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## The impact of globalization on state sovereignty

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### Abstract

The subject of this paper is the impact of globalization on state sovereignty, with special attention to a sphere of particular state regulatory concern, the welfare state. As economic globalization has increased, most states have engaged in a variety of efforts to attract, or, at a minimum, to retain the investments of private investors within their territorial boundaries and to make the conditions attractive to their own non-mobile capital. All of these activities have been regulated by and are the consequence of state action. Firms and wealthy individuals have also engaged in 'endless varieties of doings and practices' to increase profits and to enhance their incomes, many of which challenge the neutrality of the economic location of firms and individuals. The result has been the comprehensive legal and institutional abuse of the state—the state has been used to augment and protect both the wealth of the nation and the wealth of individuals while it has been starved of resources needed to build and maintain a strong and accessible civil society.

**Keywords:** Impact; Globalization; State Sovereignty; Political Globalization; International Organizations

### 1. Introduction

The subject of this paper is the impact of globalization on state sovereignty, with special attention to a sphere of particular state regulatory concern, the welfare state. As economic globalization has increased, most states have engaged in a variety of efforts to attract, or, at a minimum, to retain the investments of private investors within their territorial boundaries and to make the conditions attractive to their own non-mobile capital. All of these activities have been regulated by and are the consequence of state action. Firms and wealthy individuals have also engaged in 'endless varieties of doings and practices' to increase profits and to enhance their incomes, many of which challenge the neutrality of the economic location of firms and individuals. The result has been the comprehensive legal and institutional abuse of the state—the state has been used to augment and protect both the wealth of the nation and the wealth of individuals while it has been starved of resources needed to build and maintain a strong and accessible civil society. (Babic et al.2020)(Babic, 2023)(Chen & Rithmire, 2020)(Ye, 2020)(Gertz & Evers, 2020)(Wallace, 2021)(Tan, 2021)(Alami et al., 2021)(Abid & Alotaibi, 2020)(Thatcher & Vlandas, 2022)

The turmoil inside liberal democracies has been great. The United States has been especially impacted by the competition among people and among places that represents the core dimensions of the 'pro-market state' in an era of economic globalization. Many of these contests shape the organization of the welfare state, with important redistributive and allocative consequences. These consequences have a direct bearing on the focus of this special issue; as big government gradually shifts from the center of state power to dispersed networks of social regulatory agencies, questions of regulative legitimacy and justice get assigned to the London School. Through this screen of material and ideational practices, the long shadow of economic determinism again covers the politics of nation states, and institutions are understood as merely arenas of economic interaction. The hallmark of American welfare state politics is that the interests of the poor, the working class, and public service employees are at substantial remove from the private

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markets that affect their lives. Government serves as an arena in which to broker the private deals struck by the wealthy, the powerful, and the politically well-connected to augment their own prosperity, and growth of prosperity of both domestic and foreign private capital is the primary, if not the exclusive, goal of government officials. The situation is so grim that some experts in the RR overture predicted that the welfare state may not be long to this world.

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## 2. Conceptual Framework

In the policy sciences, state sovereignty is of enduring theoretical and practical concern. Perhaps the single key development that has affected the conception and manifestation of state sovereignty in recent years is the process of globalization. It is possible to identify a number of distinct theories about the nature of the current system of state sovereignty and some of the potential consequences of globalization for state sovereignty. It is worthwhile to briefly outline the baseline conception of state sovereignty.

Contours of Sovereignty in the Modern State System: The issue of state sovereignty has been defined in a multitude of ways by social scientists of many - perhaps too numerous - disciplines. However, the concept of state sovereignty commonly used in the policy sciences has been delineated by positive and normative sensibilities. In many or most corners of the social sciences (history, legal studies, political theory, and sociology, for example) state sovereignty is often undergirded by foundational beliefs and understandings of the world - in other words, the idea of state sovereignty is more of a normative issue than a positive one.

### 2.1. Definition of Globalization

What exactly does globalization mean? This question has been asked repetitively, but never explicitly. As we learn from the book "Globalization" edited by Jan Aart Scholte, the term first began to be used in English in the 1940s. And although similar words exist in various languages, there was no definition and no studies of this new process until recent decades. According to them, to talk about globalization as a new phenomenon is arguable; discussing it as a concept is useful and interesting. They suggest an initial definition put by psychologists as the increasing contact between national cultures that results in a growing recognition and understanding of national ideologies, customs, and social organizations; second by the Rutgers Global Affairs Worker; as a process that integrates world economies by making them interactive and vulnerable. From the 1960s to 1990s in political science, the concept was referred to as the burgeoning interdependence of nation-states. What is new - its magnitude, velocity, novelty, and its significance in every field.

### 2.2. Definition of State Sovereignty

Throughout this thesis, we will be talking about the impact of globalization on state sovereignty. It is necessary to analyze the evolution and content of this concept. First of all, we will present the definition of state sovereignty, its constitutive elements, and content. After that, we will refer to the "problem" of the definition of state sovereignty and the hypothesis about the "decline" of traditional sovereignty and therefore its "diminishing concept". The term sovereignty, from Latin *super* or *superum* (omnipotent, powerful, in sum) and a relativized form of *superas* (lie above), conveys the concept of the power of the state regarding their own territory. The term sovereign is also, fundamentally, an exclusive attribute of independent states. (Cuervo-Cazurra et al., 2020)(Kyris, 2022)(Aizenman & Ito, 2020)(Amadi, 2020)(Papanikos, 2024)(Kalyuzhna et al.2021)(Castañeda & Shemesh, 2020)(Mazzoleni & Ivaldi, 2023)(Funke & Zhong, 2024)(Dalby, 2020)

There are four constitutive elements of state sovereignty which have been abundantly debated: territory, population, authority, and acceptance. Permanent population is often understood as the basis of sovereignty itself, the foundation of the existence of a state, through which it exercises its sovereignty. In a world context marked by globalization, the concept of "state" must also redefine itself, in a world context where there are numerous entities that are similar in some aspects to a state. The essence of the concepts of "state" and "sovereignty" is changing under the pressure and effect of globalization, giving expression to the economic, political, and environmental processes of world integration of people and societies that unfold global spaces. These processes bring with them the compromising of the sovereignty of the states, their duties and responsibilities towards their citizens, but also towards the rest of the world community.

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## 3. Historical Perspective

The re-emergence of a global culture and the transformative capabilities of new technologies are rapidly moving our world toward a single common community – an approach called globalization. Regardless of our constituencies, the change is universal and the momentum irreversible. The failings of the patchworks of protectionism, regionalism, and nationalism on the part of states have led to dynamic evolutions in international relations and a trend toward a more

consolidated, globalized world. The worldwide diasporas constitute a new concept and elevate the importance of global leadership. Those who contribute to the global society – the government leaders, the international organizations, the successful multinational corporations, philanthropic organizations, major universities, and certain non-governmental groups – will face larger and larger stakes, having influence beyond local or provincial interest. In effect, there will be a shared responsibility for preserving and enhancing the global community. As regards international relations, states assume that the less governed world of globalization diminishes their roles. Governments, arousing the spirit of nationalism, never sanction the erosion of sovereignty, and certainly not by extrajudicial bodies.

The undeniable identification of globalization with economic functions makes the Bretton Woods organizations – the World Bank, the International Monetary Fund (IMF), and the World Trade Organization – the focus of more concerted international efforts to exert influence in areas normally within the jurisdiction of a state. They prove the conflict between the national self-determination of those affected by the international civil rights standards and the absence of enforcement to realize these rights. Ad hoc courts that have developed since then represent still an embryonic international structure of jurisdiction that is able to contribute to globalization. Governments desperately insist on maintaining the balance of power and define their objectives in their own self-interest through multilateral or international processes. In the absence of a direct impact on the interests or leadership of states, international norms are without material effectiveness and their scope for application is highly suspect. Religion, culture, and geography's animosity oppose any concept of recognized humanity. Only when peoples of the world are willing to establish a community governed by a shared concern to promote the common good can the international rule of law be more deeply rooted and enforce civil rights. Only then will the potential and promise of a globalized world be obtainable.

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#### **4. Economic Globalization**

Arguably, economic globalization is the most pervasive and influential part of the broader global process, including globalization. Economic globalization could be defined as a process that makes national borders less important with respect to economic constraints and influences. As a result, non-domestic factors, such as multinational enterprises and international organizations, become pivotal forces that help shape national economies as well as the global economy. What makes economic globalization the core part and a prerequisite for other parts of globalization? These are its longevity, far-reaching impact, and reach such a large sphere as the economy. It is very difficult to determine when, and even how, this process began, even though it is generally accepted that the economic globalization process has been ongoing since the end of the Middle Ages.

There is no definitive measurement of the importance or reach of economic globalization for the economy, but it is generally accepted that increasing amounts of business entities have been invested abroad, particularly since the beginning of the 19th century. The amounts of this capital increase under this time frame as well. Today's important "Drunk Man" who transforms financial globalization, since financial portfolios surpass other financial products for being the easiest and fastest entered to invest in foreign, are the main ideas of the process itself. These financial portfolios, the capital put in, provide actual capital in a company or country.

##### **4.1. Trade**

Trade between nations, the oldest form of globalization, is the process of expanding contact and interdependence among nations. It has been the most prominent area of globalization. Increasing levels of global trade have been characterized by a whole host of other important phenomena.

The first of these phenomena is the proliferation of free trade in more recent years. National protectionist policies, coupled with an uncertain international trading environment, fueled the need for more secure and stable environments. If a country is experiencing an interdependent trading arrangement at the time, it would most likely want to solidify the relationship due to the huge benefits associated with such a relationship. Therefore, modern nations in interdependent trading circumstances are solidifying their relationships through regional free trade arrangements that some suggest might soon come to dominate the world economy.

Second, the discrepancies between rich and poor nations are increasing. Global trade, the liberalization of trade due to the lowering of tariffs, quotas, and other trade restrictions, is, according to proponents, one of the few solutions to this problem. The poor countries need to be included in the trading system. These development strategies include international institutions such as the International Monetary Fund, the World Bank, and the General Agreement on Tariffs and Trade/World Trade Organization. These institutions support structural adjustment programs and include economic and trade funding promises to these organized free traders.

## 4.2. Investment

The increasing tendency of petro-corporations to bypass the state in favor of direct negotiations with indigenous non-governmental organizations demonstrates the power of the corporate sector. This direct process transmits international norms (sometimes enshrined into codes of conduct) that govern the behavior of transnational corporations. Meanwhile, "progress" in both military and reasoning science enables minor and economically weaker entities to engage in and win battles against much larger state adversaries.

Transnational corporations (TNCs) regularly circumvent national governments, bypassing and therefore weakening, even breaking, what is both the tandem twin pillar of the Westphalian system as well as a master principle in this system: sovereign state authority. TNCs increasingly confront states in directly vested powers, whether in determining investment locations, shaping national law, or levying state taxation. The line of flight can defer realpolitik concerns to interest-sensitive NGOs, organized resistance that can be motivated and funded by TNCs themselves without state intervention in terms of demonstration effect.

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## 5. Political Globalization

The concepts of globalization and state sovereignty are frequently discussed by political scientists and sociologists. Initially, the term 'sovereignty' referred to the absolute political and legal authority that a state held within a certain territory. The attributes of sovereignty include independence of action, capacity to legislate and apply laws in its own territory, and immunity from external intervention. With the rise of the concepts of modern international relations and global political economy, the ability of the state to act as a monopolist administrator of specific territories has become a subject of much dispute.

The density of international interactions along with the complex interdependence between states have led academics to doubt the accuracy of the historical understanding of sovereignty, especially that concept accepted in the seventeenth century. The notion of a state having a tightly and exclusively defined territory, an organized and coordinated system of internal authority, and strict external borders that never allow for international entities and actors to enter its domain may indeed be outdated in the era of rapid global transformations. Political scientists and sociologists who specialize in global political economy and international relations utilize the concept of 'political globalization' as the closest academic neighbor to the term sovereignty. This concept is utilized due to the fact that in the era of technological advancements, expanding communications, and unprecedented global economic and social interaction, the functions of the state should be liberated from the confined secular constraints in order to interact with international and global entities.

### 5.1. International Organizations

The formation of international organizations to manage the economic and security aspects of globalization poses a legitimate threat to state sovereignty. Two types of international organizations are presented in the literature, intergovernmental organizations (IGOs) and non-governmental organizations (NGOs). IGOs include entities such as the United Nations, the World Bank, the International Monetary Fund, and the World Trade Organization. Unlike IGOs, they are not comprised of nation-states. Some of the largest NGOs in the world, such as Greenpeace or Amnesty International, in fact spend more money than many small countries.

The strength of IGOs varies according to the subject, function, or purpose for which they were established. Most IGOs have rules that govern their operation. IGOs charge governments and, in some cases, organizations for the services they provide. In the failure of their economic, security, or technical aid policies, IGOs can intervene much more effectively than individual nation-states. Like sovereign states, some IGOs also have enforcement tools at their disposal. Their power even reaches areas of state authority that cannot be easily transferred to others. According to Sinnott, thanks to these features, the transfer of conditional and, to a certain extent, delegated authority from sovereign states to IGOs affects the bargaining and persuasion strategies of sovereign states, who increasingly rely on IGO-based institutions to monitor compliance, enforce penalties, and even provide public service directly.

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## 6. Cultural Globalization

Art and social institutions are, for the most part, viewed and appreciated as part of distinct cultures. Art is, in some cases, dominated by distinct cultures (sort of the way that music and fashion are dominated by US culture), and there is a fear that globalization has a homogenizing effect on the world, and that big players dominate the flow through misinformation, myths, science, and politics. More generally, a number of critics of globalization argue that the phenomenon may dilute or subsume national identities, leading to a cultural "in-betweenness," inducing a form of

dependence on an identikit, American-style consumer society. The global extension of media and consumer products can arguably be linked to changes in identity, but it is unclear whether globalization induces homogenization. This entails that the appearance of shared values is subordinated to the practice of particular communities and to their ways of understanding the world.

The idea that globalization has a homogenizing effect on cultures has gained some appeal over the last decades and is associated with the name of the Marxist media theoretician George Gerbner (1930-2005). Homogenization refers, in this context, to the process by which information and entertainment have been intertwined, focusing in particular on concepts such as "Cultural Imperialism," coined by Herbert Schiller, and "Media Imperialism," as developed by McQuail. In defining cultural imperialism as a form of moral and intellectual judgment to mimic the mores, wants, and psychology of the population and making them acquiescent to the requirements of corporate capitalism, Schiller explained that it refers to business leadership of the flow of international products. The extension of business influence was generally from capitalist countries to the socialist and underdeveloped dominated world. Indeed, different scholars seem to indicate that themes drawn from the telenovela, for example, have been fairly radical. Under the rubric of Media Imperialism, the British political scientist James Curran pointed out the means by which television production techniques are the product of industry in control of global communication.

The argument is based either on theoretical or empirical assumptions. Where the first assumes that cultural trade is an outcome of the overall political economy and trade dynamics, and misleads cultural diversity with trade in cultural goods, the second is based on empirical frameworks focusing on cross-country research of production, trade, and the consumption of entertainment goods. Results seem to suggest that globalization affects the demand and supply of cultural goods and services. Depending on whether interpretations are built from shifts in marginal revenue and costs, or antitrust and the degree of market concentration in specific sectors, the implications of trade in cultural goods for cultural diversity may be different. In an ongoing work, Valentina Bruno and Giacomo Calzolari ask whether economic integration affects cultural trade and the matches of product destinations, preliminary findings show that agents in relatively more economically integrated countries value cultural entertainment relatively more when produced in partner countries. However, globalization also implies that local producers should be able to respond more efficiently to local preferences, leading to more cultural diversity. This, in turn, implies that in a more globalized world, cultural goods are characterized by increasing and decreasing returns to varieties.

Of course, the arguments are not univocal, and indeed the understanding of globalization dynamics with respect to the cultural trade nexus is far from trivial, because the relevant factors are the determinants of both the supply and demand of cultural products, and the interconnections among them. As a result, new empirical frameworks are needed for a comprehensive assessment.

### **6.1. Media**

The most influential factor in transmitting these ideologies is the media. The media permits us to become aware of the events in society and in other countries from different places in the world. This characteristic of the media brings along its strongest aspect: it has become the most practical means in manipulating the salary and salary expectations of people who have started to realize their relationships with the rest of the world, to control the interactions between societies, and to shape them at will. It is known that, due to its functions specified in the first stage of the developed crises, the internet-based mass media has been included among the strongest weapons of transnational capital in changing the economic structure of society.

Why has the media started to gain such importance? There are many factors that lie behind the growing attention towards the dimension of globalization in general and international media in particular. A first component is the principal role played by the media in transmitting information. The media also plays the objective role of passing on basic values, beliefs, messages, codes, and points common to the unit of the audience. As van Wolferen explains: "What is transmitted is a collective experience, a code of behavior, a preferred norm, or some sort of stance that a majority prefers to cherish, ignore when necessary, or to repeat." The perception of the media as that "fourth estate" renders it capable of controlling public power. Clearly, then, this inherent potential for positive social influence renders the general issue of media and development a central one.

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## **7. Technological Globalization**

Technological globalization is the process by which technologies developed in one part of the world become available to individuals or companies anywhere in the world. New technologies are considered a basic support of the process of globalization. Telecommunication technologies are considered most responsible for this phenomenon. With the advent

of cheap internet connections, it is now possible for employees anywhere there is a telephone and a computer to engage in programming, teleservicing, or consultancy activities that involve them in human relations with the "job site." This technological feat permits tasks incorporated into the production of goods and services to be removed from their natural location and possibly outsourced to other locations in the global economy. It is also believed that technological progress can make workers and communities more vulnerable and thus less inclined to resist changes in the world economy. Technological progress is thus seen as a force for integrating dispersed regions into one common world economy.

If we analyze the last decade, we can verify that the process of globalization has been influenced by two main factors. A new technological environment, the information age, raises the prominence in the external economic and political relations of a set of new issues, such as transborder data flow, privacy, intellectual property rights, the diffusion of technologies among nations, the enhancement of the relative importance of information. Therefore, it can be said that we are living the "dawning" of the information society, heralded especially by the expansion of computers and the emergence of networks in all fields related to information. The ideological debate now centers particularly on the impact of electronic communications that are transnational by nature on the national economies and policies. The globalization of financial markets was only possible after almost two decades of attempts to regulate electronic communications between the stock exchanges. It took technological advances in telecommunications, such as the high-capacity optical fiber network that integrates the Western European stock exchanges, to bring about the globalization of financial markets. In the current phase of technological global changes, it is private networks, which until the 1990s could only be used by large international financial institutions, that in the 21st century are attracted by the possibilities of global exploitation offered by high-capacity networks.

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## 8. Challenges to State Sovereignty

In an effort to evaluate the impact of globalization on state sovereignty, we took the classical view of sovereignty as being all-inclusive within the territory of the state and analyzed it using the functional approach that focused on its most essential traits - ultimate power and independence. The impact of changes occurring in the realm of the external relations of the state, economic life, and systemic environment on the chimeric traits of sovereignty is the prevailing grounds for a discussion. But despite the decrease in its importance, sovereignty remains a vital attribute of the modern state. It guarantees the reliability of the decision-making system within the country and the rights of the people both at the international and domestic levels. The consequences of its weakening also have negative impacts. At the international level, sovereignty continues to be responsible for global instability, and at the national level, it might decrease the potential efficiency of the economic and political systems of the state.

The classic definition of sovereignty describes it as a supreme power, independent of the legal systems of other states. Within the state's territory, the state's central power is not responsible to anyone. It issues rules and regulations, has the exclusive right to use armed force, controls markets and external trade, and represents its citizens' interests at the international level. It has a monopoly power in maintaining order and creates and implements indirect control mechanisms. As times changed, several approaches appeared defining the scope of changes in the concept of sovereignty, which might lead to the emergence of a new sovereignty based on a set of conditions.

### 8.1. Economic Challenges

Unlike the strictly economic challenges already discussed, which, although they have important political implications, are largely variations on the theme of how a state can best compete in the present economic environment, a distinctive class of political challenges arises from the impact of globalization on national identities or communities. This issue is particularly salient in Western Europe, with its tradition of citizenship involving both social rights and participation rights, and where transnational solidarity is largely confined to the shadowy world of European institutions. Here, an assault on aspects of the nation-state, perceived to be the essential repository of national identity, has aroused a range of protectionist sentiments, which excite the passions of the extremes of both left and right. From them, the defense of economic nationalism against the ravages of the global market has long been a point of consensus.

### 8.2. Political Challenges

A key question lies in whether nation-states surrender decision-making power. A standard definition of the state emphasizes "its highly particularized capacity to make certain kinds of decisions (or to take types of actions) and to enjoy plausible expectations of prevailing over other authoritative actors in acting or deciding in certain specified policy areas. In contrast, "globalization suggests one way in which the capacity or authority of certain kinds of states might diminish, or at least become less particularized." It does not entail a collapse of the state, but rather a shift in the sphere of state action and authority. "The evolving forms of global governance induce shifts in areas of policy and parts of the

state not always that central to state territorial sovereignty. Especially in non-core functions of the state's administrative apparatus."

Globalization and statehood need not be inversely related. Katznelson suggests switching the locus of analysis from the supply to the demand side of the decision-making process. He suggests looking into the voters' demand for political community oriented around the nation-state versus the market-driven momentum toward globalized production, distribution, and consumption. In an "economy that seems in many of its features to be both autonomous from states and also beyond their capacity for regulation" global economic change effects reconstruction of the market-state axis "in ways that challenge and redefine several core dimensions of nation-state power, identity, and legitimacy."

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## 9. Responses and Adaptations

The foregoing analysis makes clear that challenges for states will multiply in a globalizing world. We can expect to observe a range of responses, some involving adaptations to new challenges, others involving adjustments in the form of governance. In a more fundamental evolutionary sense, we are likely to observe changes in the "genetic structure" of some states. Not all states will adapt, adjust, or change. Those that fail to will discover that globalization means different things to different states. Its consequences are not the same, or not equally significant, for all states.

Many states have already undertaken "guardian" activities, adopting sets of policies to protect their key social, cultural, and political attributes that they hold dear. The effect of these policies is to contain the erosion and "hollowing out" or "blurring" effects of globalization. Some of these actions are explicit and aggressive - consider efforts to control import of pornography, quash cultural imports, censor the Internet, selectively impeding trade and investment, proscribing or regulating various forms of information technology, and controlling the media sphere - attempts to impose state power. Israel's censorship of news, South Korea's censorship of websites, and China's deep but partial integration into global markets are just a few examples.

### 9.1. Reform of International Institutions

The level of interdependence between countries, which has emerged as a result of globalization, has far outstripped the level of international organization needed to manage this interdependence. Critics of globalization often claim that the process of reform within international institutions has been blocked by rich and powerful countries. It is certainly true that the high level of industrial tariffs found in rich countries has meant that poor countries have liberalized almost all of their industrial tariffs. The poor countries have thus never derived any of the commercial benefits of the reciprocal nature of the General Agreement on Tariffs and Trade (GATT) or of the new World Trade Organization (WTO). However, it is also true that rich countries have expended significant resources in order to build up almost all of the other components of the global trading system, which no longer involve discrimination between insiders and outsiders.

Indeed, rich countries have, in some senses, been so successful in creating different parts of the most-favored-nation (MFN) rule of non-discrimination among trading partners that much of the fabric of the multilateral trading system is devoted to the creation of an international rule of law. International law enforcement is, however, a two-step process. The international institutions, which are used to negotiate the rules and to create committees that will have the authority to oversee rules written by the negotiators, are typically weak bodies. In sharp contrast, the ability for the international community, which is presently organized as the UN Security Council, to enforce international law is by contrast almost absolute. The moral high ground that is given to the UN Security Council by the insight that it enforces international law in the interests of all reminds the world that all international law remains a creation of the Treaty of Westphalia and that international law enforcement always carries with it the corollary principle that ultimate national sovereignty cannot be attached to the global stage.

### 9.2. Regional Integration

Given the diminution of state sovereignty in some areas, the multiplication of international organizations with increasingly independent executive branches, and the growing reliance of even the United States on international organizations in the management of commercial relations, it is fair to ask whether the current direction of progress in the management of international relations is not producing a wholly unwelcome concentration of these powers rather than a desirable diffusion of them.

This essay has contended that these specific conditions have indeed significant implications for African communities' sovereignty and that these conditions can be understood as the byproducts of the co-evolution of the construction of the international system and the construction of the modern territorial state. Although the contemporary surveillance

struggle of international surveillance is declining and the integrity, if not the power, of many territorial states is slipping in the disciplines of globalization, which by no means presumes that the latter is a satisfactory substitute for the former.

The solution to this problem is far from clear, but it will not be found until we work in hypothesis, which is that the democratic construction of a mature global system is not a diversification of mutual interdependence but a greater concentration of international authority. At such time, we can hope for a reconstitution of the legitimacy of that source in the eyes of the insulated populations of both urban superkrauts and African communities alike. Only then might the high commissioner for marginal populations on most of the fringes of globalization and secure the boundaries of contemporary state.

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## 10. Case Studies

This part presents two case studies on the effects of economic globalization and transnational economic relations in the European Union. The United States, which depicts a more pure form of a confederation in its relation to the states than the European Union, will be compared to the EU in federal aspects. The member states keep intact their full sovereignty and full independence while delegating limited competences to a common assembly. This is certainly not the case of the United States, where the unity of the legal system or the approach to the competence catalogue is entirely different.

The OECD also states that such a disparate relation is characterized by the lack of personality of the confederation and by the presence of a special administration which supports its activities. Therefore, it would be interesting to assess whether such an entity, now renamed European Con, an economic globalization paradigm emerged from literature since the 80s, which depicted a world where the state was perceived to have lost its controlling powers or, in some more pessimistic opinions, to tend to disappear while the economic initiative would be taken by transnational corporations involved in cross-border activities.

### 10.1. European Union

Since the 1950s, the European Union has emerged as a unique experiment in the relationship between modern international law, state sovereignty, and the global economy. In itself, the EU challenges the traditional historical link between state power and state borders. The first notable achievement of the EU in terms of integration has been to make war between the original member states of the Community extremely unlikely. This is historically atypical for those countries. Regional cooperation designed to secure peace is the result of granting a measure of sovereignty to a central authority - in this case, the EU.

From its inception, the EU has been, in some areas, a cutting-edge example of the positive side of global integration. By making agreements on tariffs and the environment and by providing legal remedies to the private parties affected, the EU seeks to take as prominent a role as possible in managing globalization, including promoting human rights, political democratization, and the rule of law not only within its own territory but also in other countries. Most recently, its member countries have formed a single Euro-currency area in order to strengthen the European economy. This too is a historic attempt at deepened economic integration, achieved through a major pooling of sovereignty. The Treaty of Lisbon has extended control over economic and monetary policy, mainly exercised by the European Central Bank. The Euro-currency experience is a close precedent for the current attempts at political integration in different parts of the world, also at the regional level. On the negative side lies the EU's incapacity to speak with a single voice in international politics, given that foreign policy decisions are adopted almost unanimously by the member countries.

### 10.2. North American Free Trade Agreement (NAFTA)

In early 1990, the United States, Canada, and Mexico entered into negotiations to create a freer exchange of goods and services. The North American Free Trade Agreement (NAFTA) reduced Mexican tariffs on U.S. goods. This trade agreement was controversial since the United States clearly was the dominant partner. Many other countries sought access to the U.S. market and wanted a trade agreement that did not provide such a lopsided advantage to the United States. These countries were critical of NAFTA. They viewed the reduction of tariffs by Mexico and Canada as a calculated cost to the United States of gaining market access to Mexico's growing tariff-protected market. If they were going to give something personally valuable to the United States, they wanted a quid pro quo. They were also critical of the environmental and labor provisions, arguing that the NAFTA process reduced national sovereignty, allowing U.S. interest groups (environmental and labor organizations) to influence domestic regulations outside of the usual political process.

The North American Free Trade Agreement also raised concerns in the United States. Some viewed NAFTA as providing a mechanism to undermine Mexican unions and subsequently lower U.S. wage rates. The labor and environmental



provisions were also controversial in the United States. Were these provisions going to lead to a loss of U.S. sovereignty? U.S. environmentalists had proposed air and water emission standards for Mexico that were similar to the U.S. standards. In response, Mexico's business community rose up en masse in opposition. To address concerns from business, the Clinton administration was forced to abandon regulation proposed to protect the Rio Grande from Mexican maquiladoras. While these firms did indeed exploit cheap labor in Mexico, pollutants they were emitting as a result of their production process were of highly questionable value. Since NAFTA was pursued as an executive agreement rather than as a treaty, the administration had the authority to make these policy changes. There was no need to go back to the Senate for approval, thereby avoiding open debate on the issues.

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## 11. Conclusion

The aim of this study has been to demonstrate that economic globalization undermines state sovereignty, or the power monopoly states have held over their territories. This is due to the different consequences of economic globalization: the increase in international trade, the increasing competition among states to attract investment from abroad, and the enlargement of spaces outside state control. We have observed that the ability of nation-states to control these fundamental processes is very limited and, as a consequence, other actors, such as transnational corporations, have taken the lead in this process. The present situation is thus a refusal to accept that the state monopoly of violence, so successfully established after centuries of war, is ending. Although there are still a number of violent stateless societies around the world, the most developed ones have one kind of states, divided by territories and populations. This organization has been melded by a slow process and by various transcendental events.

We have seen that the state system, which evolved as an organic response to the needs of the great powers at the time of the Treaty of Westphalia, 1648, turned out to be the best way to tackle the problems of the period, but that it is not irreversible. Today, the state system may have institutional obstacles against its decay, but the world and national society can be considered stateless. They are being invaded by people who create their own realities and take root in stateless entities. This study has demonstrated that economic globalization undermines the environment, the state monopoly, that different forces challenge this traditional frame, and that the need to build a world order that goes beyond current regulations is evident. The subject of norms to discipline the behavior of other actors has been heavily examined since the 1960s. It seeks to evaluate whether the eruption of global, sub, or supranational orders follows a path that diverges from the traditional hierarchical and Westphalian-centered state system.

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