

## THE IMPACT OF GLOBALIZATION TOWARDS STATE'S AUTONOMY

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### ABSTRAK

The issue of autonomy is central to the advance of the forces of globalization and the practices and the prospects of social movements that oppose them, both local and global. The rule of law, freedom of association and expression, freely contested elections, as minimum conditions, however imperfectly sustained, are as necessary in the long run for mass market based global consumerist capitalism as they are for alternative social systems. The most significant impact of globalization on autonomy of states is that it has altered the scope of state authority and control rather than to generate some fundamentally new way to organize life. The idea of states as autonomous, independent entities is collapsing under the combined onslaught of monetary unions, the internet, governmental and non-governmental organizations. In this paper, we intend to study the effect of globalization on the notion and incidence of autonomy of states. Most states criticize that multilateral institutions such as the International Monetary Fund, World Trade Organization and United Nations, had overstep their authority by promoting universal standards for everything, which in turn alter the scope of state autonomy. It is our intention to consider just how much globalization has affected state authority in term of economic, social and information technology.

**Kata Kunci :** *Autonomy, globalization, state, economic, social, information technology,*

### Introduction

Globalization is a process of which the world becomes increasingly homogenized economically, socially and culturally. The dominance of economic forces is regarded as necessary and beneficial. States and interstate system would serve to ensure the working of a market logic (Robert, 2016). Apart from that, globalization is defined as ‘a stretching of political, economic and social, activities across political frontiers so that events, decisions and activities in one region of the world

come to have significance for individuals and communities in distant region of the globe' (Ballis, 2018). Globalization is represented by the culmination of the powerful tendencies of the market at work. Globalization is the integration of political, economic and social of states in the world and this interaction among states is nothing new. Over the years, the focus of globalization is on the economy and due to this, the evolution of economic policies have shifted the international economy into a new economy (Robert, 2016). Each year, firms all over the world spent trillions of dollars to build factories and facilities in foreign countries. Globalization has transcended national boundaries reflecting cooperation, assistance, solidarity or confrontation or even neo-colonization (Hartungi, 2016). In this paper, the focus of discussion will be on the impact of globalization towards state's autonomy in economy, social and information technology. In the present 4th Industrial Revolution (4th IR), globalization activities depend mainly to information technology. For the purpose of discussion, past incidents are taken as a reference to provide a better understanding on the subject matter.

### **State Autonomy**

In order to discuss state autonomy, we must first define the concepts of sovereignty, the state, and autonomy. According to Ian (2013), sovereignty is the claim to be the ultimate political authority subject to no higher power as regards the making and enforcing of political decisions. The powers of sovereignty are normally vested within the institution of the state. The state can be defined as '*a distinct set of political institutions whose specific concern is with the organization of domination in the name of the common interest within a delimited territory*' (Morgenthau, 1978). The state's goal is to exercise sovereignty within a specific territory whereby the state's actions within that territory are autonomous. According to Stephen (2013), autonomy is the '*ability of states to pursue goals in spite of the demands or interests of other social groups or classes*'. This series of definitions presents autonomy as an implied component of sovereignty and indeed the two are linked. Autonomy means that no external actor enjoys authority within the borders of the state (Carnoy, 2014). By definition, the Westphalian state is a sovereign state for only a sovereign can operate with autonomy. This articulation leaves no doubt that autonomy is one of the key concepts of not only the Westphalian notion of sovereignty but of sovereignty in general (Schumpeter, 2015). Autonomy can only be absolute from a theoretical perspective not a practical perspective. If absolute autonomy is not possible then an alternate conception of autonomy is required for analysis. Autonomy reflects the degree of control a state exerts over its territory in order to achieve its goals. The degree of autonomy a state is able to exercise is a reflection of the strength or power of that particular state (Joseph, 2014). Stronger states will be better able to implement their interests and therefore possess a high degree of autonomy compared to weaker states.

### **Globalization and The Economy Dimension**

Globalization has allowed the currency trade to be determined by market forces. The past incidents of currency attacks in Southeast Asian (SEA) states is an indication that these states have abandoned their fixed exchange rate and let the market determine their value. The SEA countries work very hard to build their states and was just about to usher their economic miracle into the 21st century, this Asian miracle became disintegrated possibly under the hands of few currency speculators who orchestrated them (Li, 2017). It was at the height of the currency raids and free-falling share markets that SEA states finally gave in and signed the landmark World Trade

Organization (WTO) agreement which will open up financial markets to more foreign competition. This was signed on 12 December 1997, opening up banking asset management and brokerage markets (Lemańska, 2013). It is feared that the WTO agreement will make the unlevelled economic situation more uneven. The premier of Malaysia during that time, Dr Mahathir Mohamad suggested there is anarchy in the world's monetary system where governments are frequently powerless to determine the value of their own currencies (Posen, 2018). Unlike other usual commodity which has limited effect, the movement of in the value of money can affect the total economy of a state. Currency speculators exploited the weakness of the current system to the disadvantage of the majority. Their concerted efforts had resulted in the devaluation of the currencies of Southeast Asia states (Weisman, 2016). Huge financial losses and economic regression occurred which have not only impoverished these states and their people but also affected the economies of other parts of the world in particular the trading partners of these states.

On the other hand, International Monetary Fund (IMF) became a powerful agency during the Asian Financial Crisis with a contribution of over USS200 billion to bail out loan to Thailand, South Korea and Indonesia (Ghose, 2014). IMF rescue schemes were also to bail out international banks and thus labelled as the chief collector for international banks. The bailout funds simply would be transferred from IMF for re-channelling to the international banks to service mostly private sector loans. IMF stand-offs in its negotiations were aimed at the liberalization of the financial services under WTO pact which was finally sealed on 12 December 1997 when East Asia was in the depths of the crisis (Hufbauer, 2017). Majority of the East Asian governments were committed to the principles of free trade and opening of their economies to foreign competition which they had asked for liberalization to be gradual and in their own pace. IMF imposed on Asian governments to open their financial markets to foreign investment at their point of maximum vulnerability and when the assets were the cheapest. IMF policies were counter-productive as Asian public sector does not have a problem with budget deficits or high external debts (Thompson, 2017). The real economy had been sound, but the real problem is the private sector where there was a financial panic fuelled by speculators, leading to the crashing currency and stock market levels. IMF deal were considered unfair and unequal terms to those countries obligated to it. The United States (US) as the largest shareholder in IMF has a veto over major IMF decisions (Payosova, 2017). Thus, IMF and World Bank can rule the world through the economic dimension. IMF loans were used by rich states like US, Britain and Canada as leverage to gain market access which these countries were unable to do through bilateral or multilateral cooperation.

### **Globalization and The Social Dimension**

Globalization in the social dimensions can take the form of integration of human rights, democracy and freedom. Before the end of the Cold War, capitalism and communism were globalized. The globalization of ideology such as capitalism, democracy and communism has led states to war by proxy between the major powers of US, the former Soviet Union and China. The acceleration of globalization in the social dimensions such as human rights, democracy and freedom can exert great pressures on the states as it involves the citizen rights of states within the framework of international law (Dreher, 2015). The demise of communism has accelerated the globalization of capitalism, democracy and human right issues. The emerging global culture of human rights would be the argument between the West and the other states. Presently many states and their peoples do not necessary endorse human rights that are often proclaimed as universal. The reasons could be due to diversity in culture, national identity, religious affiliation, state sovereignty and the

international law. The promotion of human rights by Western states would accelerate its globalization process.

The Universal Declaration of Human Rights (UDHR) of 1948 has been globalized under the United Nations (UN) since 1948 with the adoption of the International Bill of Human Rights (Held, 2017). This International Bill consists of the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR) (Dominic, 1994). These rights are of Western liberal rights with emphasis on individual rights than the society. Human rights are referred as rights and freedom to every human being is entitled and the protection against breaches of these rights committed by a state may be enforced by international law (Lane, 2016). Human rights violations were evident in the two world wars and in many other conflicts that gave generated the international community to be committed to the respect of human rights. Hence under the Charter of the UN, the fundamental human rights and freedoms for all without distinction to race, sex language or religion were reaffirmed. The main position of the UN is to create a peaceful international order and economic development. For instance, in Article I (2) of the UN Charter states that the UN is to develop friendly relations among nations based on the principle of equal rights and self-determination of people (United Nation, 1945). In Article I (3), it states that the UN is to achieve international cooperation in solving international problems of an economic, social cultural or human character and in promoting and encouraging respect for human rights and fundamental freedoms (United Nation, 1945).

International human rights law in relation to international public law has been developed to regulate relations between states, international organization and possibly individuals (Dominic, 1994). It is the totality of a state's rights in the conduct of its external relations and its internal affairs. Because there are limitations imposed by international law, states cannot exercise their autonomous and sovereignty rights or independence in external and internal affairs (Vig, 2009). The formulation of international law or rules are by way of conventions, charters, covenants, protocols or treaties. Hence conditions or limitations are imposed on states through those variety of ways. In contemporary international law, the autonomy and equality of states represent the basic constitutional doctrine of the law of nations which governs a community consisting primarily of states having a uniform legal personality (Scot, 2003). If international law exists, then the dynamics of state autonomy and sovereignty can be expressed in terms of law and as states are equal and have legal personality, autonomy is in a major aspect a relation to other states. The primary corollaries of states autonomy, sovereignty and equality are a jurisdiction over a territory and the people living there, a duty of non-intervention in the area of exclusive jurisdiction of other states and the independence of obligations arising from customary law and treaties on the consent of the obligor (Davidson, 1993). The concept of autonomy is connected to independence and self-determination. Independence is the right to exercise therein to the exclusion of other states, the functions of a state.

Presently, states retain their responsibility for implementing the UNDRH and its two covenants and assert their autonomy and sovereignty right to determine the extent of implementation human rights in their states. The UN may intervene in the internal affairs of member states where violations of human rights lead to the threatening or endangering the international peace and security as provided in the UN Charter. State committing violations of human rights will be reported by Human Rights World Watch, Amnesty International, US Department of State on Human Rights and other Non-Governmental Organizations (NGOs). Antonio Cassese identifies that each state in the international community is only concern with its well-being and its freedom of manoeuvre, pursuing only its own economic, political and military

interests (Davidson, 1993). Peoples and individuals did not count but were absorbed and overshadowed by the sovereignty states. Human rights and self-determination have had an important role in international life. They have subverted the very foundations of the world community by introducing changes, adjustments and realignments to many political and legal institutions, but they have not changed the actual structure of that community or the main rules of the game. Sovereign states have remained the true holders of power with authority continues to be distributed among various power but there are still no centralized agencies charged with stating ascertaining and enforcing the law. Each powerful state continues in the main to deal with national interests and with little weight being attributed to collective needs going beyond the requirement of harmonise aspirations and necessities of several states.

### **Globalization and The Information Technology Dimension**

Information Technology (IT) has increased the capacity of individuals to generate and manipulate knowledge and to communicate ideas and values quickly irrespective of geographic distance. This marks the revolution in interpersonal communications and opens the demand for greater human and political rights and civil liberties of which IT will hasten the diffusion of democracy and finally to fulfil the promise of collective security for all people (Archibugi, 2015). IT is also a means for generating liberal democracy which may fuel conflict over any number of issues and at every level of government. IT can provide an avenue for the oppressed or minorities to seek assistance from external sources. Educational reforms will improve computer literacy among students and the state as a whole and can foster the emergence of designers, inventors and other specialists. In promoting an information society, various institutions crucial to national consciousness would be reformed. There is every opportunity for external action to encroach on the autonomy of a state at great speed and in the most convenient manner. States are vulnerable to subtle subversion or disinformation by anybody with bad motives. In international relations, IT is used by interested parties to exploit disinformation of distortions for political, social or economic interests. IT or media also influenced the downfall of political leaders of Thailand and Indonesia at the height of the economic crisis in 1997 and 1998 respectively (Archibugi, 2012). IT will give rise to a knowledge-based society, increased productivity and opportunities for new types of enterprise. It will create demand and employment and stimulate individual creative ability. IT will make possible the use of various types of information including sounds, text and images and the creation of a rich, free and fair society.

Problems related to intellectual property rights, privacy and security need attention and be solved. There will be some paradigm changes on the impact of printing a power shift from producers and government to consumers and citizens. It will move to a borderless world which will radically affect the frameworks of industry and national autonomy thus flattening out of organizational structures. There will be fundamental change in traditional economy and society. For instance, the currency attacks on states in 1997 were exploited to create panic and in confidence of various economies of which huge funds were drawn out of the affected states and subsequent economic crises (Cantwell, 2017). Unemployment due to changes in the industrial structure brought about by the transition to an information society need to be dealt with by the government and private sector. There would be a need for the government to promote informationization by all sections of industry and promote the use of information networks. The government would need to promote standardization in industry and uphold the principle of individual responsibility and regulations such as those of the Copy Rights Act or also known as antimonopoly regulation. Entrepreneurs would face greater competition and need to demonstrate

strong leadership. There would be greater cooperation among industries, local communities and labour unions. The government need to establish an environment that takes maximum advantage of the vitality of the private sector by requiring the various ministries to transcend their territorial interests and work together for the benefit of the state and change its approach to public investment. The government need to look into the legal system and its implications.

## Conclusion

Globalization for developing states would mean the breaking down of boundaries to economic, social and IT exploitation. Every state irrespective whether they are developed or developing, rich or poor would have excess to the markets of the poor or rich. Globalization has encroached into their autonomy because states found that their economy, social and behavioural systems are all under the control directly or indirectly of the global major powers. Globalization has enabled the rich states to continue to be dominant and be large players in economy. Globalization has reduced small and weak states ability to pursue their own economic and social agenda. Globalization and open markets should contribute growth and enrichment but not poverty and anarchy. Newly and less developed states cannot resist advances in globalization of IT. The speed and ease of travelling for telecommunications, multimedia technologies and the spread of information will expose states to everything happening within it. The states have to take up the challenges in knowledge and skills in IT and advance into the information or digital age. Globalization provides the opportunity to attack on the decency of states, their cultures and subversion of their citizens thus reducing their resilience to guard their national interests, autonomy and sovereignty. In conclusion, even though it can be shown that globalization has reduced certain state powers, it is still within the autonomous power of a state to decide not to be part of the integrated global life. It is a choice a nation makes in exercise of its powers. The central challenge however is to ensure that globalization becomes a positive force for the entire world's people. While globalization offers great opportunities, at present its benefits are very unevenly shared, while its costs are unevenly distributed.

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