

GLOBALIZATION AND CHANGING ROLE OF STATE AND BUREAUCRACY

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ABSTRACT

Globalization as the name suggests is a global economic movement which involves all national international economic players including the all pervasive bureaucracy. It is a multi-role, multi-layered phenomenon in which everyone contributes his bit. The civil services are the basic factor in administration through which the will of the state is expressed.

They run the state administration and manage public affairs. They are the pillars of the state. They play a stellar role in meeting the objectives of globalization, as a result, having a great bearing on the economy of the state. They are required to manage globalization in such a manner that the negative impact of this system is minimized to a great extent.

This paper highlights the change in role of state and bureaucracy in wake of globalization.

KEYWORDS: Globalization, State, Bureaucracy, Administration Change

INTRODUCTION

Globalization as the name suggests is a global economic movement which involves all national international economic players including the all pervasive bureaucracy. It is a multi-role, multi-layered phenomenon in which everyone contributes his bit. The growing progress of science and faster means of communication have converted the world into a global village wherein people from all strata of society have converged to share the economic benefits which are a resultant of increase in production. States' national boundaries are shrinking and an inter-state commonwealth is emerging on the basis of a common cooperative endeavor. In every such growing economy, one feels the presence of an "invisible hand" (Biju, 2006) of bureaucracy.

The term globalization implies economic integration through cross country flow of information, ideas, technologies, goods and services. Its seminal features are:

- (i) Removal of trade barriers to facilitate free flow of goods all over world
- (ii) Generating environment which conduces to the free flow of capital among nation-states
- (iii) Facilitating the free flow of technology, and
- (iv) Providing opportunities for the free and unfettered movement of labor among various nations

To put it in a nutshell, globalization leads to economic growth and integration which can happen through trade in goods and services, movement of capital, and flow of finance through

movement of people. But in reality globalization is a multi-layered phenomenon. Across borders, unity ushered under the impact of globalization has several dimensions - cultural, social, political and economic. That is why some economists termed it as a process of creation of global economy, whereas others talked of political and social globalization, a globalization of ideas that led to technological changes (Purushottam, 2004). Broadly speaking it can be suggested that "Though the world globalization (as a synonym for privatization and liberalization) is more often used in its economic sense of removing trade barriers and state controls on economic activities of people, it implies widely the unification of peoples, cultures, nations and continents through interaction in various fields."³

The tempo and pace of globalization is so momentous that it has transformed world politics. States are no longer closed and compact political units that could control their economies independently. They are greatly influenced by international financial and trade institutions, and policies. Common global culture is a world wide phenomenon and under its influence, most urban centers of various nations have developed a close affinity with one another. "The world is becoming more homogeneous. Differences between people are diminishing. Time and space seem to be collapsing. Our old ideas of geographical space and chronicle time are undermined by the speed of modern communication and media. There is emerging a global polity, with transitional social and political movements and the beginning of a transfer of allegiance from the state to sub-state, transitional and international bodies. A cosmopolitan culture is developing."

The proponents of globalization stress that as a result of the policies of globalization, developing nations would be able to improve their finances and march towards rapid economic growth. In India globalization has become synonymous with economic liberalization which was adopted when the Indian economy faced unprecedented crisis in July 1991 and tons of gold had to be mortgaged with England. The government, headed by Prime Minister P.V. Narasimha Rao, felt compelled to reverse the licence-permit raj resting on an economic policy of stringent controls and protectionism. Consequently, structural adjustments involving liberalization of trade and gradual opening up of the economy by means of a program of privatization were undertaken, resulting in the process of dismantling trade barriers in 1991. Since then every year, the government has reduced customs duties and also removed quantitative restrictions, in order to facilitate the free flow of goods, capital and technology. Thus globalization becomes a motivating force for nations to develop at a faster rate. For a developing country like India it opened up access to new markets and new technology.

CONSEQUENCES OF GLOBALIZATION

Opinion is divided on it. While some perceive it as an engine of economic development, social and cultural advancement and a way towards economic and social unification, others fear that it may lead to a more iniquitous distribution of income among developing nations and pave the way for economic domination by developed countries over under-developed and developing nations.

Referring to the advantages of globalization, it is said that "Globalization promotes specialization, the theory of comparative advantage and increased production and productivity. It also helps to remove world poverty through trade and the trickle down effect. It unifies different people by sharing prosperity as well as the common miseries thereby reducing the incidence of wars that are now capable to annihilating mankind due to advances made in weapons technology through atomic, chemical and biological sciences..... Globalization is also being pursued by many nations as it is considered to be in furtherance of democracy and freedom of the individual. It also enlarges the scope for countries to benefit from different opportunities arising around the world..... If there is war, poverty or unhappiness anywhere in the world, it is likely to become a **threat** to peace, prosperity and happiness elsewhere."

CHANGING ROLE OF BUREAUCRACY

The civil services are the basic factor in administration through which the will of the state is expressed. They run the state administration and manage public affairs. They are the pillars of the state. They play a stellar role in meeting the objectives of globalization, as a result, having a great bearing on the economy of the state. They are required to manage globalization in such a manner that the negative impact of this system is minimized to a great extent. Under the impact of liberalization, privatization and globalization, the hold of the governments on economies is slackening. The influence of international bodies, multinational corporations and external agencies is on the ascendance. The developing countries invite and accept foreign funds to develop their infrastructure and thereby the control of local resources is taken over by multinational corporate houses that acquire uncontrolled access to local economic resources. The ill-effects of globalization on economic systems and on domestic policies are evident. The policies of **LPG** curtail the state's welfare activities by reducing expenditure in populist spheres. This leads to inequality and the poor and needy become more destitute. Existing life styles, values and systems of local people are transformed. Hence the administration is required to be more cautious and vigilant. The civil services guide the political executive, helping them in policy making by keeping in view the national interest and the welfare of the people. Such policies are framed as may lead to self-sufficiency, efficiency, and equitable use of natural resources.

It has been rightly said, "To resist the onslaught of multinationals the challenge before civil servants is, therefore, how to localize globally and globalize locally. They have to initiate decentralization, people's empowerment through devolution of powers and encourage local self governing institutions to administer and meet collective or social needs while encouraging markets to meet the individual needs."

Referring to the role of the state in the context of India's new economic policy, it is observed. "The rolling back of the state on the economic issues necessitates a redefining of its new role and re-examination of its structures and processes. It may no longer remain to be the owner of strategic industries, but it is still a regulator, a pro-consumer regulator that oversees and prevents abuses of market and provides the legal, physical and human infrastructure. It has to concentrate in development economics that would benefit primarily the poor and the disadvantaged."

LPG i.e., Liberalization, Privatization and Globalization, sometimes lead to cut throat competition which causes corruption, diminishes quantity of production and influences the

quality of life. To ensure consumer satisfaction, one should draw upon the quality in production and promote fair trade practices. In off-market dealings there is need to have fair and rational rules and efficient and effective governance. But good governance, essential for economic progress, peace and sustainable development, depends on services and talents of an efficient, dedicated and committed civil service. Good governance empowers and encourages people to take increasingly greater control of their lives through their participation, in a manner that does not impinge upon the accepted rights of others.

The civil servants are expected to lead and have the responsibility to hold the scales even and do what is good for the common man. The civil servants are required to gear up the administration and create stability by keeping themselves politically neutral and dedicated to the cause of the people. They can display greater skill to serve the society and make the people more conscious of their rights. Therefore, to be successful in a globalised system of economics, civil servants have to strike a fine balance between **participation** and **accountability** ; **competition** and **conflict** ; **user** and **citizens** ; **public interests** and **market interests** and **old** and **new** . Laws have to be enforced impartially and the weaker sections are to be protected by them as the operations of the Corporates may not take care of them. The civil servants must promote efficiency not only in public services but also within government. In developing countries, governments are the main promoters of public welfare, and civil servants should work hard to achieve their stipulated targets.

In a globalised economy, local entrepreneurs can ill afford to compete with giant foreign corporations, and this conduces to monopolistic exploitation of the locals. The profits are drained out and domestic industry and national interests suffer. For example with the coming of Pepsi and Coke, the domestic soft drink industry completely disintegrated. Here the civil services can enforce the rules strictly and disallow the multinationals to take over domestic enterprises.

Although the developing countries have registered some progress yet as compared to the developed countries like the U.S.A., the U.K., France, and Germany, their lot is still unsatisfactory and needs corrective therapy and treatment. The ill-effects of globalization have further led to the worsening of their plight. To remedy this situation, the bureaucratic structure has to be revamped. The civil services should work hard to create an environment in which rights of the citizens are protected, law and order is maintained, stability is provided and efficient financial and administrative infrastructures are put in place to tone up welfare services to the people. The civil services should protect the people against the market forces and onslaught of multinationals. The people should be encouraged to manage their affairs through various forms of organizations like N.G.O.s, cooperatives, self-help groups and institutions working for the welfare of people. Participatory measures should be taken as an end as they help the people to enjoy their freedom. The civil services should assist the people to withstand the onslaughts of globalization.

GLOBALIZATION AND ITS IMPACT ON THE STATE

The lifting of trade barriers, liberalization of world capital markets, and swift technological progress, especially in the fields of information technology, transportation and telecommunications, have vastly increased and accelerated the movement of people, information,

commodities and capital. Correspondingly, they have also broadened the range of issues which spill over the borders of nation-States requiring international normsetting and regulation and, therefore, consultation and formal negotiations on a global or regional scale. Many of the problems afflicting the world today - such as poverty, environmental pollution, economic crises, organized crime and terrorism – are increasingly transnational in nature, and cannot be dealt with only at the national level, nor by State to State negotiations. Greater economic and social interdependence seems to affect national decision-making processes in two fundamental ways. It calls for a transfer of decisions to the international level and, due to an increase in the demand for participation it also requires many decisions to be transferred to local levels of government. This implies that “public policies are undertaken at different levels” (Sulbrandt, 2000, p. 3) Thereby, globalization entails complex decision-making processes, which take place at different levels, namely sub-national, national and global, paving the way to a growing multilayered system of governance.

The fact that cooperation and regulation are required on many levels as a consequence of the complexities and transnational nature of present world issues has led a number of scholars to predict the "end" of national state power. Some argue that the State may only adjust to globalization, but not have an active role in it. Some believe that the State will become obsolete. Despite the many concerns about the loss of sovereignty, the State remains the key actor in the domestic as well as international arenas. The popular assumption that the emergence of global civil society, and increasing levels of cross-border trade, finance and investment flows turns the nation-State into an anachronism is wrong. In the international arena, closer cooperation and concerted action among States represent an exercise of State sovereignty. Such concerted action does not necessarily weaken States; rather, it can strengthen them by creating a more stable international environment and by giving them greater scope to expand their exchanges in a variety of fields. Moreover, globalization without effective and robust multilateralism is bound to lead to crisis because markets are neither inherently stable nor equitable. The many "challenges that we confront today are beyond the reach of any State to meet on its own. At the national level we must govern better, and at the international level we must learn to govern better together. Effective States are essential for both tasks, and their capacity for both needs strengthening" (UN, 2000, Millennium Report, A/54/2000, para. 15). We should not overlook the fact that the entire edifice set up for global governance is currently designed by nation-States and driven by the initiatives which they undertake.

Since its inception, the nation-State has guaranteed internal and external security; underpinned the law; funded national welfare systems; provided the structures for popular representation; instituted public accountability; and built the framework for economic and social activities. During the last century, the responsibilities of the State have expanded in all these areas. "The need to supply collective public goods, to manage externalities and to provide for minority needs will persist even in a world of expanded globalization" (Jones, 2000, p. 268)²⁵. There is no evidence that globalization will reduce the relevance of such functions. If anything, it makes them even more necessary. Thus, the image of a borderless world in which the nation-state has little or no relevance is in many ways misleading. As a matter of fact, two realities co-exist. One is the so-called borderless virtual world where geography does not count, and communication and business transactions can occur in a matter of seconds. The other world is that of the everyday life of people in which borders still count, local realities are still complex and very different

among themselves, and most fundamentally where social and economic problems still need to be addressed. In addition, although there may seem to be cultural convergence, this phenomenon is only superficial and it does not seem to affect the core cultural values of different countries.

"The State will persist because the need for the State has grown, but also because the local resource pools and socioeconomic problems on which States are based are undiminished" (ibid, 2000). Only the State can guarantee, through independent courts, the respect of human rights and justice; promote – together with other actors - the national welfare, and protect the general interest. Its role is also fundamental in operating the intricate web of multi-lateral arrangements and inter-governmental regimes. It is still States, collectively or singly, that set the rules of the game, that enter into agreements with other States, and that make policies which shape national and global activities, and the agenda of integration; though this is true in principle, in reality the problem of capacity inadequacy of individual States has become clearly pronounced. This means that some States have more political leverage in shaping the international agenda whereas others have a less active role, as is the case for many developing countries.

The question of whether globalization negatively affects the capacity of the State to provide social services and goods has also been greatly debated. According to the findings contained in Part Two of the United Nations World Public Sector Report 2001 on "Globalization and the State", globalization does not reduce the size of the State. The cross-section evidence on the relationship between openness and the size of central governments, as measured by expenditure and taxation, presented in the above-mentioned publication, shows that there is no conflict between openness and government expenditure. On the contrary, governments of open economies tend to spend a significantly larger portion of their GDP and collect the additional taxes needed for this task. Opening to the world economy might be accompanied by a reduction in the size of government only if policy-makers believe that small government is a condition for open markets. In reality, there is no evidence in the decade of the 1990s that openness led to a

reduction in the size of government. The majority of the "globalizers" thus registered increases in expenditure and tax revenue. The ILO has reached the same conclusions and has emphasized that "up to now some of the countries with the most open economies have the highest levels of social spending (for example, most of the Nordic countries, Austria, Germany, the Netherlands). Open national economies in the global economy are not required to have low social spending. On the contrary, a high level of social protection would appear to be necessary in countries that are more exposed to external risks or have to undergo difficult structural adjustments" (ILO, 2001, p. 45).

The argument that globalization produces a reduction of the Welfare State and therefore a cut in social spending is not supported by evidence. On the contrary, a strong democratic State is needed to redistribute the benefits of globalization and to minimize the costs that some segments of the population may bear. To put it more simply, globalization may require that the State improve its capacity to deal with greater openness, but it does not seem to undermine its size nor its fundamental role within the national and international landscapes. To be sure, the State remains central to the well-being of its citizens and to the proper management of social and economic development. The State is also responsible for adopting policies, which are conducive to greater economic integration. We should not forget that further global integration can be

reversed by state policies inimical to openness, as occurred between the two World Wars. In brief, globalization does not reduce the role of the nation-State, but redefines it given the pressures and responses it must give at the local, national and international levels

CONCLUSION

The march of globalization is unstoppable. It is no longer an option; it is a fact. It is spreading its tentacles every where and the developed nations use it as a means to control world economy. Some dub it as yet another form of economic colonialism. Under these circumstances the civil services should strive to save the country from the thrall dom of imperialistic and monopolistic globalization. By protecting them from the dangers of globalization they should act as protective shields. In the words of D. C. Pande and P. S. Bisht, the state "must promote" ethics in politics and allow only those honest individuals into politics who firmly believe that they are there simply because of political need for economic development and certainly not because of any political desire of their own."

In brief, to label globalization in absolute terms as either a totally positive or negative phenomenon is a simplistic approach. Ultimately, globalization benefits society at large in

countries that enjoy some degree of political stability, that have in place adequate infrastructure, equitable social safety nets and in general strong democratic institutions. Experience has shown that globalization requires strong, not weak States. Thus, one of the main preconditions to ensure that the benefits of globalization are evenly spread throughout the developed and the developing world and within a given country is good governance, including an efficient and effective public administration

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