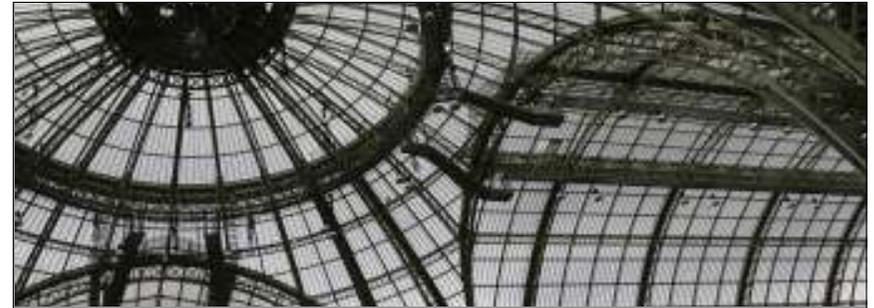


# Introduction to Global Studies

**GLSD1001B**

Chinese University of Hong Kong

Mathieu Crozet



# Chapter 2

Globalization and the Nation-state  
system





## Introduction

We live in a globalized world

No doubts...

But what does this mean?

Are we sure that the world is so globalized?



## Introduction

**"Hyperglobalizers"** see profound changes in the global system such as erosion of sovereignty and nation states, the emergence of a global economy that integrate people everywhere in a global marketplace and new forms of social and economic organizations that challenge traditional states

**"Weak globalizers"** consider that the increased internationalization is not altering profoundly the world. Nation states remains sovereign, and people - while living in a global village - continue to defend their own interest and those of their people

**"Skeptics"** argue that globalisation is largely a myth. National governments remain in control of their domestic economies and international relationships. Instead of cultural homogenization, the world is divided into cultures that remain suspicious of each other.



## Introduction

Besides the debates on the **depth** of globalization, a key question is its **reversibility**

Is the globalization we know now is reversible, temporary? Can we imagine going back to a more divided world?

If globalization is mainly a political process (trade and financial openness, development of political and economics ties, etc), it is certainly reversible

If globalization is a cultural homogenization process (convergence of consumption habits, technology adoption, language learning, curiosity vis-a-vis foreign cultures, adoption of common political and social principles and practices, etc), de-globalization is much more unlikely.



## Introduction

"Hyperglobalization" or "Nations and cultural heterogeneity"?





## Introduction

"Hyperglobalization" or "Nations and cultural heterogeneity"?



Global humanism



or clash of civilization?



## Introduction

"Hyperglobalization" or "Nations and cultural heterogeneity"?



Global problems



or nation-based competition?



## Road map

### 1. Globalization: Definition(s)

2. Globalization: History
3. Globalization and states
4. Democracy and human rights



## Definition

How would you define globalization?



## Definition

### Wikipedia says:

Globalization is the process of international integration arising from the interchange of world views, products, ideas and other aspects of culture. Advances in transportation and telecommunications infrastructure, including the rise of the telegraph and its posterity the Internet, are major factors in globalization, generating further interdependence of economic and cultural activities.



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It's about culture





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It's about economics



## Definition

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It's mainly driven by technological changes





## Definition

### Manfred B. Steger's definition:

Globalization refers to a multidimensional set of social processes that create, multiply, stretch and intensify worldwide social interdependencies and exchanges while at the same time fostering in people awareness of deepening connections between the local and the distant



M. B. Steger, University of Hawaii



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## Definition

### Globalization as a series of social processes

Globalization is not an event or a singular process

It consists of multiple, ongoing, interdependent actions and operations

These processes are *social*, i.e. they relate to the human society, institutions and human interactions



## Deterritorialization

### Deterritorialization

Some view globalization as a deterritorialization process

= emancipation of social interdependencies from political and physical geography

= a process in which the constraints of geography on social and cultural arrangement recede

Internet is, of course, a classic example: On the web, people can communicate and exchange information (videos, photos, text) without feeling the constraints of geography

It is also the fact that "people, services and goods are available to each other across the globe through a variety of means and in increasingly immediate ways"



## Deterritorialization

A global culture?

Strong evidence of convergence



## Deterritorialization

A global culture?

Strong evidence of convergence

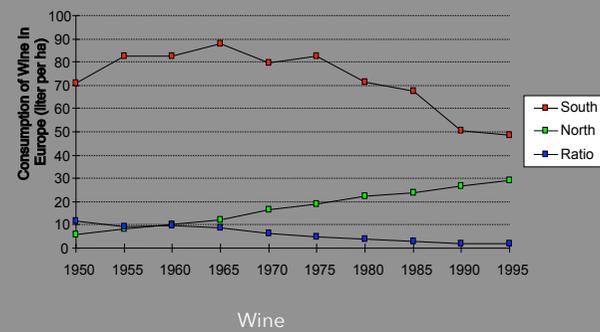




## Deterritorialization

A global culture?

Strong evidence of convergence



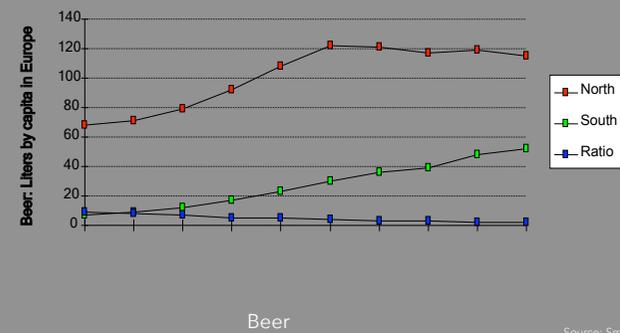
Source: Smith and Heede, 1996



## Deterritorialization

A global culture?

Strong evidence of convergence



Source: Smith and Heede, 1996



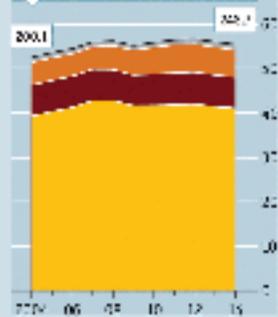
## Deterritorialization

### Eastern promise

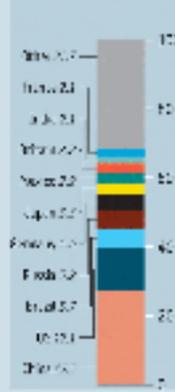
State stocks and supplies  
Regional supply

India Africa Europe China

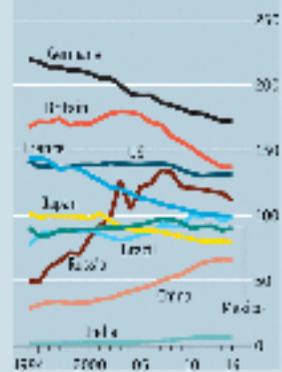
Total global consumption 2014: 115.8m



2014: 12.8m t



World largest wheat markets by volume  
Total world supply



## Deterritorialization

### Deterritorialization



Typical pasta from the French Alps (Crozet!) in a Shanghai supermarket



## Deterritorialization

However, huge cultural differences persist

Mainly driven by income heterogeneity



One week grocery in Germany and Chad

<http://www.menzelphoto.com/hungryplanet/>



## Deterritorialization

However, huge cultural differences persist

Mainly driven by income heterogeneity

Globalization, as defined by rich people like us, is a very nice thing... you are talking about the Internet, you are talking about cell phones, you are talking about computers. This doesn't affect two-thirds of the people of the world.  
Jimmy Carter





## Interconnectedness

### Interconnectedness

Globalization is also a process that connects the local to the global

In a globalized world, unexpected connections emerge making local trends dependent from global ones... for good or bad



## Interconnectedness

### Interconnectedness

The booming demand for quinoa tripled the price between 2000 and 2014

Good news for (poor) Andean producers

But the cereal became too expensive for most consumers in Bolivia (it is now much more expensive than rice).

It also destabilized the agricultural system and led to conflicts between farmers and environmental issues (land erosion, etc)



Quinoa's Global Success Creates Quandary at Home

By [unreadable] on [unreadable]

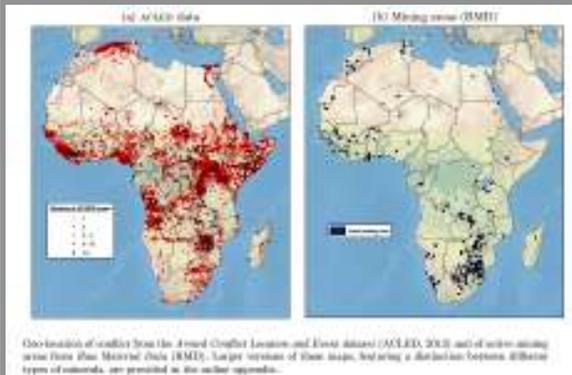
Photo by [unreadable] on [unreadable]



## Interconnectedness

### Interconnectedness

Berman et al. 2014



The steep increase in mineral prices between 1997 and 2010 counts for 13 to 21% of the average violence observed in African countries over this time period



## Interconnectedness





## Road map

1. Globalization: Definition(s)
- 2. Globalization: History**
3. Globalization and states
4. Democracy and human rights



## History

Is globalization a new phenomenon?



## History

### Trade

"Deterritorialization also means that "people, services and goods are available to each other across the globe through a variety of means and in increasingly immediate ways." For example, you might go online to purchase a laptop that was originally designed in Cupertino, California, but mass-produced in Changshu, China. A call to the company to learn more about the product might connect you with a customer service representative located in Bangalore, India. Within two or three days, the laptop would arrive on your doorstep."

Campbell et al. "Global Studies", 2010



## History

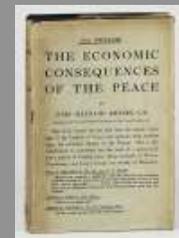
### Trade

What an extraordinary episode in the economic progress of man that age was which came to an end in August, 1914!

[...] The inhabitant of London could order by telephone, sipping his morning tea in bed, the various products of the whole earth, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep; he could at the same moment and by the same means adventure his wealth in the natural resources and new enterprises of any quarter of the world, and share, without exertion or even trouble, in their prospective fruits and advantages...



John Keynes



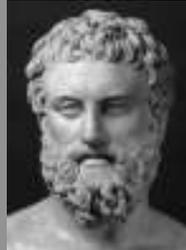


## History

### Social and political interdependencies

"In earlier times the world's history had consisted, so to speak, of a series of unrelated episodes, the origins and results of each being as widely separated as their localities, but [now] history becomes an organic whole: the affairs of Italy and Africa are connected with those of Asia and of Greece, and all events bear a relationship and contribute to a single end."

Polybius, Πολύβιος (circa 200 bc -118 b.c.)



## History

It is true that the Roman empire consisted on a large integrated region.  
With common institutions and dense communication and trade network.

But only for a small part of the world (Mediterranean and Black seas)



Roman roads, 117 AC, wikipedia



## History

Merchandise are traded on long distances for centuries

The silk road - Han Dynasty (207 BCE - 220 CE)



One belt one road project - Xi Jinping dynasty - XXIst century



## History

Globalization has therefore a long history

The question of when it began is subject to interpretation.

It is essentially a matter of degree.



## History

When globalization started?

Some claim that it is very old

Many consider that the (re)discovery of Americas (1492) is a key event (= the "big bang theory").



## History

When globalization started?

Preceded by Zheng He, and followed by Vasco de Gama, Columbus trips contributed greatly to integrate all the continents and boost long distance interconnection





## History

When globalization started?

Some claim that it is very old

Many consider that the (re)discovery of Americas (1492) is a key event (= the "big bang theory").

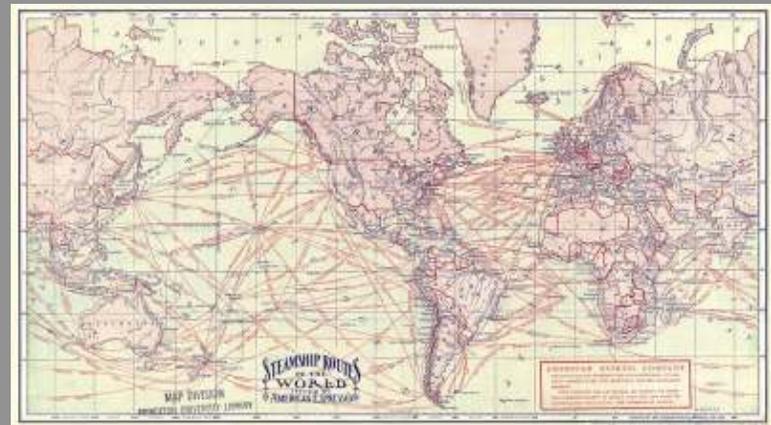
But detailed economic analyses (e.g. of price convergence) suggest that it really started in the XIXth Century

There is no evidence supporting the view that the world economy was globally integrated prior to 1492 and/or 1498; there is also no evidence supporting the view that these two dates had the economic impact on the global economy that world historians assign to them; but there is abundant evidence supporting the view that the 19th century contained a very big globalization bang. (O'Rourke and Williamson, 2002)



## History

By the end of the XIXth Century, all countries are exposed to world trade





## History

For some products and country pairs, markets are fully integrated since the end of the XIXth century

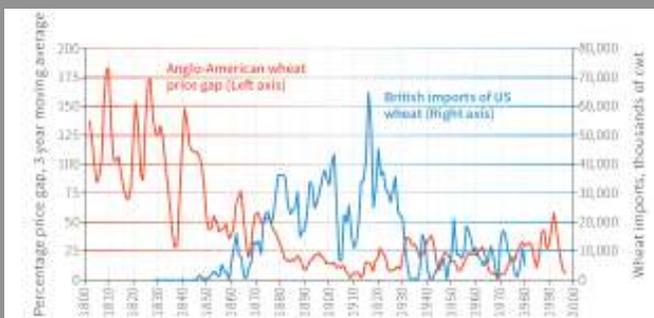


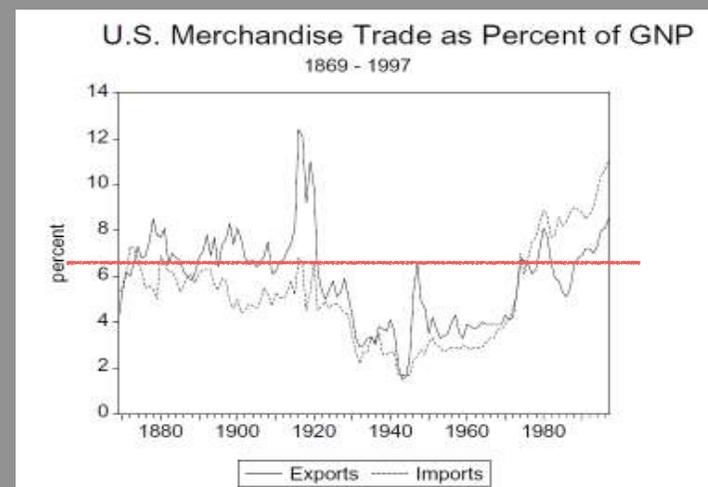
Figure 4. The Anglo-American wheat trade (1860-2000).

Source: Figure 3 in D'Rauke, K. and Williamson, J. 2005. From Malthus to OMIE: Trade, industrialization and distribution since 1500. *Journal of Economic Growth*, 10, pp. 5-34.



## History

Trade openness in the late XIXth century is comparable to the one in the 1980





## History

In the XIXth, financial markets were also greatly integrated

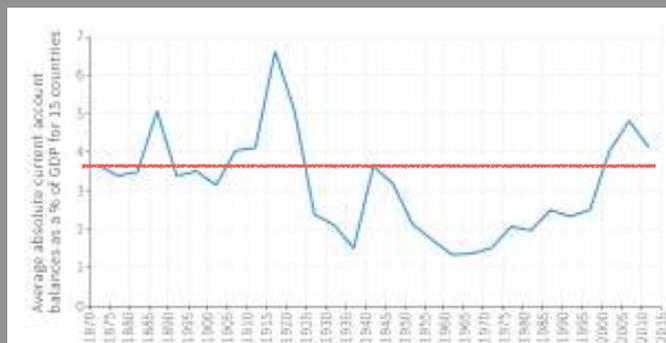


Figure 6. International capital flows (1870-2014).

Source: Figure 2.2 from Obstfeld, M. and Taylor, A. 2004, *Global Capital Markets: Integration, Crisis, and Growth*. Cambridge: Cambridge University Press. Updated to 2014 using IMF *World Economic Outlook Database*, October 2014. Note that data for 2014 is an IMF estimate.



## History

However, things changed quite drastically since the 1980s

Deep change in the macro and financial regulation of world economy:

- 1971: Collapse of the Bretton Wood system: US president Nixon abandons the *gold standard* = free fluctuation of currencies, allowing free mobility of capital
- Extension of liberal economic principles: Promotion of free trade and market deregulation (products, banking and financial markets)
- Collapse of USSR

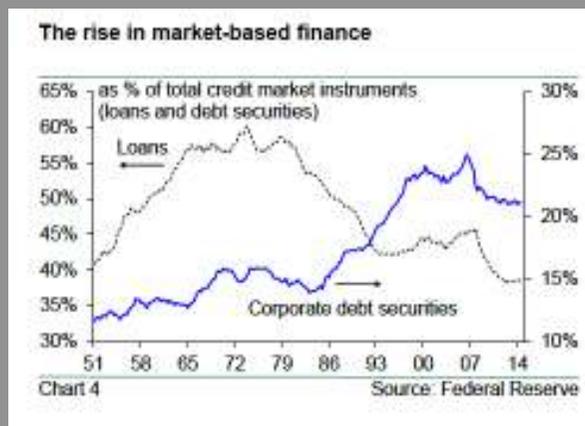


Ronald Reagan and Margaret Thatcher



## History

The rise of market based finance (USA)



## History

However, things changed quite drastically since the 1980s

Marrakech agreement and the creation of the WTO

- Tariffs cuts
- Extension of the scope of GATT agreements to trade in services (GATS) and investments (TRIMs)





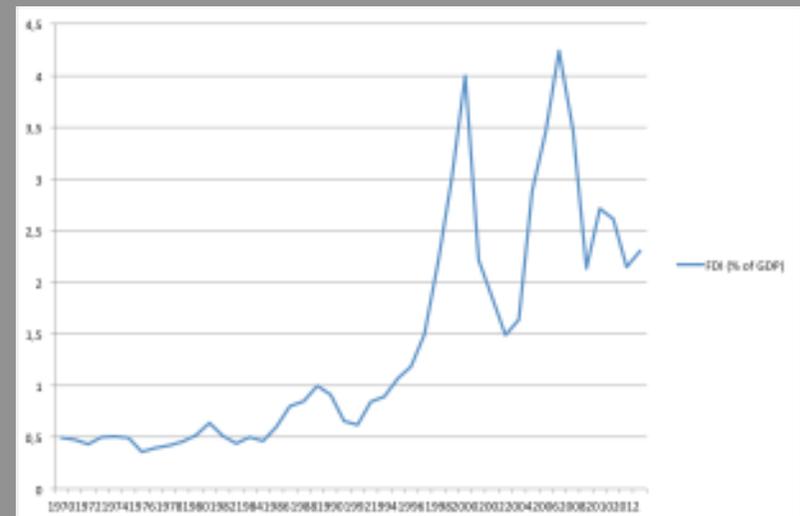
## History

However, things changed quite drastically since the 1980s

Expansion of multinational firms activities



## History

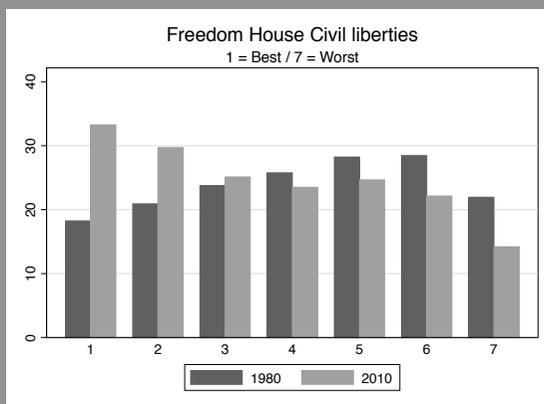




## History

However, things changed quite drastically since the 1980s

Convergence toward more democratic and liberal political systems



## Depth

How deep Globalization is?

This is difficult to assess

Of course, mass global media, tariff cuts, expansion of multinational firms, etc. led to a convergence of cultural trends and the expansion of global problems

But is the world a real global village?

Probably not: Cultural heterogeneity persist and borders still matter



## Road map

1. Globalization: Definition(s)
2. Globalization: History
- 3. Globalization and states**
4. Democracy and human rights



## Nation States

What a Sate is?

Geopolitical entity with

- A fixed territory and boundaries
- A population
- A government
- The capacity to enter into relations with other states

What a Nation is?

A group of people sharing the same cultural or ethnic identity



## Nation States

What a State is?

Geopolitical entity with

- A fixed territory and boundaries
- A population
- A government
- The capacity to enter into relations with other states

What a Nation is?

A group of people sharing the same cultural or ethnic identity

A Nation-State is a cultural/ethnic group that coincides with a geopolitical entity



## Nation States

States are key actors of the global system because they have power

States can:

- Conduct official diplomatic relationships
- Implement national policies that may impact the neighbors (e.g. build a dam, implement or not anti-pollution policies)



## Nation States

Map showing the course of the River Nile and the Renaissance Dam



## Nation States

States are key actors of the global system because they have power

States can:

- Conduct official
- Implement national damm, implement
- Sign international
- Make wars
- Seat in international



ld a



## Nation States

States are key actors of the global system because they have power

Source of Nations' power:

- Natural:
  - Geographic size, situation and resources:
    - Egypt controls the Suez canal: A blockade may cost \$Million 7 per day
    - Sudan and Ethiopia can control Nil water
    - Saudi Arabia owns 1/5th of total oil reserves, making the country the most important swing producer largely able to able to manipulate oil prices
- Tangible sources of power
  - Military power
  - Technological ownership (on military equipment, pharmaceutical products, energy production...)
- Intangible sources of power
  - Culture and national image
  - *Soft power* = ability to attract others because of the legitimacy of the State's values or policy



## Nation States and the international system

A system of international relations based on Nation-States faces challenges:

- Because the match between Nations and State is often far from being perfect
- Because globalization challenges the Nation-State system



## When Nation and State match... or not

A perfect match between a State and a Nation is quite rare:

Your textbook takes the example of Italy, as a Nation-State:

"Italy is a state where people speak Italian, identify themselves as Italian, partake in Italian culture, and behave according to Italian cultural norms"

This is true... but



## When Nation and State match... or not

Integration was a long (and quite recent) process

Rome is eternal... but it's the capital of a very young county (less than 150 years-old)...





## When Nation and State match... or not

... and not fully integrated



Lega Nord per l'indipendenza della Padania



## When Nation and State match... or not

Examples of mismatch between ethnic/cultural and political geography are manifold  
... and sometimes a source of endless tensions



## When Nation and State match... or not

Nations without States: The Kurds  
Divided between 4 states Turkey, Syria, Iraq and Iran



## When Nation and State match... or not

Nations without States: The Tibetans



The Tibetan empire, circa 780



## When Nation and State match... or not

Nations without States: The Basques



## When Nation and State match... or not

Multinational states:

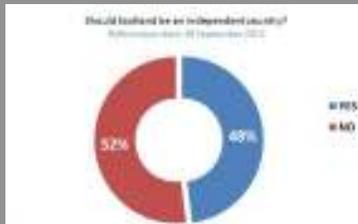
They are many, including in Europe, the rest of Nation-States



## When Nation and State match... or not

Multinational states: UK

Scotland independence referendum (2014)



## When Nation and State match... or not

Multinational states: Spain



Catalonia (Spain)





## When Nation and State match... or not

Multinational states: Belgium



## When Nation and State match... or not

Multinational states: Ukraine





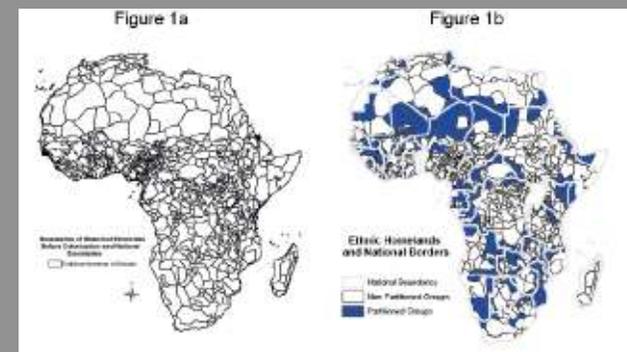
## When Nation and State match... or not

Multinational states: Ukraine



## When Nation and State match... or not

Mismatch is a source of conflicts



Michalopoulos and Papaioannou 2015 show that conflict intensity is approximately 40% higher and conflict lasts on average 55% longer in the homelands of partitioned ethnicities.



## When Nation and State match... or not

Do countries that are solid nation-states tend to perform better?

This is a long and complex debate:

- **Pros = Ethnic and cultural diversity may generate advantages from:**
  - Complementaries
  - Easier links with other Nations
  - Economic networks
  - Cultural diffusion
  - Soft power
  - Permeability to foreign ideas, technologies etc.
- **Cons = Ethnic and cultural diversity may generate:**
  - Mistrust in other and in institutions
  - Lower investment in public goods and institutions
  - Network fragmentation
  - Inequalities
  - Conflicts



## When Nation and State match... or not

Quite strong evidence that Ethnic fragmentation is negatively correlated with economic performances

With many outliers





## How globalization challenges the Nation State system

### Nation States challenges

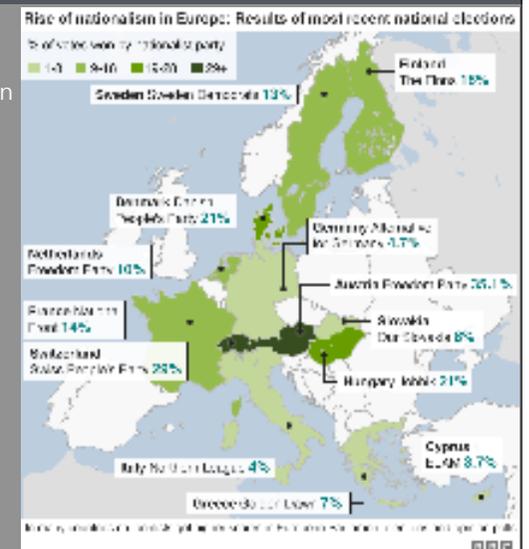
- Internal challenges
  - Migrations and ethno - nationalism
  - Cultural clashes



## How globalization challenges the Nation State system

Far right is gaining ground in most European countries

Expression of anti-immigration sentiments





## How globalization challenges the Nation State system



**Victor Orbán, Prime Minister Hungary**

*"every single migrant poses a public security and terror risk".*

*"For us migration is not a solution but a problem ... not medicine but a poison, we don't need it and won't swallow it"*



Ukip poster campaign



*"When Mexico sends its people, they're not sending their best. [...] They're sending people that have lots of problems, and they're bringing those problems with us. They're bringing drugs. They're bringing crime. They're rapists. And some, I assume, are good people."*

*"Donald J. Trump is calling for a total and complete shutdown of Muslims entering the United States until our country's representatives can figure out what is going on."*



**Marine Le Pen**

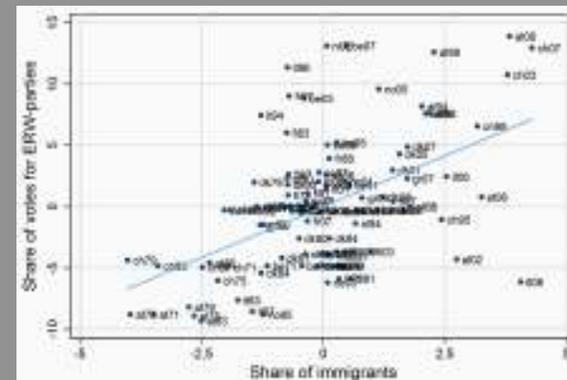
The progressive Islamisation of our country and the increase in political-religious demands are calling into question the survival of our civilisation

The immigrationist religion is an insult to human beings, whose integrity is always bound to one national community, one language, one culture.



## How globalization challenges the Nation State system

There is a clear correlation between presence of immigrants and share of voters for Extreme-Right-Wing parties in Europe



Martin Halla, Alexander Wagner, Josef Zweimüller



## How globalization challenges the Nation State system

However, repeated evidence show that exposure to import competition also play a great role:

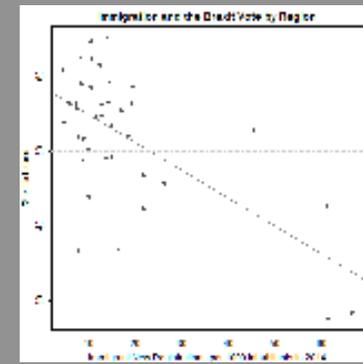
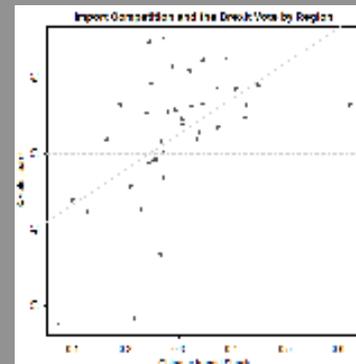
France (Malgouyres), Germany (Christian Dippel, Stephan Heblich, Robert Gold), U.S. (Che et al.), UK (Italo Colantone and Piero Stanig)



## How globalization challenges the Nation State system

Italo Colantone and Piero Stanig

[https://www.washingtonpost.com/news/monkey-cage/wp/2016/07/07/the-real-reason-the-u-k-voted-for-brexit-economics-not-identity/?utm\\_term=.41b2e907ed1f](https://www.washingtonpost.com/news/monkey-cage/wp/2016/07/07/the-real-reason-the-u-k-voted-for-brexit-economics-not-identity/?utm_term=.41b2e907ed1f)





## How globalization challenges the Nation State system

It seems that most support to far-right (and anti-globalization) parties comes from relatively deprived regions.

Populations that are the most threatened by exposure to imports from low wage countries have provided increasing support for protectionists and/or extreme-right populist parties.

*"It's economic globalization, not immigration. Displaced British manufacturing correlates far more strongly with a pro-Brexit vote than immigration does, no matter what voters say after the fact. They might not realize it, but voters may actually want to leave the World Trade Organization or the global economy more than they want to leave the E.U.*

*As Gordon Brown suggests, governments' inability to compensate globalization's losers seems to have pushed voters toward political entrepreneurs who cast themselves as isolationist and nationalist, and who blame immigrants for woes that probably have little, if anything, to do with immigration."*  
*Italo Colantone and Piero Stanig (Washington Post)*



## How globalization challenges the Nation State system

### Nation States challenges

- External challenges
  - NGOs
  - International organizations
  - Multinational firms



## How globalization challenges the Nation State system

Table 2.1 The World's 100 Largest Economies (2007)\*

Rank	Country/Corporation	GDP/Sales (US\$billions)
1	United States	5,708,870.00
2	Japan	4,295,803.00
3	Germany	2,981,202.00
4	France	1,418,262.00
5	United Kingdom	1,373,812.00
6	Italy	1,148,958.00
7	China	1,148,814.00
8	Brazil	768,345.00
9	Canada	612,848.00
10	Spain	602,245.00
23	General Motors	176,528.00
24	General	174,362.00
25	Wal-Mart	168,808.00
26	Exxon Mobil	162,881.00
27	Ford Motor	162,558.00
28	DaimlerChrysler	152,805.70
29	Microsoft	118,555.20
28	Mitsubishi	117,765.80
38	Toyota Motor	115,870.00
48	General Electric	111,620.00
41	Nordea	108,958.00
43	Royal Dutch/Shell	108,368.00
47	Santibene	95,701.00
48	Nippon Tel & Tel	93,591.70
56	Mercedes	91,807.40
52	AIA	87,845.70
53	IBM	87,548.00
56	JP Assoc	82,554.00
57	Citigroup	82,805.00
58	Valdangon	82,872.70
58	Nippon Life Insurance	78,515.10
61	Siemens	75,327.00
63	Allianz	74,178.20
64	Altech	71,858.50
66	Mitsubishi Electric Ind.	65,555.00

Table 2.1 (cont'd)

Rank	Country/Corporation	GDP/Sales (US\$billions)
67	Nitako Ind	65,583.20
68	ING Group	62,482.48
69	AIG T	62,391.00
70	Prima Movis	61,151.00
71	Genp	60,652.70
73	Deutsche Bank	58,585.18
74	Beering	57,985.00
77	Daiichi Mutual Life Ins.	55,154.70
78	Honda Motor	54,775.58
79	American/General	53,725.29
80	Mitsui Motor	52,670.98
82	Edis	52,227.70
82	Yokohama	51,634.98
84	Bank of America	51,282.00
85	Flar	51,231.70
86	Nestle	49,684.18
87	SBC Communications	49,480.00
88	Credit Suisse	49,342.00
90	Hewlett-Packard	49,353.00
91	Falco	47,195.00
93	Merrill	46,653.00
94	Sunshine Life Insur.	46,445.10
95	General Electric Power	45,727.10
97	Kroger	45,251.00
98	Total Fina Elf	44,980.30
99	NEC	44,928.00
100	State Farm Insurance	44,637.20



## How globalization challenges the Nation State system

### Whale-hunting

Largest companies\* in each domicile  
Revenue as % of GDP

Company	Country of domicile	Revenue as % of GDP, 2011
ArcelorMittal	Luxembourg	161
Essar Energy	Mauritius	132
Royal Dutch Shell	Netherlands	56
China Mobile	Hong Kong	34
Glencore	Switzerland	29
Statoil	Norway	24
PIT	Thailand	23
Hon Hai	Taiwan	20
Nokia	Finland	20
MOL Group	Hungary	19

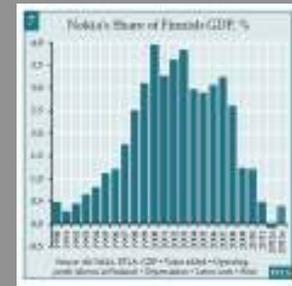
Sources: Bloomberg; IMF;  
The Economist

\* Listed firms in  
53 countries

NOKIA contributed a quarter of Finnish growth from 1998 to 2007.

Over the same period, the mobile-phone manufacturer's spending on research and development made up 30% of the country's total, and it generated nearly a fifth of Finland's exports.

In the decade to 2007, Nokia was sometimes paying as much as 23% of all Finnish corporation tax.





## Human Rights

Human rights are rights inherent to all human beings, whatever our nationality, place of residence, sex, national or ethnic origin, color, religion, language, or any other status. We are all equally entitled to our human rights without discrimination. These rights are all interrelated, interdependent and indivisible.

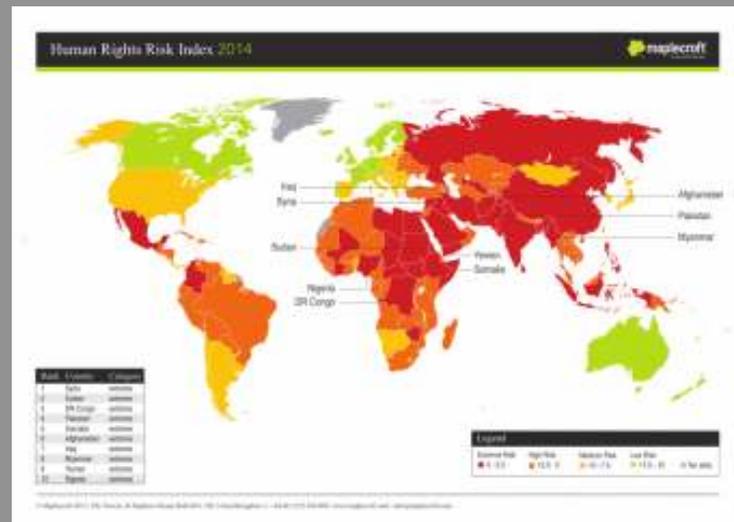
The Universal Declaration of Human Rights (UDHR) was adopted by the UN General Assembly in Paris on 10 December 1948



Eleanor Roosevelt with the Spanish language version of the Universal Declaration of Human Rights.



## Human Rights





## Human Rights

Video Human Rights