The constitution of the country can be rewritten so has to make the government to make adaptive to change in life. Success of such government could depend on institution and support. Institution should have competence in administering their function with minimum support from the government. The government should be in new economic and political order.
- Government should change constantly with change in technology. Technological change in the field of IT, finance and trade will gradually reduce the role of government.
- The future government will have to play a secondary role to the institution and supra natural organizations.

