Analysis of the Theoretical Bases of the Globalization Impact on the State Sovereignty

Anna A. Bakulina, Natalia V. Sergeeva, Elena B. Starodubtseva, Stella S. Feshina
Financial University under the Government of the Russian Federation, Moscow, Russia
Abakulina@fa.ru

Keywords: Sovereignty, Globalization, State, Risks, Development models, Competition

Abstract: Globalization as a process of new interstate, economic and social relations formation has a number of uncertainties that pose risks for both national sovereignty and globalization as such. This purpose of the research is the revelation of the interconnection between globalization processes and the transformation of the national sovereignty. The authors in order to reach the aim of the research base the article on the method of induction analysis of the components of globalization and sovereignty. The theoretical results of the study include the systematization and modernization of existing views on the problem. The paper considers the concepts of globalization, which determine the imminent decline of the countries’ sovereignty or its partial degradation. The key practical result of the study is the proof of the hypothesis about the further course of globalization, based on the basic laws of dialectics and trends identified in the research process.

1. Introduction

State sovereignty as a legal category and legal institution has substantially transformed in the era of globalization, and globalization is called a key factor in its conceptual changes. The cross-border movement of global financial capital is growing; the activities of transnational companies, global financial groups, and bank holdings are rapidly developing, especially under the influence of modern digital technologies; financial markets operate in the usual unstable mode, demonstrating high volatility in the redistribution of the financial capital. In the turbulent development of the global community, a number of multidirectional trends in globalization and, consequently, in the perception of national sovereignty arise. The study of these trends allows to identify the main tracks of the development of international partnership in the future, as well as to form a unified conceptual approach to the place of a particular country in this process.

This research allows to figure out the correlation between the two discussed terms in dynamics, so the significance of the article lies in amplifying theoretical concepts, with regard to the dynamics of the processes in the global economy. The basic theoretical connections between the two concepts were established, for instance, in [1-2], and developed in [3]. While the Russian authors joined the discussion actively too [4], but in another discourse about the correlation between terms and the possibilities of their future transformations.

2. Methodology

The study is based on a comparative analysis of theoretical approaches to globalization and transformation of national sovereignty. This allows us to identify the gaps in theoretical knowledge regarding this unresolved topic and to reveal the connections between the concepts of “globalization” and “national sovereignty” on a practical rather than semantic level. The study is structured as follows (Figure 1).

Thus, the theoretical basis of the study is based on the inductive analysis of the theoretical aspects of the concepts under study.
3. Results

3.1 Current Trends in Globalization

Examining the interrelationships and mutual influence of state sovereignty and globalization, it is necessary, first of all, to determine the understanding of modern globalization or deglobalization. The arguments about deglobalization [5], recognized as a new wave of globalization or “globalization of XXI century” are devoid of logic, since in the economic and sociocultural aspects globalization has penetrated too deeply into the life of the world community.

Today, globalization is defined as the reduction of temporal and spatial constraints, which in turn leads to the gradual integration of the political, economic and social spheres and the blurring of national borders. From this perspective, let us recall the theory of “risk society” of the German philosopher Ulrich Beck about the distribution of dangers and risks associated with them [6]. The dangers that appear in this society are fundamentally different from the previous ones. They have no boundaries either in space or in time. There are also no state borders for these dangers. Such global risks (economic, political, environmental, natural disasters, etc.) can be managed only together and not independently at the state level.

However, due to the insufficiently studied theoretical aspects of globalization, this approach cannot be considered comprehensive, since it focuses exclusively on risks. In this regard, we can reasonably assume that the world community is at the stage of transition to a new quality as the next stage, a wave of globalization - a global political system, which, in turn, will incorporate a global risk management system. The system includes a number of the following trends:

- Creation of a new architecture of the global world, formation of new subjects of the global political system;
- Establishment of two competing models of development and modernization of the global world countries – Western Atlantic liberal (USA, EU) and continental (for example, China);
- Increasing conflict between globalization and the national interests of countries situated on the periphery of globalization;
- Increasing inefficiency of supranational organizations, global governance institutions in solving the growing global risks as threats to humanity [7];
- Revitalization of developing countries in many areas and their gaining a powerful weight in different areas;
- Transit from a monocentric world to a polycentric world with several centers of power and many poles of economic, political or military power.

3.2 The Analysis of National Sovereignty Transformation

Special attention today is drawn to the key problem of globalization in the XXI century – the
crisis of global governance, the imbalance between globalization and the national sovereignty of the state [8].

There are two approaches to the analysis of national sovereignty transformations. The first one suggests that in the context of globalization, sovereign states lose the role of national and effective market regulator. Globalization causes the transition of some sovereign rights from states to transnational companies (TNC), and, therefore, the loss of state independence in the economic sphere. Proponents of the second approach see this not as a transfer of sovereignty by states to TNCs, but as a delegation of authority to exercise sovereign rights, since when joining integration unions and associations states do not lose their sovereignty, but exercise their sovereign powers.

The authors identified four main approaches to assessing the globalization impact on state sovereignty (Table 1).

Table 1 Comparative Analysis of the Main Paradigms of Globalization

<table>
<thead>
<tr>
<th>Paradigms of globalization</th>
<th>Representatives</th>
<th>Nature of globalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paradigm of realism</td>
<td>S. Hall</td>
<td>Anarchy of the international system, principles of independence in the struggle for survival and the central role of the nation-state as a key decision-making factor.</td>
</tr>
<tr>
<td>Neoliberal paradigm</td>
<td>H. Frederick</td>
<td>The interdependence concept of nation states, free movement of resources, economic efficiency and competitiveness are the main factors determining the functioning results of the world economy.</td>
</tr>
<tr>
<td>Neo-Marxist paradigm</td>
<td>M. Featherstone</td>
<td>Globalization is considered as a deepening imbalance in the international system, the spread of neocolonial exploitation around the world.</td>
</tr>
<tr>
<td>Constructivist paradigm</td>
<td>M. Tehranian and K. Tehranian</td>
<td>Globalization is a source of transformation of people's consciousness. By changing the normative content of social systems, globalization creates a unified international environment, thereby ensuring universal significance for political concepts.</td>
</tr>
<tr>
<td>Vertical subordination paradigm</td>
<td>A. Albekov</td>
<td>The idea of “extinction” of sovereignty becomes a means of ideological manipulation of national identity in the interests of the upper (dominant) steps of the globalization vertical.</td>
</tr>
</tbody>
</table>

Source: compiled by the authors, based on [9–12]

It should be noted that in a globalizing world not only States interact, but more and more territories and regions, and the fastest growing areas of production are just supranational by their nature. Examples include space technologies and the Internet.

There is also a close relationship between national economies and financial markets, which leads to a very fast and largely uncontrollable response to local crises in different parts of the world. This is confirmed by the financial crises, the risk of which has recently been growing due to the increase of most of the studied risks of the world community – the world has entered an era of turbulence.

International experts expect most risks to increase in 2019. Such findings are contained in the annual report of the World Economic Forum (WEF), devoted to the most important risks that humanity faces. 91% of the experts expect an increase in economic risks and 85% experts expect political risks in line with increased confrontation between the world's leading powers, 88% experts expect the risks of breaking trade agreements and 82% experts expect cyber risks [7].

Political institutions lag behind the economy, which has long outgrown the national framework and requires supranational planning, some forms of joint control over the sources of fluctuations in financial and other markets. The direction, forms and results of the processes will constantly depend on the changing power balance in the world, the strategy chosen by certain countries and associations, various geopolitical factors and combinations.

4. Discussion

Based on the study, the authors identified two main catalysts of globalization:

1) Transportation facilities – availability of air travel, sea and rail transportation.
2) Development of new means of communication and information exchange (digital technology
for the transmission and exchange of data).

The acceleration of globalization will lead to world unification at a certain stage, both in economics and politics, and in socio-cultural terms. This state of a global world will have several features, some of which are already clearly demonstrated:

1) Global language – an approach to the international language of communication, for example, English, has already been formed.

2) Non-attachment to the region (country, or even the continent) in the economic and financial aspects, i.e. in the context of globalization, regional restrictions disappear.

3) The absence of borders between states – there will be no borders in the digital environment. The rules and regulations will be of common global standard, which is already observed.

4) The rules and norms of ethics, moral values will become global.

5) Introduction of a global currency, for example, bitcoin.

6) Global legislation will be the last sign that the world is fully globalized.

5. Conclusion

Having analyzed the scientific concepts and paradigms of the globalization process, as well as the uncertainties generated by them, the authors formulated their hypothesis about the further development of globalization.

In our opinion, the process of globalization will develop according to the law of dialectics - the law of unity and struggle of opposites. Currently the world takes into account the sovereignty of states, their right to borders and their own legislation, but the movement towards globalization inherently denies this state, and everything is moving towards world unification. It does not matter what the real boundaries will be, since in the new conditions of digital environment formation, a new paradigm of global interaction may arise. Further, according to the law of unity and struggle of opposites, a new paradigm that denies globalization will appear. The identified catalysts will lead to its appearance. Namely, through the formation of a new digital paradigm of the global world, there will be internal processes (processes of differentiation by interests) that lead to division, namely:

1) Localization of social interaction within the digital environment. New forms of public associations will appear, with connection to a digital community, united by interests.

2) Localization of economic interaction. GCDs built in the global digital environment would start localization based on their economic interests and principal activities.

3) Development of digital currencies for narrow social and economic groups.

4) Creation of new behavioral institutions within communities of interest.

In terms of this, the authors suggest a hypothesis that globalization will lead to the unification of the world in the context of digital interaction, thereby destroying the existing world order. After, due to the growing localization processes, a fragmentation will occur inside the new global paradigm, which will no longer be based on the principles that exist now, but will be based on the principle of localization by interests.

Acknowledgment

The paper is based on the results of a state-financed scientific research on “Global risks of the state and society”, carried out under the state assignment of the Financial University under the Government of the Russian Federation for 2019.

References


