
UNIT 3 CHANGING ROLE OF THE STATE: ISSUES AND CHALLENGES

Structure

- 3.0 Learning Outcome
- 3.1 Introduction
- 3.2 Changing Nature of the State
- 3.3 The Trajectory of Change
- 3.4 Interrogating the Neo-liberal State in the Era of Globalisation
- 3.5 Conclusion
- 3.6 Key Concepts
- 3.7 References and Further Reading
- 3.8 Activity

3.0 LEARNING OUTCOME

After reading this Unit, you will be able to:

- Appreciate the changing nature of the State
- Trace the trajectory of the evolution of the State
- Discuss the role of the Neo-liberal State in the backdrop of globalisation; and
- Understand the shape of the new State in the making.

3.1 INTRODUCTION

The study of the State has traditionally been a problem area because such studies have seldom been free from pro-establishment or pro-authority bias. From an epistemological angle, it means the same as saying that State has seldom been treated as what it quintessentially is: *a historically evolving phenomenon taking shape in response to changing times and conditions of the society*. Not that history of State formation has been totally overlooked. From the ‘historical’ systems analysis of Rostow to the ‘historical’ structural analysis of Andre Gunder Frank, the State has been treated from a historical perspective only cosmetically. C. Wright Mills had warned that history can neither be introduced as an ‘introductory padding’ nor as an ‘ad-hoc procedure’, which unfortunately is common among most scholars of the State. This historical trend of scholarship on the State has degenerated to a pathetic level lately and this trend is easily evidenced by endless descriptions of the State. Just to take a sample of the Third World State only (as distinguished from the State in the developed World of the West), the 1960s and 1970s witnessed an outpouring of literature on a ‘modernising’ or

‘developmental’ State of the functional-systems’ theorists as contrasted against their radical counterparts invoking ‘strong’, ‘over-developed’ and ‘relatively autonomous’ ‘post-colonial’ States. Whereas the critical decade of the eighties produced rather an ambiguous set of concepts such as the ‘Rentier State’, the ‘Peripheral State’ or the ‘Bureaucratic-authoritarian State’, the globally sensitive nineties allowed its negative imagery to take a good float on the State which came to be described as ‘Vassal State’, ‘Predator State’, ‘Vampire State’, ‘Receiver State’, ‘Prostrate State’ and even ‘Fictitious State’, ‘Show of State’, or ‘Collapsed State’ (Manor, 1991).

What is the way out of these ‘scholastic straw-threshings’ (Gramsci’s famous expression for the non-revolutionary intellectuals)? As long as the scholarship on State fails to shake off its ideological hang-ups, it will always be maintained that State’s sovereignty is on the decline in these days of global capitalism even though the same thought seems to exclude the mighty American State. Instances of scholars extolling ‘American exceptionalism’ allowing this ‘mighty power in a unipolar world’ to freely enunciate and ruthlessly implement its doctrine of national interest on the territory of other less endowed but equally sovereign States are not rare. Against this backdrop, the present Unit will explore some of the issues connected with the changing trajectory of the State including its correct status in the contemporary globalisation context.

3.2 CHANGING NATURE OF THE STATE

An objective and dispassionate viewing of the State as a historical phenomenon would entail in its analysis their ‘interconnections as an integrated totality’. This is a dialectical view encompassing both intra and inter-levels of ‘inter-connections’ which actually provide the moving motor to history. Does this unfolding of history (evolution of State, in our context) mean that external causes have little role in its formation? “Not at all, it holds that external causes are the ‘condition’ of change and the internal conditions are the ‘basis’ of change, and that external causes become operative through internal causes. In a suitable temperature, As Mao Zedong, the Chinese leader, once put it, “An egg changes into a chicken, but no temperature can change a stone into a chicken, because each has a different basis”.

Roots of change are to be traced to these twin ground realities viz., basis (internal) and conditions (external). A continuous process of embedding of such changes is another name for history which alone, therefore, can convey a holistic view of the phenomenon (i.e. the State in our case) in question. There is another layer of thick icing over understanding of the State, further into its changing role. This pertains to its relationship with society. It should be clearly understood that State is a creation (a political contrivance) of the society; and it is not an unavoidable anthropological need. State is not an organ of the society; former’s appearance and growth are inorganic to the human needs and survival. This way of viewing helps unlock a vast vista, which surrounds the State in its nature and functions ever since princes and lords struggled during 14th and 19th centuries and effected a model of national unity as scripted in the Westphalian Treaty of 1648 and the Westphalian Order had the Nation State as its kingpin. It flourished till the World War II which marked the end of this global era. David Held has insightfully summarised the “Westphalian Model” in terms of its following features:

- The world consists of, and is divided by, sovereign States which recognise no superior authority.
- The processes of law making, the settlement of disputes and law enforcement are largely in the hands of individual States subject to the logic of 'the competitive struggle for power'.
- Differences among the States are often settled by force: the principle of effective power holds sway. Virtually no legal fetters exist to curb the resort to force; international legal standards afford minimal protection.
- Responsibility for cross border wrongful acts are a private matter concerning only those affected; no collective interest in compliance with international law is recognised.
- All States are regarded as equal before the law; legal rules do not take account of asymmetries of power.
- International law is oriented to the establishment of minimal rules of co-existence; the creation of enduring relationships among the States and people is an aim only to the extent that it allows military objectives to be met.
- The minimisation of impediments on the States' freedom is the 'collective' priority (Cf Pierson, 1996).

There are two major operating principles of the Westphalian system, the Liberal State which grudgingly conceded space to individual's welfare and the balance of power which held the States together through fear of punishment for disturbing the status quo. The operation of the 'Liberal State' complemented the 'balance of power'. The former promoted justice at home in terms of granting civil and political rights (but not social and economic rights) and promoting a 'self-regulating market' at home and abroad. The latter saw to it that the competition of the economic systems does not, disturb the prevailing asymmetries (inter-state) and considerations of justice do not extend to non-European States. However, powerfully minded, this train got derailed and the Second World War broke out.

Toynbee's famous characterisation of "An ideological revolution (nationalism) which reinforced the Westphalian Order has actually substituted religion and made the State an object of worship" started showing the results. They were soon realised in, which is famously known as, post-war social contract, another name for the Welfare State which takes its birth in these circumstances. This Welfare Capitalism (Lord Keynes was its main architect) has on its agenda for the "Labour to accept capital's right to ownership and overall economic direction in exchange for social benefits, an expanding Welfare State and a guaranteed level of employment security" (Graf, 1995).

This historic social pact actually marked the onset of the Counter-Westphalian order though, it should in all fairness be mentioned at the same time, this contract was not strictly applied to the masses of the Third World for its welfarist benefits. And that was the breeding ground of a 'primary contradiction', as Claus Offe has insightfully highlighted, for the Capital which found itself implicated because of those concessions it gave to people and institutions in the previous era. According to Offe, the welfare-

oriented concessions may have brought greater social peace and increased mass purchasing power, but in the long-run it turned out to be also a limitation on Capital's "Sphere of action, flexibility and profitability and hence a threat to its power". Capital's logical response, according to him, was to unilaterally abrogate this welfare contract and resuscitate the market forces (which were under the State's regulation under this historic contract) mainly by means of "Wresting functions and powers from the State and privatising or abolishing them"(*ibid.*).

This is the advent of globalisation in recent times which has submerged most of the Third World countries, though they had also not been the direct beneficiaries of the Welfare State dispensations earlier. Trade, rather than domestic mass purchasing power has become the driving force of the new global economy. This is despite the fact that not more than one-quarter of global trade comes under the GATT (General Agreement on Tariff and Trade) i.e. regulated free trade. Internationalised division of labour has become the unfortunate norm as internationalised production has eclipsed Fordist mass production. Part-time, low-wage employment (the McDonaldisation of the work force) becomes the norm for most; while high-quality, high-technology governed production around Information and Communication Technology (ICT) are reserved for select few. The implication for State is nothing but to adapt to these new strategies. "Since there are no longer any national economies or national industries or national companies, observes Robert Reich (1991), "All that remains behind are people who share a political system.... Each nation's primary political task is to cope with the centrifugal forces of the global economy." (Prof. Adrain Leftwich (1994) makes the point clearer. According to him the distinguishing characteristic of development states (i.e., states with consistent average economic growth of 4% or more during the past three decades e.g. India) has been that their institutional structures, especially their economic bureaucracies have been developmentally driven, while their developmental purposes have been politically driven. In short, fundamentally political factors have shaped the thrust and pace of their development through the changing structures of the State).

Has this drive towards globalisation-ever on increase in scope and intensity-generated adversarial "conditions" in which State, especially in the Third World, is under pressure to offer the wrong end of the stick to its people? Two concurrent flows are visible in these days of Counter-Westphalian Order in the making: while the growth of a global consciousness leading to occasional spurts of initiative to form a 'global civil society is very much in evidence, the twin operating principles of (i) free trade, and (ii) revolutionary uses of ICT, which geared up globalisation on a World Trade Organisation (WTO), vehicle are no more offering assurances to Capital Multi-National Corporations (MNCs) of one hundred per cent return. On 'free trade' front, the matter boiled up on the eve of 2004 US Presidential elections: none, other than, Prof. Samuelson challenging the claims of 'free trade' orthodoxy (led by Profs. Bhagawati and N. Gregory Mankiw) that the amount of 'winnings' from free trade would more than compensate for the job-loss caused due to outsourcing, and telling the public that the Luddites may after all be having a point in protesting against an annual outflow of a large number of jobs. It is important to bear in mind that Prof. Bhagawati whose name is now identical with 'free trade' had only recently praised Prof. Samuelson as 'the greatest economist of the last century'.

On the ICT front, the revolutionary potential has done as harm to the Capital as it did good to the common person on the streets. We have, for instance, on the authority of Prof. Mahmood Mamdani to know that Mr. Al-Zawahiri (the ideologue of Al-Qaeda and second to Osama bin-Laden) insisted on “Leadership to be technologically savvy” and it has to recognise that the old methods must give way to the new. He says “The technology available now, particularly the Internet”, will build up cadres and you don’t have to seek them” (Mamdani, 2004).

Whether it is mass politics protest against the Chilean dictator Pinochet or President Bush against American invasion of Iraq, the Internet has come in handy to the people to rally together with the help of this communication technology which also undid the Welfare State to a substantial extent. Social development oriented uses of ICT are far too many in the fields of public health, farmers’ market, grievances redressal etc. The development discourse, which centred around the Washington Consensus originally contained a list of ten reforms aimed at attracting private capital as the Latin American States became sluggish in their dispensations towards their people following the debt crisis of the 80s. But very soon this focus shifted to the second generation of reforms centering around governance, emphasising on the caring aspects of the State’s day-to-day functioning and demanding more accountability, transparency, and openness.

An important point to note further in this connection is that the Washington Consensus was not strictly followed by many States, though it has been the philosopher-driver of globalisation. China did not follow the Consensus to the text. The Chinese relied heavily on public enterprise and State intervention; India also didn’t fall in line, strictly speaking. The four BRIC nations (Brazil, Russia, India and China) may have benefited but definitely not their poor whose numbers are also swelling. Further, most other Third World countries were pauperised by this global integration of national economy on an inequitable footing.

Good old ‘End of History’ theoriser (in 1989) Prof. Fukuyama, has of course, come full circle in his revised narrative published in the Summer of 2004. As Prof. Fukuyama says now, the September 11 is the date when the Reagan-Thatcher era ended. Because that day “Underscored a key feature of the post-cold war world. While the great problems of world order in the 20th century were caused by too-powerful Nation States such as Germany, Japan and the former Soviet Union, many of the problems of our current age, from poverty to refugees to human rights to HIV/Aids to terrorism, are caused by States in the developing world that are too weak”. Many problems have come from “Lack of sufficient State oversight, laments Fukuyama (having extolled the triumph of Liberalism and privatisation only a decade ago), The easy gains from privatisation and deregulation have long since been achieved”. Bring back the State, pleads Prof. Fukuyama now (*Indian Express*, July 10, 2004).

Interestingly, both the quoted passages are reactive in nature, one for the States in the Third World and the other for the American State. Obviously, you cannot have one standard for the East and another for the West. Truth of the matter actually is that the State’s efforts need to be supplemented now and ‘roll back’ is not the answer. Again, State needs to change its old time thinking mindset and learn to evolve and depend on alternative sources and frames of action and thinking. Otherwise, estimates by Mann (1990) and others have clearly shown that the State expenditure (whether on war and

administration as in 18th and 20th centuries or on social development during 19th century) on societal activities has been static at 30-40 per cent level or on rise, as some others have maintained. It has been mostly, a matter of 'attitude of governance' rather than a categorial change (from 'public' to 'private'). In his most recent book, PLAN-B, Lester Brown (2005) has convincingly argued that Planet Earth is indeed in peril as evidenced by burgeoning undernourished population, the HIV/AIDS menace, water crisis, falling land productivity and adverse climate change induced by a fossil-driven industrial economy basically of the developed west. There has been enough prognosis now; the task is to change the mindset of the people in power and look for alternative actors and sources to complement the failing State efforts.

In this direction, one notices diverse NGO-launched initiatives to soften the adverse impact of globalisation, which has since emphasised the twin principles of devolution of powers and participative development at the grass roots level. Food self-reliance, to take only one example, is one such approach which, on the global scale, had many such NGO takers: Jamaica's 'Grow Our Own Food' Campaign, Bangladesh's 'Grameen Bank' experiment, and similar local experiments in Zimbabwe and a number of African and Latin American countries. Many such initiatives elsewhere have joined the State in supplementing its efforts at food security and nutrition. Another glaring example, not to be missed, is the adversial effects of global warming which had forced a change in the attitude of the government as well as the elites, shifting now towards alternative sources of energy. Germany already has 12000 MW of wind-based electricity generating capacity and Denmark with 2900 MW is meeting 18 per cent of its electricity needs through this renewable source. India has an impressive fifth position in the world with 1700 MW non-conventional energy (*The Hindu*, 2005).

Non-governmental initiatives have made an important presence in the global society today and they have introduced a new dimension viz., "A drive towards common or universal standards and consciousness, and a new global constituency for change. Communication technologies only facilitate this social phenomenon"(Patel, 1995). Another important distinguishing feature of the emerging global society is that some of the institutions for the management and governance of this global society are already in place. The re-invigorated UN agencies have chalked out a pro-active stance for themselves; witness World Conferences 1990s on environment, human rights, gender justice, population growth, urban development etc. which got the governments moving to commit themselves to the various social development goals.

As Amartya Sen told recently to the Commission on the Status of Women (March 2005) at its special session in New York: "The United Nations is often separated out these days for particular chastisement for being ineffective (or worse); the UN and the intellectual and political movements associated with it have contributed greatly to making our world a bit less nasty and more liveable." (Cf Jain, 2005). Human Development and Human Security, two new themes in human aspirations have occupied centre of stage in these international bodies; these innovative articulations entailing a rearrangement of resource allocation profiles for new commitments need to be met. However, all these may not mean much despite the massive support these new commitments command among the masses of the world. A perceptive management-thinker, I.G Patel (*op.cit.*) has identified

five ‘difficult but unavoidable problems’ which will become more urgent in the years to come as the hostile globalising forces come closing in around humanity:

- The legitimacy of individual and group rights and the role of the global society vis-à-vis these rights
- Equity in the governance of international institutions
- Equity in international economic relations
- Equity and global environmental protection
- Matching responsibilities with resources at the global level

The Counter-Westphalian Order has to solve the problems outlined above so that a society which is politically plural, economically egalitarian, ecologically sensitive and societally diverse and accommodative finally results along with a responsive State whose powers are best exercised through sharing and accountability. Summarily speaking, the international community’s dedication for fulfillment of the Millennium Development Goals pertaining to humanity’s well-being has been inspired by the motto of the Counter-Westphalian Order: ‘Free development of each is a condition of the free development of all’.

Having outlined the ‘conditions’ of change (general politico-economic environs) which have overtaken the State, let us now turn to the ‘basis’ of changes which the State has undergone till date. We will conclude the mapping of this trajectory of change in the role of State with a profile sketch of the State in the current globalisation context.

3.3 THE TRAJECTORY OF CHANGE

We have already read about the evolution of the concept of the State in the views of Hobbes, Locke, Rousseau, Bentham, Mills and others in our introductory Unit of this Course. More analyses by Liberal and Marxist thinkers on State would be made in the next Unit i.e. Unit-4 later. Over here, we would trace the ideological trajectory of the State-the evolutionary path of the State’s postures.

The story of modern State formation owes a lot to two seminal themes which continue to exert influence on State formation till date. They are the Greek City-State or ‘polis’ and the Roman Republic. ‘Polis’ in its turn gave us seeds of two very powerful ideas associated with the modern State: (i) democracy from ‘demos’ or the rule of the people or the citizenry, and (ii) the political/politics from ‘polis’. The concept of ‘direct democracy’ owes its lineage to this locality-based concept of citizenship, which was, however, challenged by Rome which too arose as a powerful City State. The Roman Republic never allowed itself to be ‘democratised’; it was run by a Senate comprising the aristocrats and the consuls (who were later on added) elected by the assemblies of the whole people. Important to note is that the Roman citizenship was defined by law, rather than by strict territoriality. This notion that the State power is founded in law influenced subsequent developments associated with ‘Rule of Law’ in democratic governments.

Similarly, a systematised code of Roman Law is another major contribution to modern State formation. Roman Law actually helped to form the distinction between ‘State’ and

‘society’ or between the public (Ref: Republic) i.e. the State and the private i.e. with reference to civil society. Cicero’s formulation that ‘We obey laws in order to be free’ has a distinct modernist ring. When the Romans advanced northwards, they encountered the Germanic tribes who were essentially ‘clan’ societies. They also employed a different conception of law. In contrast with the ‘formality’ of Roman Law, the Germanic law was said to belong to people comprising a summary of their common customs. It was from these roots that the English later traced the origin of their ‘Parliament’ and the English system of common law. To recapitulate major issues and challenges of modern State: democracy, political participation, Rule of Law, customary sources of governance, role of Parliament etc. have their roots in the pages of ancient history of modern State.

The Evolution of the Feudal States

Roughly in the 800 AD, an attempt was made to recreate the imperial system of Rome under the patronage of the Catholic Church. This politically unified Christian empire consisted of a variety of counts, dukes and princes owing allegiance to the Holy Roman Emperor who, however, was incessantly troubled by the underlying tension-ridden system of social and economic relations. Add to this, there was the the Germanic Vassal system where leading warriors pledged their loyalty in return for protection received. The vast population at the base, G. Poggi (1990) observes in his classical work *The State: Its Nature, Development and Prospects*, were “The objects of rulebut never the subjects of a political relationship”. The lord-serf relationship was the cell form of a feudal economy; the lord-vassal relationship was the cell form of political rule. Except in Northern France and England where monarchy was more unified and stronger, rest of the Europe witnessed a saga of lords vying with each other operating from their small, personal pockets.

Power became both more personal and more local in focus. As Anderson observes, in each area there were conflicting systems of loyalty– ‘A social world of overlapping claims and powers’. Some lords became too powerful for the feudal monarch to resist; more often the latter composed them into his consultative bodies, which in fact were early forms of ‘parliament’ that played an important role from the 13th century onwards. The Feudal State thus was constantly torn by internal dissensions while, of course, the monarchy tried to distinguish itself, and the towns and cities remained outside the classical feudal system because of their independent charters. ‘Medieval towns’ were islands in the sea of feudalism and the leading citizens won the right to administer themselves as a corporate body under a Charter which they gave to themselves. The burghers in great towns and cities of Northern Italy and Flanders turned out to be the forerunners of the nascent bourgeois urban class of the later years. (G. Poggi, *ibid.*).

The main source of rival authority to the feudal aristocracy was the Church. Having forged rival networks between and among States, it claimed spiritual authority which provoked the monarch, the secular authority to claim and fight for supremacy. In these circumstances were sown the seeds of modern conceptions of sovereignty. Before States gave way to the State i.e., a unified and integrated political structure, they had to combat their internal dissensions as much as the spiritual claims of Papacy to central authority. Amid all these rivalries, some important political innovations can be seen there in the field practically working e.g. the autonomous system of rule by leading citizens in compliance of a Charter in major towns/cities. The foremost contribution of this period

lay in the emergence and articulation of a secular authority which till date remains a universally accepted desirable political good.

The Absolutist State

Against this medieval background of wreckage of institutions and the political order, arose a new form of State rooted in these independent, nationally unified Renaissance monarchies in countries like France, Spain and England. Challenges before this Absolutist State included: absorption of weaker and small territories, application of a more “Unitary, continuous, calculable and effective rule with its power gathered under a single, sovereign head” (Poggi, *op.cit.*). Major issues confronting the Absolutist State which, in fact, was the forerunner of the bourgeois Constitutional State (in England, at first) included commutation of feudal dues into money rents, supplanting of feudal military obligations by raising standing professional armies, raising of taxes centrally and regularly by the State etc. Through ‘Mercantilism’, the dominant economic doctrine under Absolutism, State and crown assumed a directive role in commercial enterprises. While territorial boundaries assumed strategic significance, ‘A formalised system of inter-State relations’ sustained through formal diplomacy and dynastic marriage alliances came into vogue. The State bureaucracies were expanded and the courts were raised as ‘Adjuncts of monarch’s rule’. The absolutist ruler “Ruled from his court, not through it”. And law became not a “Framework of rule”, so much as an instrument for rule, assimilated to the sovereign power of throne (*ibid.*). In the 16th century, Jean Bodin capped this development with the doctrine of ‘Divine Right of Kings’. The principle of partnership-in-rule between monarchy and the people, which characterised the Estates system during the later phase of Feudalism disappeared under Absolutism. In England, Stuart Kings’ attempts to rule and raise taxes without Parliament participating in it led to the outbreak of the English Revolution of 1640s.

Out there in the society, sections of gentry along with the emerging commercial classes, urban artisans and labouring classes rose in revolt against the “Claims of Absolutism, power of the court and the rigidity of Mercantilism”. Revolts against the ancient regimes in France precipitated the decline of Absolutist State in England and elsewhere where the bourgeois development processes centering around the emergence of private property occurred at an increasingly rapid pace. First, the emerging new classes achieved a predominant presence in the civil society and later, they claimed a share in the State’s power and rule. A new conception of State thus takes its origin from these stirring circumstances where the power is to be shared and “The rights of the upper and middle ranks of society to participate in power along with the ruler was guaranteed by law and formalised in a Constitutional System”. These developments emphasising ‘Contractual’, Liberal and Constitutional forms of rule marked the beginning of the ‘bourgeois’ revolutions and the threshold of the ‘Modern State’ (See: S. Hall, 1990).

Development of the Modern State

It is neither useful nor possible to precisely date the origins of the modern State, though emergence of one can be indicated with the help of some the specific features characterising the contemporary State. These features include: (i) Power is shared (as against earlier concentrated form) (ii) Rights to participate in a government are legally and/or Constitutionally defined, (iii) Ever-widening, inclusive representation, (iv) Secular

central authority; and (v) Boundaries of national sovereignty are clearly defined. A State form of this type emerged very unevenly across Europe. It was there in Britain in 18th century though nothing like it was to be found in Germany till the end of 19th century. Having risen in response to the struggling bourgeois classes, this State is characterised as classical Liberal State with twin clear tasks of (a) Fighting down the rigidities of 'Mercantilism' and of the ancient regime; and (b) Guaranteeing the rights and liberties of the individual. By definition, these tasks made individuals the *a priori* of the State and not vice versa. Classical Liberalism made the State subject to law; no interference with the individual liberties is permitted unless legally sanctioned. These are the circumstances in which the doctrine of *laissez-faire* (let alone) originated prohibiting the State out of economic transaction of the people.

However, the Liberal Capitalist State was not democratic. Majority of the ordinary people were kept out of this State process though, soon after, these masses launched reform movements in the 19th century claiming more concessions for the lower and the labouring classes of people. The Classical Liberal State overcame this popular challenge without undergoing any fundamental change, though it allowed to "Deepen its popular base and its democratic contents", as the people won series of political and civil rights. In the end, 'democracy' was grafted on to the Liberal State, and a 'Liberal-democratic State' was thus born with contradictions congenitally built into its structure. Faced with democratic challenges from inside, Modern States started becoming interventionist States so as to be 'able to act and plan organically on behalf of the society as a whole'.

This move towards 'collectivism' took several directions, as the imperial powers fought themselves out in their scramble for markets. Ordinarily, dominant classes supported an interventionist State for greater national efficiency whereas the poor masses depended on the State to reign in the industrial capitalism so that their living conditions would improve along with assured economic equality and social justice. The inter-war years witnessed this tumult of collectivism taking at least three directions: emergence of Communist States, of Fascist States and later, of the Welfare State (after 1945).

The evolutionary reformist collectivism culminated in Welfare State, whereas the revolutionary collectivism culminated in the formation of Communist States following the Bolshevik Revolution of 1917 in Russia. These two strands of State formation spread themselves over the globe, so much so that at one point of time, one-third of global population were under Communist rule. Welfare State's association with democracy went *pari passu*, though the range of welfare giving varied widely from one State to another. Broadly, however, it can be said that if the political reforms of the 19th century were the first step of reformism in modifying the classical Liberal State, welfare was the second installment entailing (i) widening of 'citizenship' to include some social and economic rights, (ii) the end of strict *laissez-faire*; and (iii) massive expansion of State bureaucracy.

If the State was kept out of the individual affairs during the Classical Liberalism phase, the reverse swing went to an extreme with the emergence of Fascist States in Italy, Germany, Spain and Portugal. The Liberal mind remained perplexed all these years at the dictatorships as the individual's space of freedom shrunk and the politics of the State became substantially directive.

This reverse swing favouring State took yet another extreme plunge though with less directiveness. This State process was epitomised by corporatist bargaining between State, Capital and the organised labour, which was broadly manifest in the Labour/Social Democratic Party rule in Europe during 1960s and 1970s (The Conservatives seldom radically differed from this line). As Stuart Hall (*op.cit.*) observes: “The expansion of the State into the whole fabric of the civil society and private life belongs par excellence to this period.” Advocates of ‘Rational Capitalism’ wanted a big State which can only carry advanced capitalism effectively whereas the social democrats believed that a powerful State can always help ameliorate the adverse effects of Capitalism without, however, destroying the system. The State actually had fewer challenges to cope with; but the issues beleaguering this State suddenly became overwhelming as the political slogans of ‘Roll back the State’ sent the air paving the way for the advent of ‘Neo-liberal State’. Neo-liberal State is the State of the globalisation period we are passing through and the moot question about this State is: has it really withered away?

3.4 INTERROGATING NEO-LIBERAL STATE IN THE ERA OF GLOBALISATION

From the mid-1980s onwards, the New Right on the global scene in general and the political regimes of USA and UK in particular, have devised for themselves a programme of action centrally aiming to ‘Roll back the State’. These programmes consisted of proposals to curb State intervention, cut State bureaucracy and public expenditure, reduce welfare, privatise State-run enterprises, arrest the trend towards collectivism, restrict the power of the trade unions, restore competitive individualism and the doctrines of free market Liberalism. Essentially, it represented a move to restore the ideal of classical Liberal State, but under the conditions laid down by the advanced capitalism which is passing off as globalisation. Hence the word Neo-liberal State.

Neo-liberalism is actually a capitalist accumulation strategy, a specific growth model which, at the same time, comes complete with its extra-economic pre-conditions. It is a return to the Liberalism of free market in a strategic sense: the class collaboration which Capital sought in the wake of its downfall during the Great Depression and subsequently realised in the form of a Welfare State is no longer acceptable. The other unique feature of this ideology of the New Right is to undermine Nation State based capital mobilisation with the resulting damage to the politics of the affected States. Permeable borders have been encouraged by the transnational capital and international finance has set about re-organising the world economy. Mobile capital is now in a position to twist the arms of the taxing States to minimise its tax burdens though it would mean a fiscal crisis for individual States.

The other aspects of Neo-liberalism include diverse facilitation made possible and available by WTO and IMF to the transnationals. Concretely, it means the demands made by these powerful global governance institutions to privatise electricity, water and many other basic services. Part of Neo-liberalism is the marginalising of the democratic process. Governments can no longer choose their economy freely without consulting or upping their antennas towards IMF and WTO. Yet, another feature lies in what is called ‘Venue Shifting’ in which the relatively more democratic international institutions are

deprived of resources and decision-making powers in favour of those where the rich countries are decidedly more powerful. Thus, there is a shift of decision-making authority away from the UN General Assembly towards the IMF; the World Bank and WTO have likewise expanded their powers in comparison to the earlier GATT. Responsibility for education, environment and health care are being shifted from the UNESCO and WHO to the World Bank, which also has arrogated to itself the role of a political adviser to the loanee countries.

All these global governance institutions come into the process of acting in this Neo-liberal era only as per the terms set by the Capital under which government policy makers can act. As W.K. Tabb (2003) has elaborated: “The way this works is that policies are first discussed by corporate leaders in groups such as Business Roundtable in the United States and its counterparts in Europe and Japan. Then there are meetings of the working groups of such organisations as the Trans-Atlantic Business Dialogue, making detailed proposals that they pass on to their national negotiators and monitoring them to be sure they get what they ask for”.

These are the dynamics of globalisation whose forces seek to strengthen the rich countries usually at the expense of the poor countries and the poor people in both the worlds. What has happened to Nation State? Is it in a position to confront the gale of globalisation? Does it mean the end of Nation State? We already know the answer from the early propounder of this thesis Francis Fukuyama. But let us examine this thesis to identify and articulate the new agendas for the States to fulfill in this era of globalisation.

The End of Nation State Thesis (ENT) is usually advanced for three reasons:

- Globalisation of trade and capital has undermined the economic autonomy of the State.
- The world of States is being replaced by a world of societies. “The relics of the world of States have been eliminated in Europe with the end of the East-West Conflict”, observed Ernst-Otto Czempiel. In international politics, we deal now less with States as compared to international organisations, NGOs and other non-state actors.
- The territorial basis of political modernity is being undermined today by new forms of economic modernity. In place of the self-contained Nation State is a network, modeled after transnational firms, detached from territorial forms of order and representing an open system without borders (Dittgen, 1998).

In most of the reflections on globalisation and its impact on Nation State, there is a need to separate rhetoric from the reality and a new look to be given to the evolving agenda of the State. For example, how does one view the perennial problem of ‘Cross-Border Terrorism’ across Indo-Pak border, if it is a ‘Borderless World’ we are living in? As George Simmel has pointed out, “The border is not a spatial fact with a sociological impact, but a sociological fact that shapes spatially”. Viewed from this sociological perspective, we can see the challenges of the State are now demanding a fresh look—different from the conventional pre-globalisation days. For example, today’s social reality along the borders may be less determined by the advanced nature of technology a rich neighbour may be having as compared to the fear of mass migrations from a weak

neighbouring State. The northern countries are increasingly closing their borders against refugees to curb illegal immigration. This problem is a running sore along the borders of USA and Mexico, Germany and Poland among and several African countries. Easy availability of deadly weapons can create a 9/11 catastrophe which has disfigured the international power equation altogether. The recent serial bomb blasts by terrorists in London would also have long-term repercussions on the same lines.

Similarly, despite the universal nature of human rights and the visible importance it has acquired of late, the fact still stands that the international protection of human rights has yet to cross the threshold of sovereignty. The individual has no direct function as a legal entity at the level of international law. The State of which he is a citizen acts as intermediary. It is true that international organisations are recognised by International Labour Organisation (ILO) but the Nation State still remains the most important institution for enforcing these laws and for giving legal protection. "There is practically no democratic method of control and no general democratic public beyond the territorial-State" (*ibid.*).

The economic argument for the ENT sounds the strongest though loss of functions suffered by the borders of a Nation State gets compensated by a new set of tasks, which have filled its agenda. In any case, a definitive form of global control is not possible in this multitude of intricate networks which characterises the global order today. The State as the governmental agency is often called upon to perform the role of a coordinator between a multitude of actors participating in the negotiations. Internationally, the Nation State is becoming a "Competition State" within the framework of a world market. It has taken on itself the function of coordinating within the transnational negotiation system. (Cerny, 1997). This is, however, not to minimise the importance of the stark reality of the State losing its welfare functions and probably, through that route, a considerable measure of its legitimacy. State intervention now is shifting increasingly from the macro-economic to the micro-economic level and its presence is felt more at the grassroots level either through mediation of its lower bureaucracy or the collaborating NGOs.

Another set of powerful observations focus on the institution of citizenship which, it has been argued, is losing its meaning. Authors such as Yasemin Soysal and Saskia Sassen have advanced the view that a variety of forms of membership not defined by national borders are taking the place of citizenship. But as these authors have taken care to mention, actual realisation of citizenship benefits is bound to the boundaries of the Nation States. This also includes enjoyment of social rights independently of citizenship. Whether it is in Europe or in the USA, "Social rights are reserved for citizens and restricted for legal immigrants". The Statelessness experiment of the European Union of 25 states is blatant in its breach than whatever little achievement has been registered in the direction of unification. Virtually, there is no international law which can force entry into a country. And on the issue of migration, Nation States defend their sovereignty with utmost determination.

3.5 CONCLUSION

Thus, a reading of the tortuous evolutionary path the State has been through historically should convince you that a new type of State is emerging: a State, which is growing in the presence of competition, markets, non-state actors and a number of international control agencies. It has become a part of the system which thrives on transnational

negotiations, borderless trade, information technology and network governance. We will read more about it in the subsequent Units of this Course.

So, how do we conclude? Whichever way we may conclude, the fact remains that (i) The Nation State does not emerge unscathed from the torrents of globalisation, and (ii) If we choose to train our sights responsively, it is not difficult to observe the same State saddled with a host of responsibilities, including some new ones. What the State has lost is what Ferdinand Tonnies called *Gemeinschaft* i.e., a holistic character, a sense of organic solidarity, which is beyond pragmatism and a set of given ‘tasks’.

As Philip G. Cerny (*op.cit.*) has observed, “If there is an increasingly paradigmatic crisis of the State today, it concerns the erosion of this posited underlying bond, and the demotion of the State to a mere pragmatic association for common ends – what Tonnies called *Gesellschaft* and Michael Oakeshott called ‘Enterprise Association’. The ‘End-of-Nation State’ thesis therefore is based on a narrow viewing of the role of State. This is the outcome of a mechanical interpretation of State. As Bob Jessop (continuing further the unfinished researches of Nicos Poulantzas on the Relative Autonomy of State Thesis) has observed: “The State is not simply something towards which one must adopt a political strategy, but is something (or better, a social relation) which can be fruitfully analysed as the site, the generator and the product of strategies. Further, it is not a unitary force but rather a specific institutional ensemble with multiple boundaries, no institutional fixity and no pre-given formal or substantive unity..... Any substantive unity which a State system might possess derives from specific political projects and struggles to impose unity or coherence on that system” (Cf Pierson, *op.cit.*).

Taking Bob Jessop’s parameters, one can argue that a new Nation State with new boundaries and a new set of agendas is in the making, which is what should not be confused for “End of State”. Empirically speaking, what we are experiencing in these days of globalisation is an accelerated intensification of transnational relations (Jessop’s political project). A loss of autonomy has been caused to this State with the dire implications for the society. State’s loss of autonomy however does not suggest, either logically or empirically, loss of sovereignty. This new *avatar* of the Nation State (i.e. the Neo-liberal State) is saddled with an over-increasing load of responsibilities to coordinate among diverse domestic and foreign policy networks. We will read more on Neo-liberal perspective in Unit 5 of this Course. On the sovereignty front, however, no viable alternative has appeared on the global horizons; and this would delay the advent of a Cosmopolitan Democracy or One World since cosmopolitan law is a necessary consequence of a routine, normally functioning Constitutional State. Till then, we have to make do with this new State, which is always open for progressive changes in response to forces of globalisation-from-below.

3.6 KEY CONCEPTS

Bolshevik Revolution

Coup organised by Vladimir Lenin and carried out by the Bolshevik radical group of the Russian Social Democratic Labour to overthrow the provisional government of Russia in November 1917. It is also known as October Revolution. The Revolution was led by

Leon Trotsky and marked the first official communist revolution of the 20th century, based upon the ideas of Karl Marx

www.photius.com/countries/uzbekistan/glossary

Fordist

The social institutions of mass production, collectively called Fordism.

GATT

General Agreement on Tariffs and Trade that was originally negotiated in Geneva, Switzerland in 1947 to increase international trade by reducing tariffs and other trade barriers. GATT provides a code of conduct for international commerce and provides a framework for periodic multilateral trade negotiations on trade liberalisation and expansion. A round of negotiations pertaining to free international trade and limiting quotas and tariffs was held in Punta del Este, Uruguay in 1987

www.ecifm.rdg.ac.uk/glossary.htm

Global Civil Society

It is an emerging reality, still under construction, not completely defined in its composition and functions. It is a social expression of the awakening of an authentic planetary culture grounded in the spiritual values and social experience of hundreds of millions of people. Global civil society emerged as a major social force to resist an assault on life and democracy by the institutions of corporate globalisation. Initially, the resistance centred on World Bank, IMF and WTO, subsequently it shifted to global corporations and financial markets. The global civil society has presented its public face in massive demonstrations in countries around the globe. The organized expression of these sources of socio-political energy has been also identified as ‘globalisation-from-below’

(www.coe.int and Centre for Alternative Development Initiatives – Draft Paper).

Great Depression

It was a global economic slump that hit North America and other Industrialised areas of the world between 1929-34. It was precipitated by the collapse of the US Stock Market in October 1929. The term ‘depression’ denotes (in economic sense), a cyclical phase of the economy with high unemployment of labour and capital, business consumer pessimism, falling prices, etc.

www.lcweb2.loc.gov/frd/cs/chile/cl-glos.htm

International Monetary Fund (IMF)

Established along with the World Bank in 1946, the IMF is a specialised agency affiliated with the United Nations and is responsible for stabilising international exchange rates and payments. IMF tries to provide loans to its members (including industrialised and developing countries) when they experience balance of payments difficulties. These loans often carry conditions that require substantial internal economic adjustments by the recipients, most of which are developing countries)

www.wcit.org/traders/glossary.htm.

Keynes' Welfare Capitalism

It is an economic theory based on the ideas of John Maynard Keynes. In Keynes's theory general (macro-level) trends can overwhelm the micro-level behaviour of individuals. Keynes asserted the importance of the aggregate demand for goods as the driving factor, especially in downturns. He argued that government policies could be used to promote demand at macro level to fight high unemployment and deflation of the sort seen in the 1930s. Keynes' thoughts conflict with the tenets of classical economics, supply side of economics and Austrian school of economics.

www.en.wikipedia.org/wiki/Keynesian_economics .

Luddites

As per the Wikipedia, the Luddites or Ludds were a social movement of English workers in the early 1800s who protested often by destroying textile machines, against the changes produced by the Industrial revolution that they felt threatened for their jobs. The movement began in 1811 and was named after a probably mythical leader, Ned Ludd. Since then, the term Luddite has been used to describe anyone opposed to technological progress and technological change.

McDonaldisation

It is the process by which a society takes on the characteristics of a fast-food restaurant. The term was coined by Sociologist George Ritzer. It is a reconceptualisation of rationalisation or moving from traditional to rational modes of thought and scientific management. Four primary components of McDonaldisation are: efficiency, predictability, calculability and control

<http://en.wikipedia.org/wiki/mcdonaldisation>

Merchantilism

An economic philosophy of the 16th and 17th centuries that laid that international commerce should primarily serve to increase a country's financial wealth, especially of gold and foreign currency. It stresses on the development and control of tradable goods as a means to foster the general good or wealth of a country

www.personal.umich.edu/~alandear/glossary/m.html.

Pari passu

With equal speed or simultaneously and equally .

UNESCO

United Nations Educational, Scientific and Cultural Organisation or UNESCO is a specialised agency of the United Nations system established in 1946. The main objective of the organisation is to contribute to peace and security by promoting collaboration among the nations through education, science and culture in order to further universal respect for justice for the Rule of Law and for human rights and fundamental freedoms.

Washington Consensus

Prof. John Williamson's expression which conveys the ideological consensus shared by Washington headquartered government and international organisations (consisting of the

Government of USA, World Bank, IMF etc) as distinguished from the organisations like UNESCO, WHO etc. headquartered elsewhere (also discussed in the Key Concepts of Unit 1).

World Trade Organisation (WTO)

It is a global international organisation dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the World's trading nations. The goal is to help producers of goods and services, exporters, and importers conduct their business. The headquarters of WTO are located at Geneva, Switzerland
www.wto.org/english/docs-e/docs-e.htm

3.7 REFERENCES AND FURTHER READING

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3.8 ACTIVITY

1. Try to read a few recent articles or write ups in newspapers, magazines, journals and books and pen down your viewpoints on the characteristic features of the present Nation State.