

The End of the Nation State

(by Kenichi Ohmae)

Class: Sociology of Globalization

Speaker: Clemens Sett

„New World Order“ & Old World

- end of Cold War: alliances and oppositions among industrialized nations diminished
- along this development: modern nation state began to disappear
- nation-to-nation linkages lost importance both in economics and in politics

What is at stake?

- Which party and policies dominate in the nation states' government?
- The number of new independent units into which the old center decomposes?
- The cultural lines along which it would fragment?
- > the author says NO

What is at stake?

- there are fundamental changes in economic activities around the world
- these activities have developed new channels that have nothing in common with the traditional political maps
- > nation states are no longer meaningful units of participation in today's global economy

Nation states > small actors?

- 1. nation states have too little freedom to make contributions
 - they may use traditional forms of economic sovereignty to boost the overall economic wellbeing
 - BUT: the sovereignty over peoples and regions makes the desired economic success impossible
 - Why? Because the global economy punishes countries which exert sovereignty by diverting investment and information elsewhere
 - they are rather inefficient instruments of wealth distribution
 - they are vulnerable through economic choices made elsewhere

Nation states > small actors?

- 2. nation states are increasingly a nostalgic fiction
 - each state has regions with very different needs
- 3. it is difficult to attach a national label to global companies
 - Is an American car really a US product when a large percentage of components comes from abroad?
- 4. if companies wear a national label it is not for economic well-being
 - rather: 'mini-nationalism' (in which emotion-symbols are important)

Today's borderless economy

- better access to low-cost, high-quality products when they are not produced “at home”
- What can stop the forces coming into action since the end of the Cold War?
 - cultural, religious, ethnic, tribal affiliations
 - older fault lines which may reappear
 - groupings based on *civilisations* not *nations* > these groupings are the only ones that seem to matter

Civilisations & Cultures

- Could they be meaningful units of economic activity?
- > e.g. ASEAN countries – a single, culturally defined economic area?
 - they affect local patterns of work, trade & industry
 - internal differences among religious traditions are large
 - BUT: these differences do not provoke the same conflicts that arise elsewhere
 - Why? > Conversation is possible; villages with different religions are economically linked

Civilisations & Historical Context

- all people are linked to the same sources of global information
 - different lifestyles, consumer tastes, philosophies
 - even if: immediacy & completeness may vary and governments try impose restrictions
- > linkage to global flows of information is THE distinguishing fact from earlier periods in history

Process of convergence

- fast & deep process; reaches more fundamental dimensions
 - worldview; mind-set; thought process
 - instantaneous, ‘nanosecond’ migration of ideas and innovations
- information flows underlying economic activity are shared by all citizens and consumers > information as a ‘harmonizing entity’ for different developments after the end of the Cold War

Information-driven participation in the global economy

- can contain the process of disintegration unleashed by the reappearance of older fault lines
- Why?
 - because well-informed citizens will not wait for improvements in lifestyle (e.g. by nation states)
 - they want to build their own future
 - they want their own access to the global economy

Nation States and Global Economy

- In history nation states managed economic affairs
- Why?
 - control of military strength
 - control of natural resources and colonies
 - control of political independence
- > all of these aspects are of diminishing importance in a global economy

Nation States and Global Economy

- Instead:
 - demands for a civil minimum, the support of special interests & the protection of disadvantaged groups rise
 - the ‘speed of escalation’ varies (under certain circumstances & under certain regimes)
- What can stop this process?
 - wars
 - natural disasters (e.g. plagues, earthquakes, ...)
 - > no adequate ‘instruments’

Theory of the author

- There is only one policy instrument governments have
 - give operational autonomy to the wealth generating region states
 - catalyze the efforts of these region states to seek for global solutions
 - use their ability to put global logic first and enable the entry into the global economy
- > away from the nations and back toward the regions

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Questions

- 1. Do you agree with the author to encourage economic activity going 'back' toward the regions?
- 2. How would you define 'region'? Are there differences in the definition when looking at different continents?