What is globalisation?

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What is globalisation and in what ways does globalization affect social policy ?

In its general definition, globalization can be defined as an extensive network of economic, cultural, social and political interconnections and processes which goes beyond national boundaries' (Yeates 2001) However its agreed that globalization 'is not a policy option but a fact to which policy makers must adapt' (Wells 2004)

There are different views about the emergence of globalization, it has been regarded as a result of technological development, but also derived from market economy. On top of that there is another claim which says, globalization is an outcome of the capitalist progress (Glazter & Rueschemeyer 2005). As advancement of communication technologies and the increase in productivity necessitate states' expansion of their market territory. The decline in protective social policies, the increase in the incentives for foreign trade and the convergence of free market economy, are all in line with these "perceived" global necessities. Increase in the vulnerability to external fluctuations, shrinkage in the stability of domestic economies, decline in domestic policy autonomy, and restructuring of governance are all accompanied by globalization. The rise of globalization also overlaps with the acts of free trade of goods and finances and the international evolvement of neo liberal programs. In this new frame, states have become an agent which regulates the economic structure according to the wills of the owners of capital and international coordination mechanism.

Following the orders of such mechanism is believed to have diverse effects on states' position, operations and functions in the global community. With globalization, now states began to have a limited number of agents to regulate its internal policies and create resources for redistribution. In that term it could be argued that globalization endangers the social welfare states since it rocks states' sovereignty from its foundation (Deacon 2007; Schwartz 2001 As national governments become more open to the world, the external factors are gaining more power in shaping the state's social policy. Since globalization is found on the principle of higher profit, the level of vulnerability a nation's welfare policies faces depends upon the state's protection against adverse effects of globalization. Formerly welfare policies were formed by taking the domestic situations into account, but in the "modern" era, it is planed in such a way that it is not going to interfere with growth (Yeates, 2001).

It is believed that the level of influence is determined not only by the effects of globalization but also the state's capability to overcome these challenges (Glazter & Rueschemeyer 2005). The degree of development and membership to international coordination mechanisms seem to be the most important factors which affect a state's social welfare policies in an integrated world. Developing countries or those which are at the lower end of the global hierarchy within the international "coordination" mechanisms suffered more. Developed countries attempt to mend incentives to increase their profits, in order to attract capital inflow into their markets. In such a competition, developing countries generally sacrifice their social responsibilities to meet global challenges. Former social welfare states converge into different types of stingy regimes. It is believed that globalization will lead further exclusion (Garrett & Mitchel, 2001; Yeates 2001). Formerly, states have been allowed to implement national social policies without preoccupation of the external impositions, but the rise of globalization turns this anterior equilibrium upside down.

The contemporary global events unfortunately further decrease states' sovereignty within their boundaries as they are surrounded by the pressure from multi-national corporations and international capital organizations (Deacon 1997), joining to international organizations are also effects social welfare policies of governments. Because states accept to waive its rights to speak on internal economic affairs. Those states which are dominated by financial sectors start to accept the pressures on decreasing the social welfare expenditures (Jaeger & Kvist, 2003).

On the other hand international organizations such as the United Nations increase its involvement on social issues, on the principle of providing a dignified life for those in need. As a result, recent crisis, the global stock markets have fallen dramatically, giant multinational companies have started to close its branches in other parts of the world, large financial institutions have collapsed, and more importantly wealthiest governments, most of them are leading liberals, have to prepare packages to rescue their financial systems. This global financial meltdown is believed to affect the lives of millions of people all around the world. The American free-market creed has self-destructed while countries that retained overall control of markets have been vindicated' (Shah 2008).

In terms of its effect on other parts of the world, it can be said that for the developing world, the effects of worldwide financial global instability are doubled in magnitude. High fuel costs, high goods prices together with growing uncertainties in the face of global recession make governments worry about the future growth rates. On the other hand countries which are located in Africa, the less integrated continent, are believed not to be affected by the global crisis (Shah 2008). In the European continent, some major financial institutions have failed or come to a position to be saved. A number of European countries are attempting to nationalize major institutions or to provide assurance for their people in case of failure. The European Union actively takes the recent crisis as the most serious threat since its foundation and prepares an agenda to overcome its adverse effect. If the Union succeeds with given tools and agendas and fulfils this mission, it seems that it will strengthen its position in the global scene. Conversely, in case of failure, that would unavoidably lead to the weakening of the Union and plant the seeds of its ultimate break up (Goldschmitt, 2008).

In conclusion social welfare policies which are constructed to overcome the common problems of the community are adversely affected by globalization. However, the degree of influence depends upon the structure of each state and its strength to stand against negative pressures of globalization. These adverse effects are more severe for the developing countries and for the group of citizens who are already at risk. At this point it can be said that globalization alternates the global landscape; however, it is not thought to erase all states from the arena. Instead it can be said that globalization of the economies hollow out the welfare policies. This reduction in the social welfare expenditures increases the risk of poverty, social insecurity and triggers social dissolution and alienation at the end.