

1. GLOBALIZATION, FOREIGN MINISTRIES AND ALL THAT

Globalization and its effects

The process of globalization -- i.e. the worldwide sharing of space and time -- has been under way for a long time. Advances in transportation and communications have been breaking down barriers between people for centuries, expanding travel and trade, and transforming how states conduct themselves internationally. Throughout, globalization has been surprising people with its effects. A hundred years ago, the interdependence of European nations was widely believed to preclude their ever going to war. In 1910, a best selling book, *The Great Illusion*, argued that the disruption of international credit caused by war would deter it or bring it to a speedy conclusion.

What is new about globalization today is that it has dramatically compressed space and time as factors in global affairs. Information technology has produced a single international agenda, created a 24-hour market, transcended national frontiers, and hugely complicated the task of using policy instruments to regulate national affairs. It has also transformed the nature of power. Power derived from traditional sources is not easily transferable to many of the issues that confront states today. Globalization has so intruded on domestic decision-making that few issues can any longer be safely classified as "domestic" or "international". Daniel Yergin argues that the term "globalization" itself has been overtaken by events. "A new reality is emerging. This is not a process but a condition -- a globality, a world economy in which the traditional and familiar boundaries are being surmounted or made irrelevant." (1)

What is not new about globalization is that it continues to confound prediction. The wisdom of the 90s, for instance, was that globalization meant the end of the nation-state. Governments, it was believed, would be compelled to surrender core functions to global institutions, "market forces", or "civil society". But the nation-state remains intact. States have not ceded sovereignty to international organizations, though they have surrendered some functions voluntarily. Borders still exist, even if they are more porous than before. People's first loyalty is still to their home and native land. And the size of government has not declined appreciably. Public spending in industrial countries today accounts for one half of national income, about what it was ten years ago (2).

¹ *The Commanding Heights: The Battle Between Government and the Marketplace That Is Remaking the Modern World*, Daniel Yergin and Joseph Stanislaw, Simon & Schuster, 1998, p. 14

² *A Future Perfect: The Challenge and Hidden Promise of Globalization*, Chapter 8 (The Strange Survival of the Nation-State), John Micklethwait and Adrian Wooldridge, *The Economist*, Crown Business, 2000 pp. 143-163