Beyond Nation-State: 
Globalization and Regionalism in South Asia

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Introduction

Since the end of the 1980s, we have been witnessing a new trend in inter-state relations where the ‘absolutes’ of the territorially fixed states are gradually ‘dissolving’ to give rise to a new global order. The nation-states are increasingly sharing power – including political, economic and security roles – with other actors like the businesses, international institutions, non-governmental organizations and multitude of citizen-groups. Simultaneously, resources and threats that matter, including money, information, technology, environment and culture, circulate and shape lives and economies with less regard for political boundaries. Although the vision of a ‘borderless’ world still remains a distant dream, even the most powerful state today often finds the market place and international public opinion compelling to follow a particular course.

The state’s central task of assuring security has also undergone some perceptible changes with the transformation of East-West relations, realization of the need for Nuclear Non-Proliferation Treaty and the new role of the United Nations backed by the United States and other major powers. The new global threats are perceived to be coming more from terrorism, organized crime, drug trafficking, ethnic conflict, population explosion, environmental degradation, poverty and chronic political instability. The notion of security has taken a new dimension. It has become more comprehensive and is increasingly viewed in terms of conditions of daily life - food, shelter, employment, health, and public safety.

A striking paradox, however, characterizes the contemporary era: on the one hand, we find progressive trends towards organization of substantial areas of human activity on regional and global levels, on the other hand we witness political fragmentation and social cleavages based on ethnicity, religion, language and migration. In fact, this complex of interacting forces of integration and divergence is increasingly shaping different forms of state and inter-state institutions and the problematic of global governance. The nation –state whose independent character seems to be fraught with difficulty, still lies at the intersection of a vast array of international regimes and organizations that have been established to manage the whole areas of transnational activity including trade, finance and collective policy problems.
This paper attempts to examine how the states’ legal territorial boundaries are increasingly permeated by external forces arising from global political, economic and technological changes - often broadly conceptualized as globalization. The paper looks into the globalization’s debatable consequences on national and regional security in terms of economic integration, democratization and social equity.

**Nature of Globalization**

Globalization has entered the vocabulary of policy makers, businesses, politicians, the media and the academics as a contested word often suffering from a lack of precision. Some authors viewed that globalization represents a fundamental break in the organization of human affair- a shift in the organizational principle of economic and social life. National political communities are becoming increasingly integrated in the global order to give rise to a ‘borderless world’. (Kenichi Ohmae, The Borderless World (London: Collins, 1990). The impersonal forces of world markets, as one author argued in a recent book, “are now more powerful than the states to which ultimate political authority over society and economy is supposed to belong. Where states were once the masters of markets, now it is the markets which, on many crucial issues, are the masters over governments of states.”

The changing enmeshment of states in global flows and transformations are currently being discussed and debated by scholars from various disciplines(David Goldblatt and Others, Global Flows, Global Transformations: Concepts, Evidence and Arguments (Cambridge: Polity, 1998). Political Scientists and International Relations scholars are often in agreements that States can no longer be thought of as “the hard billiard balls” of classical international relations theory - i.e., meaning as “fully autonomous entities pursuing self-defined national interests”. Globalization is, therefore, conceived as a broader concept that refers to the whole range of activities and practices involving state and non-state actors that tend towards a more integrated global social system. The major non-state actors like the multinational corporations, international institutions and national and international NGOs are now able to push around even the largest governments.

In fact, today NGOs deliver more official development assistance than the entire U.N. system. The international institutions like the World Bank, International Monetary Fund and the Asian Development Bank are building constituencies of their own and, through NGOs, establishing direct connections to the people of the world.
These international financial institutions particularly have inserted themselves more into states’ domestic affairs – attaching conditions of loans concerning recipient governments’ policies on poverty, the environment, and even the military spending, a once sacrosanct domain of national prerogative. In 1991, a statement of the World Bank’s policy holding that “efficient and accountable public sector management” is crucial to economic growth provided the rationale for subjecting to international oversight everything from official corruption to government competence. Similarly, the multinational organizations providing finance to the business involving themselves in an wide array of states’ domestic production and distribution processes are creating a powerful globalizing force.

Globalization, therefore, represents a significant break in the organization of human affairs and – a shift in the organizational principle of economic and social life. The interconnectedness of different nations and peoples today is more extensive than it has ever been. Globalization, thus, involves a stretching and deepening of human relations and institutions across space and time. It implies, at least two distinct phenomena: first, it suggests that many chains of political, economic and social activity are becoming interregional and intercontinental in scope; and second, it suggests there has been an intensification of levels of interactions and interconnectedness within and between states and societies. By drastically reducing the importance of proximity, the new technologies are changing people’s perceptions and activities.

The computers, fax machines, satellite and the internet connect people across borders with exceptionally growing ease with deep political and social consequences. International organizations, for example, given a longer rein by governments and connected to the grassroots by deepening ties with NGOs, can with adequate funding take on larger roles in global housekeeping, security, human rights and emergency relief. Moreover, the new force on the global scene, international public opinion, informed by worldwide media coverage and mobilized by NGOs can be an extraordinarily potent force in getting thing done or taking a particular course by a national government. It is, however, possible to distinguish different historical forms of globalization in terms of extensiveness of networks of relations, the intensity of flows and levels of enmeshment, and the impact of these phenomena on particular states or communities.

Globalization is neither a singular condition nor a linear process. It is best thought of as a multidimensional concept involving a diverse domain of activity and interaction including the economic, political, technological, cultural and environmental. Each of these spheres involves different patterns of relations and activity. However, globalization process has bitten deeper in some domain than others and economic globalization today outweighs concerns over other aspects of globalization.
In fact, globalization is currently understood mainly in terms of interconnectedness of nations and regions in economic domain – trade, financial flows and multinational organizations. In other words, globalization is seen as an economic parallel to internationalization in the form of universal rule of the market. There has been, of course, an inter-linked process of political and cultural globalization exemplified by increasing democratization, rise of global civil society, internationalization of media and wider awareness of global environmental problems.

**Foundation of Globalization**

**Political**

Today we live in a world that looks very different that it did a decade ago. The major catalysts for this changed global order are political, economic and technological. The political foundation of globalization was laid down at the end of 1980s with the eclipse of the Cold War which in reality meant: the end of the East-West conflict, the break-up of the Soviet Union, the collapse of communism as global challenge to the West and the triumph of a political and economic model of liberal capitalism. The cold war had multiple facets – the most basic was the bipolar division – the U.S.- Soviet rivalry which in turn divided the rest of world in two hostile camps defended by the nuclear prowess of the two superpowers. The security dimension was therefore exacerbated by political, economic and ideological battles as “capitalism” and “socialism” struggled to expand their respective turf. As Moscow ceased to be a strategic and ideological rival to Washington and abandoned its international commitment, great power competition passed to a different historical phase from a predominantly politico-military one to economic one.

The emergence of United States as the sole superpower, the Gulf War, the U.S. pivotal role in the Security Council of the UN and shift in UN priorities to peacekeeping and enforcement led to a new framework of global security. In this new order, although the ‘Westphalian’ state system remains, its notion of sovereignty is increasingly been challenged by external economic and technological forces and processes and internally by political fragmentation and social cleavages. In 1991, the United Nations General Assembly declared itself in favor of humanitarian intervention without the request or consent of the state involved. The Security Council of the United Nations took a number of unprecedented steps of authorizing the use of force on behalf of the state of Kuwait, civilian populations of Somalia, Bosnia and currently against Yugoslavia. This change reflects the broadened scope of what the international community now feels it should ‘poke its nose into’ wherever domestic situations involve awful human suffering or offend international norms or pose threat to international security.
The efficacy of democracy as a national form of political organization has also assumed a new dimension. The idea of a democratic order is no longer be defended simply as an idea suitable to a particular closed political community or nation-state. Deliberative and decision-making centers beyond national territories are appropriately situated when those significantly affected by a public matter constitute a cross-border or transnational grouping or when the principle of democratic legitimacy cannot be redeemed in national context. It is no surprise, therefore, that since 1990, the United Nations began to respond to a deluge of requests from governments that felt compelled to prove their legitimacy by the new standards. In Latin America alone, where countries most jealously guard their sovereignty, the Organization of American States monitored eleven elections in four years. In many Asian and African countries, close-knit mix of international organizations and NGOs involving a large foreign presence, carried out election monitoring almost regularly since early 1990s. Election observers even carried out parallel vote-counts that can block fraud but at the same time second-guess the integrity of national counts. In fact, the concern for democracy in the new global order transcends national boundaries, and its realization requires global or regional initiatives in the interest of effectiveness and legitimacy.

Technological

Globalization as the new ‘buzz word’ was facilitated by technological innovations and new means of communication. The last one and half decade brought important changes in technology, organization of production and trading networks. In fact, innovative transportation and communication have shrunk both space and time, thus permitting business managers to run complex global organizations in an integrated fashion. Dramatic improvements in transport systems, including commercial jet aircraft, larger ocean-going vessels, and the shift to containerization, together with global communication system utilizing satellites, facsimile machines and teleconferencing, Radically reduce the time as well as cost required to send goods, messages and people from one part of the world to another. State of the art information technologies based primarily on micro-electronics such computer-aided design and computerized numerically controlled machinery, give flexible automation the potential to manufacture high quality diversified goods inexpensively in small batches as well as in large volumes. Modern technology, thus became the ‘driving force’ of globalization.

Economic

The foundation of current globalization is economic – a process intimately linked to trade, production and capital liberalization. Some political economists argue that globalization is the natural outcome of trade and investment expansion. In fact, aided by revolution in technology, transnational firms have begun to penetrate production processes, markets and trade networks globally. Historically international trade was by far the most important link among countries and regions. Now it is rivaled by investment and financial flows. The world economy has undergone a fundamental shift toward an
integrated global division of labor in production and trade. Today, the most dynamic industries are transnational in scope- and industrialization is the result of an integrated system of global trade and production. Open international trade encourages nations to specialize in different branches in manufacturing and even in different stages in production in a specific industry. New patterns of specialization between countries entail the fragmentation and geographic relocation of manufacturing processes on a global scale in ways that slice through national boundaries. Multinational firms or corporations are becoming increasingly disconnected from their home nations as manufacturers, traders, bankers and buyers simultaneously scour the globe for profitable opportunities.

There has been an unprecedented expansion in world trade – almost 30-fold in the last three decades. Although world trade is still concentrated among the industrialized countries of the North – its share is more than 80 percent, there has been spectacular rise South’s manufacturing exports to the North – indicating a globalized pattern in world trade. In fact, in absolute terms, most countries are now significant exporters and the classic core-periphery relations in which developing nations supplied primary commodities to industrialized countries in exchange for manufactured goods is outdated. Today the maturity or sophistication of a country’s industrial structure is measured by the complexity of products it exports. By mid 1990s, for example, manufactured exports constituted well over 90 percent of total exports in three of the four East Asian Newly Industrializing Countries (NICs), and were approximately three-quarters of all exports of China, Singapore and South Asia.

The East Asian countries also shifted to higher value-added production in the 1990s making machinery and transport equipment a dynamic export base. The countries at the lower level of development such as Indonesia, Pakistan, Sri Lanka and Bangladesh made garments exports a growth pole for their economies. In fact, the textiles and apparel complex, despite its status as a declining sector in the developed countries, represents the leading edge of globalization for many third world nations of South Asia, Latin America, Sub-Saharan Africa and the Caribbean. Most of these countries are now significant exporters and are connected to Global Commodity Chain through which they supply goods and services in the world economy.

The global trade linkages have taken the forms of five major export roles: primary commodity exports, export processing assembly operations, component supply subcontracting, original equipment manufacturing, and original brand name. These export roles are not mutually exclusive, and many East Asian nations employ all five roles, though component supply subcontracting occupies their major role. The bulk of South Asian countries not fit into the first two roles, and many African countries are limited to primary commodity export role. However, through this Global Commodity Chain, international production and trade are now increasingly organized by industrial and commercial firms involved in strategic decision making and economic networking at the global level.
It is also important to note that the sustained growth of trade among countries and between regions has been happening despite serious problems in current trade arrangements. National and regional economies are, in fact, enmeshed in a pattern of increasingly dense and competitive international trade networks. Globalization has intensified conflicts and contradictions in trade relations. In fact, the rhetoric of free trade seems to be more daunting today as trade disputes, Voluntary Export Restraints, Export Cartels and anti-dumping complicate the international trade regime. Substantial differences exist and asymmetries remain in trade relations among the ‘Triad’ i.e., European Union, Japan and the United States as well as among regional states. While efforts are continuing through such processes as “harmonization” and “mutual recognition”, it is unlikely that without ‘consensus building’ and effective international competition policy, free and fair trade can ever be materialized.

One of the most dramatic changes brought by globalization over the past one decade has been the shift in the patterns of international finance which constitutes the central mechanism linking the diverse market processes into a single web. Indeed financial markets are inherently the most spatially crosscutting of all types of exchange, and national governments increasingly measure their performance according to criteria acceptable to financial markets. Although the major financial trends are towards overall global integration, this is a complex and uneven process. Some markets are highly globalized and some are still predominantly national despite some transnational inroads, and others are a complex mixture.

New technological developments especially computerization, make complex ‘arbitrage’ more and more profitable with low transaction costs and minimal spreads, the resulting price changes have an impact across a range of these markets virtually instantaneously. Although "share markets" are still relatively national, globalization has been growing rapidly, especially in secondary markets for portfolio diversification purposes. The liberalization of capital markets particularly in the mid-1980s and 1990s has created a more integrated financial system that has ever been known. The effects of global financial flows on economic and social policies are profound. The national governments face increasing difficulties to pursue independent monetary policies and independent exchange-rate strategies. Individual governments have less economic maneuverability in reshaping economic policies, and financial operators from across the borders can precipitate crises by their actions at any moment as it happened in case of ‘Asian Economic crises’ that affected some the fastest growing economies in the past two years.
The globalization of financial markets has also transformed banks which are seeing their old functions eroded, and new functions developing bringing into question the whole relationship between the banking system and the state. The ‘global, integrated, 24-hour financial market place is, in fact, driving the twin processes of ‘deregulation and securitization’ – the latter involving the substitution of complex marketable securities issuing and trading for intermediated bank lending. With the globalization of production and trade, market demand for financial services is also continually segmenting. Exchange rates and interest rates, are increasingly set in world markets. In fact, in the 1990s until the East Asian financial crisis, the global financial system was perceived as an opportunity rather than a constraint in many regions of the world. The international financial institutions like the IMF and the World Bank as well as private sector investors also played an influential role in the process of financial globalization. A quick glance at the international capital flows in the last fifteen years reveals that the volume of international capital flows increased significantly. Direct investment flows to developing countries increased in the 1990s , but portfolio investment increased far more. East Asian countries became the largest recipient of these direct and portfolio investments replacing Latin America and the Middle East. The United States, Germany and Japan became at a roughly equal level as the three largest suppliers of capital to the global economy.

The international capital flows has made significant impact on the development strategies of the Third World countries and compelled them to renegotiate their relationships with private foreign and local capital. Economic liberalization in developing countries took place via explicit conditions of the International Monetary Fund and the World Bank as well as regional development banks and bilateral donors. These conditions are mainly designed to encourage the Third World countries for opening up to international trade and capital and on limiting the role of the state – the latter was related to the reduction of fiscal deficits, liberalization, deregulation and privatization of state-owned enterprises. Particularly, in the 1990s, donors conditionalities extended beyond economic performance – to include poverty alleviation programs, reduced military expenditures, respect for human rights, good governance, democracy and environmental protection.

Multinational Corporations

The globalization of production and trade, and internationalization of financial transactions are organized , in part, by the fast-growing multinational companies. Two major points to be made about the multinationals’ role in the globalization process: can be discerned. First, the multinationals today account for a quarter to a third of total world output, 70 percent of the world trade, and 80 percent of direct international investment They are essential role to the diffusion of technology and are key players in the international money market. Second, as some perceptive scholars of international political economy point out that the multinationals respond to variations in a country’s macroeconomic policy and can quickly move their activities to where the maximum
benefits accrue. “A quantum leap in the exit threats of mobile producers and investors has tilted the balance of power in favor of the market over politics at the national level”. It is therefore important to address the issue of capital flight with respect multinational exit. The policy variables of national government – the government spending, public sector deficits and effective capital tax rates and stable political and social environment play a crucial role in sustaining the multi-nationalization of production and financial market integration.

Global Civil Society

Another influential player in the current globalization process and is Non-Government Organizations – whose members are citizens of one or more countries pursuing national and transnational interests activities. NGOs are a swiftly growing universe, and their number is often misleading – although one widely cited estimate is thirty five thousand in developing countries. Some prominent examples of international NGOs include Amnesty International, CARE International, World Conservation Union, Foundation for International Community Assistance, International Chamber of Commerce etc. The NGOs are varied in their diversity and scope, strengths and weaknesses. These NGOs are involved in changing social norms, challenging national governments and linking up with counterparts in powerful transnational alliances in areas of politics, human rights, arms control, environment, poverty alleviation and social uplift.

The range of these organizations work is almost as broad as their interests, but in general terms they affect national governments, multilateral institutions and transnational corporations in setting agendas, negotiating outcomes conferring legitimacy and implementing policies. NGOs’ easy reach behind other states’ borders often forces governments to reconsider decisions on matters that governments have traditionally handled strictly between themselves. Women and human rights groups in many developing countries have linked up with more experienced, better funded and more powerful groups in developed countries and created a circle of influence to accelerate change. In fact, because of the existence of these organizations, national political communities by no means simply determine the structure and processes of social and cultural life without international or global exchange. NGO activism in the last few decades successfully raised the profile of some critical global issues. Instead of holding marches or hanging banners off buildings, NGOS now use computers, cell phones to launch global public relations blitzes that can force issues to the top of policy makers “to do” lists. In 1997, the Nobel Prize winning campaign by NGOs to conclude a treaty banning landmines over the objections of the United States was an example of their innovative campaign style – using media, World Wide Web, faxes, e-mail, newsletters and even comic books.
NGOs also played an important role in negotiating outcomes during talks on Global Climate Treaty culminating at the Earth Summit in Rio in 1992, extending the Treaty on the Non-Proliferation of Nuclear Weapons in 1995, and Chemical Weapons Convention in 1997 through lobbying and mobilizing public support. In fact, NGOs working in the field, often makes things work what national governments cannot or will not. Some humanitarian and development NGOs have a natural advantage because of their perceived political neutrality and experience. Moreover, as governments downsize, and new challenges crowd the international agenda, NGOs increasingly fill the breach. International NGOs play critical roles in translating international agreements and norms into domestic realities.

Where governments have turned a blind eye, groups such as Amnesty International and the Committee to Protect Journalists call attention to violation of human rights. Increasingly, however, NGOs operate outside existing formal frameworks, moving independently to move their goals, and establishing new standards that governments, institutions, and corporations are themselves compelled to follow through the force of public opinion. Despite criticisms that the NGOs often have to face, and sometimes justifiably, on balance, the record of NGOs is surely no worse than that of many governments. In fact, NGOs role on many occasions serve as invaluable back channels for national government or international regime- bringing new priorities, demanding procedures that give a voice to groups outside government or regime, and setting new standards of accountability. NGO activities, their linkages and methods of influence have given rise to a new global civil society.

The Environment:

The contemporary environmental problems are perhaps the clearest and starkest examples of global shift in human organizations and activity, creating some of the most compelling pressures on the efficacy of the nation-state and of state-centric politics. There are three types of problems at issue: shared problems involving the global commons, inter-linked challenges of demographic expansion and resource consumption, and transboundary pollution of various kinds. New environmental movements are, therefore, spearheaded by transnational organizations with transnational concerns. Not all environmental problems are, of course, global. But there has been a striking shift in the physical and environmental circumstances- that is in the extent and intensity of environmental problem affecting human affairs in general. These processes have moved politics dramatically away from an activity that crystallizes simply around state and interstate concerns. It is clearer than ever that the political fortunes of communities and peoples can no longer be understood in exclusively national or territorial terms.
Regional Responses to Globalization

Different regions responded to globalization process in different ways depending on their economic capacity, trade opportunities, access to finance and orientations of the states that form the region. In the face of structural changes at the global level, regionalization, therefore emerged to maximize trade benefits, or as new forms of collaboration to stimulate growth. The ‘regional renaissance’ was, in fact, motivated by the capacity of the regions to determine their own future in the face of globalization. Europeanization, in the sense of market liberalization and internationalizing the activities of the European Union has played a major role in transforming the activities and policies of regionalism. Both the European Union and North American Free Trade Agreement are trade-based regional blocs, created and sustained by government policies. The formation of the Asia-Pacific Economic Cooperation (APEC) forum, by contrast is a fledgling agreement that advocates free trade by the year 2020 within the framework of ‘open regionalism’.

The Asian region is of particular interest as de facto regional integration in East Asia has been occurring through the strategies of Japanese, US, and European Multinationals largely in the absence of inter-governmental agreement. East Asian regionalism, is therefore, a market–induced rather than policy-induced form of economic integration. Thus, while trade tends to promote regional integration, direct foreign investment appears to be better at spanning regional blocs and moving towards global economic integration. At stake, therefore, is the issue whether the regional economic blocs are a stepping stone to strengthening multilateral institutions like GATT, or whether regional integration is merely a defensive maneuver that is used to exclude certain group of countries from global markets. Trade-based form of cross-border linkage, including EPZ’s free trade areas are often termed as “shallow” forms of economic integration in contrast to “deep integration” that involves the production of goods and services as a result of complex corporate strategies and network structures.

The European Union has an advanced form of regional integration despite internal disparities and is getting more cohesive once the full monetary integration is achieved. East Asian countries have also been able to pursue regional economic cooperation in the last one decade simultaneously taking full advantage of the globalization process. Under the auspices of the APEC, these countries have committed to an ambitious schedule of trade liberalization. A number of recent studies indicate that financial flows between countries of East Asia have risen markedly in addition to trade expansion. It is, therefore, not surprising that because of their strong intraregional linkages and dynamism, they are fast overcoming the devastating economic crisis.
East Asian successful regional cooperation also encouraged the states of South Asia particularly in the mid-1990s to forge ahead with the schemes of regional and sub-regional cooperation. There have been renewed attempts in recent years to invigorate the otherwise ineffective South Asian Association of Regional Cooperation (SAARC). An Agreement was also signed to boost up intraregional trade under the rubric of SAPTA (South Asian Preferential Trade Agreement). There are also efforts to initiate schemes of subregional cooperation to stimulate endogenous growth in the region. But a comparative look at the two regions – East and South Asia suggests that the two regions responded differently to the blasts of globalization which subsequently also influenced their urge for regionalism. East Asia responded positively to the opportunities and constraints arising from their global as well as regional economic context by opening their economies, and could become what the World Bank termed as “economic miracles” within a short span of one and half decade. The extent to which East Asian countries have been able to pursue economic integration among themselves while deepening trade and financial relations with the rest of the world has been very impressive. While the current crisis cast a somber shadow, there is hardly any doubt that the dynamism of their economies will be sustained.

South Asia, on the other hand, has been very slow in responding to the winds of globalization as well as regionalization processes. Most South Asian countries, in the post–independent era adopted economic policies and instruments of a closed economy- with high tariff and non-tariff barriers. Only recently, these countries adopted drastic economic reforms with the objective of integrating with the world economy through deregulation, competition and trade policy reforms. In trade arena, Bangladesh took a number of steps towards liberalization – drastically cutting quantitative restrictions and lowering tariff rate – the average tariff rate in 1996 was 21.8 percent compared to 57.7 percent in 1992. The import-weighted average tariff-rate declined from 24 percent in 1992 to 17 percent in 1996. In India the trend towards liberal trade policy found expression during the years of 1991-92.

In the pre-reform period, India’s trade policy was highly complex and cumbersome. The tariff structure has been made simple with maximum rate of 40 percent, but about one-third of the imported commodities are subjected to non-tariff barriers. Pakistan has also undertaken a number of steps towards trade policy reforms- the maximum tariff was reduced to 45 percent in 1997. Sri Lanka is the most open – the maximum tariff on consumer goods was 35 percent and intermediate goods was 20 percent, and capital goods 10 percent.
It is generally agreed that the countries which have been integrated with the global economy show a higher ratio of trade to Gross Domestic product, which is sometimes known as trade openness. This ratio is the lowest for South Asia compared to all other regions of the world. There has been an increasing trend in the 1990s but the rate of change is still slow. The World Bank data for 1995 shows that in terms of openness of economy, India’s index is still as low as 25 compared to 80 for Thailand, 55 for Korea and Indonesia and 36 for Bangladesh. South Asia has not also become an important market in global trade – although it constitutes 22 percent of world population. South Asia produces 1.7 percent of the world output but it trades only 1.1 percent of world trade. The export share is 0.92 and the import share is 1.2 percent of world import. The export share of regional states are: India- 0.61, Pakistan- 0.16 and Bangladesh 0.08.

While most states of South Asia are now engaged in measures of economic liberalization, and are seeking tentatively to increase and strengthen intra and interregional relationships, these seem to fall far short of effective policies for open economies. The overarching concern in most of these states, and one that shapes all other issues, is national unity in the face of internal cleavages of ethnicity, religion, language, political differences, and external security fear. India’s preeminence in the region is overwhelming – in terms of her size, population, industrial development and military power. India has also a unique image of world’s largest democracy. But India’s performances in raising living standard of its people has lagged far behind most of East Asia during the past three decades. India’s record of motivating its regional neighbors to boost up regional economic cooperation on equitable terms has not been also very encouraging. The recent nuclear arms race in the region further complicated and delayed India’s liberalization process.

We have observed in East Asian case that liberalization of trade, orientation to manufacturing exports and financial openness are the major factors of success for East Asian countries. South Asian states’ reforms in these areas are still limited. We see. For example that India’s average tariff and non-tariff rates vastly exceed the tariff rates of other economies. India also displays continuing high barriers to foreign direct investment. The most important non-economic factor for South Asia’s slow pace to globalization process comes from political instability and ‘crisis of governance’. While India has been able to manage a democratic system in the last five decades, increasing tensions arising from social cleavages and fragility of democratic institutions reduce the effectiveness of governance. The political parties and leaders are often susceptible to corruption and inefficiency in most South Asian states including India. While market economies as recent studies show better thrive on the rule of law and relatively clean government, these are often compromised in India, Bangladesh and Pakistan.
The increasing fragmentation of political authority, the populist appeal, political violence and intense power struggle often undermine stability of governments. Intense competition between dominant political parties or weak coalition governments often lead to stalemate and paralysis of governments as witnessed in Pakistan, India and Bangladesh. The challenges to most South Asian states to cope with globalization have thus come from domestic political and social forces. As one perceptive author remarks in a recent study, “Security between states … has become increasingly dependent upon security within those states…The problem of contemporary and future politics, it turns out, is essentially a problem of domestic politics…Regions of the world populated by weak and failing states are zones of war. Regions populated by strong and strengthening states are zones of peace”.

Conclusion

The phenomenon of globalization is a fait accompli although its pace and structure is still open to debate. The effective power of nation-states is now shared and often bartered by diverse forces and agencies at national, regional and international levels. It is, however, a pat of my argument that the operation of states has become increasingly complex as global and regional systems affect both their autonomy and sovereignty. In the past, nation-states principally resolved their differences over boundary matters by pursuing reasons of state, backed, ultimately by coercive means. But this power logic is singularly inadequate and inappropriate to resolve the many complex issues – from economic regulation to resource depletion and environmental degradation. In a world where transnational actors and forces cut across the boundaries of national communities in diverse ways, and where powerful states make decisions not just for their peoples but for others as well, the questions of who should be accountable to whom, and on what basis, do not easily resolve themselves. Overlapping spheres of influence and interference and interest create dilemmas at the center democratic thought.

Globalization, thus, calls for enhanced policy capacity of states and requires reorganization of the core competencies of governments. In other words, it is important to understand how government agencies and domestic institutions fit into the buccaneer global environment, where money moves across borders with the speed of light, companies are bought and sold without government interference, stocks are traded freely, and where multinational corporations wield more power than the vast majority of world’s governments. Indeed, globalization has transformed the role states and its actors, political leaders, bureaucrats, interest groups – not to mention increasing number of individuals, citizen groups, NGOs, consumers and market players who are linked into the world economy as surely as they are bound by national society.
Globalization, therefore, calls for better governed states in South Asia in terms of organization of political relations, and focused on legitimate authority, political leadership and state-society interactions. In failing to recognize this, we risk becoming globalists from nowhere, while the rest of the world competes very effectively from home bases in their nation-state. A nation, therefore, can only globalize from a position of strength- the strength of its democratic institutions and the governing agencies that support them.
Globalization: Asia Globalization is a far-ranging topic. It has as many perspectives as commentators. Western views of globalization often focus on economics and politics, while Eastern views often focus on philosophy and culture. Two Canadian scholars, Marshall McLuhan and Harold Innis, seem to bridge both East and West in their studies. Source for information on Globalization: Asia: New Dictionary of the History of Ideas dictionary. Innis had recognized that technology was changing the face of modern nation-states. The direction was clearly set. Space was overcoming time. 1. Globalization, the New Regionalism and East Asia Björn Hettne. 2. Global or Regional: What Can International Organizations Do? Regionalism is thus one way of coping with global transformation, since most states lack the capacity and the means to manage such a task on the "national" level. 5. Whereas the old regionalism was concerned only with relations between nation states, the new forms part of a global structural transformation in which non-state actors (many different types of institutions, organizations and movements) are also active and operating at several levels of the global system. This is also the case in South Asia, where the small players softly imposed regionalism on the regional power. India was always more in favour of bilateralism. Globalization and the State in Asia. Globalization is often viewed as a threat to the authority and sovereignty of the state. The Asian financial crisis demonstrates that governments are increasingly hard-pressed to insulate their populations from the pressures of the world economy. Nevertheless, the state remains the central actor in Asia, and its centrality is unlikely to change in a fundamental way even with the rise of globalization. Embracing Globalization - Several participants argued that Asian states have played a key role in promoting globalization in the region. One participant from Regional Trade Agreements help nations gradually work towards global free trade through allowing countries to increase the level of competition slowly and give domestic industries time to adjust.[13] The increasing membership of less economically developed countries within the European Union, Southern Common Market (MERCOSUR), and Asia-Pacific Economic Cooperation (APEC) is testament to the economic stability offered by regional economic. Regionalism has responded to cultural globalization through an increase in cultural identity and the rise of regionalist parties. A perfect example is the rise of Parti Quebecois Bloc and the general cultural identity the region of Quebec holds.