

## Nation States: The Controlling Power Behind Globalization

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### Abstract

Globalization is often understood as a process that transcends borders and diminishes the power of the nation-state. However, a closer examination of global political and economic developments reveals that the nation-state remains the central actor in shaping and controlling globalization. This paper explores how states have adapted to globalization since the late 20th century, focusing on their enduring influence over economic policy, international institutions, migration control, and military power. Far from being passive victims of global forces, nation-states—particularly powerful industrialized ones—remain the key architects and beneficiaries of globalization. The paper argues that globalization, as it existed up to 2015, was not a post-national phenomenon but rather an extension of state power through global economic and institutional networks.

### Introduction

The term **globalization** has been widely used to describe the integration of markets, societies, and technologies across national borders. It is often portrayed as a transformative force that reduces the relevance of the nation-state in favor of a borderless global order. As David Held (1992) describes it, globalization represents “the emergence of a global economic system which stretches beyond the control of a single state”. It encompasses transnational linkages, cultural exchanges, and economic interdependence on a scale unprecedented in human history.

However, despite the widespread belief that globalization weakens state sovereignty, empirical evidence suggests otherwise. Former United Nations Secretary-General Kofi Annan, in numerous speeches during his tenure (1997–2006), emphasized that globalization has produced an uneven distribution of benefits. While some nations experience unprecedented growth, others remain marginalized, with billions of people excluded from its advantages. Annan (2000) highlighted that half of humanity still lived on less than \$2 a day, while technological access was concentrated among the world’s richest populations.

This unevenness illustrates that globalization, far from being an equalizing force, is structured and controlled. The mechanisms of globalization—from trade agreements to international organizations—operate within a system dominated by powerful nation-states. This paper examines how, up to 2015, nation-states continued to shape globalization through economic, political, and

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military power, ensuring that global integration serves state and corporate interests rather than diminishing national control.

### **The Transformation of the Nation-State in a Global Era**

The debate over whether globalization erodes the nation-state has defined much of the political discourse since the 1980s. Proponents of neoliberalism, particularly during the Reagan-Thatcher era, argued that free markets and global competition would naturally diminish state intervention. However, scholars such as Jayantha Dhanapala (2001) and John Rees (2001) contend that globalization has not eliminated the role of the state but has transformed it. States have moved from direct management of production to the regulation and facilitation of global capital.

The apparent reduction of state power is more ideological than factual. Governments continue to maintain control over key sectors, including finance, trade, and defense. The internationalization of production and capital has, in fact, required stronger states to enforce intellectual property laws, negotiate trade agreements, and secure markets for domestic corporations abroad. The shift is not from strong to weak states, but from interventionist to managerial states.

Moreover, globalization has intensified the interdependence among states, rather than dissolving their sovereignty. The European Union (EU), North American Free Trade Agreement (NAFTA), and the Association of Southeast Asian Nations (ASEAN) all demonstrate how states cooperate to enhance their collective power in a competitive global economy. These regional blocs are not post-national entities; they are political strategies designed to consolidate state interests within a global framework.

### **Economic Globalization and the State's Enduring Power**

Economic globalization is often presented as a borderless phenomenon dominated by multinational corporations (MNCs). Yet, MNCs operate under the protection and regulation of states. States provide the legal frameworks, infrastructure, and security that allow corporations to function globally. As Rees (2001) observes, even the most powerful corporations are “utterly dependent on the state underwriting their existence”.

The role of the United States in shaping the post-World War II economic order exemplifies this relationship. Institutions such as the International Monetary Fund (IMF), World Bank, and World Trade Organization (WTO) were designed within a framework led by U.S. economic and strategic interests. These institutions promote policies favorable to market liberalization and free trade, but their governance structures reflect state dominance. Voting rights in the IMF, for example, are based on financial contributions, giving disproportionate influence to advanced economies such as the United States, Japan, and members of the European Union.

Even during the global financial crisis of 2008–2009, which many viewed as a crisis of global capitalism, the state reasserted its centrality. Governments in the United States and Europe intervened massively to stabilize markets, bail out financial institutions, and restore investor confidence. These actions reaffirmed that when global capitalism falters, it is the state—not the market—that acts as guarantor of stability.

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**Global Labour, Migration, and State Control**

Globalization has created an international division of labor, linking the economies of developing and developed nations through trade and production networks. As a result, labor migration has increased significantly, driven by economic inequality between regions. However, states have not relinquished control over population movement. On the contrary, they have expanded surveillance and border control systems to regulate migration in ways that benefit their domestic economies.

Migration policies across the industrialized world, particularly in North America and Europe, reflect selective openness. Skilled workers and professionals are welcomed to fill labor shortages, while unskilled migrants face strict entry restrictions. This phenomenon mirrors earlier industrial transitions, where states controlled rural-to-urban migration to suit the needs of capital accumulation (Dhanapala, 2001). In the globalized era, migration control has become an instrument for managing economic competitiveness and social cohesion.

Additionally, remittances from migrant workers have become vital to the economies of developing countries, reinforcing their dependency on the global system dominated by wealthier states. The ability of states to regulate labor mobility underscores that globalization has not eliminated national borders—it has reinforced their strategic significance.

**Militarism and the Political Dimension of Globalization**

While globalization is often celebrated as a force for peace and cooperation, global military spending up to 2015 indicated otherwise. The Stockholm International Peace Research Institute (SIPRI) reported that global defense expenditures exceeded \$1.7 trillion in 2014—nearly the same levels as during the Cold War. The persistence of militarism reflects the state's ongoing role in securing economic and strategic interests through force.

The Gulf War (1991), NATO's intervention in the Balkans (1999), the U.S.-led invasion of Iraq (2003), and subsequent military operations in Afghanistan all highlight how globalization is intertwined with state-led militarism. These interventions were often justified on humanitarian or security grounds but were deeply connected to economic and geopolitical objectives, such as securing access to energy resources and maintaining control over trade routes.

Furthermore, the global arms industry—dominated by U.S., European, and Russian firms—relies heavily on state funding and procurement. Defense spending not only sustains national security but also stimulates domestic industries and technological innovation. This “military-industrial complex,” first identified by President Eisenhower in 1961, remains a defining feature of state power in the globalized world. As Rees (2001) notes, globalization has not weakened this nexus; it has globalized it.

**The Role of International Institutions: Instruments of State Power**

International organizations are frequently portrayed as evidence of supranational governance beyond the nation-state. However, their authority is derived from the consent and participation of sovereign states. The United Nations (UN), World Bank, and IMF function as arenas where state

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power is projected, not replaced.

The decision-making processes of these institutions demonstrate the enduring hierarchy of states. The United States, for example, holds veto power in the UN Security Council, allowing it to shape international security agendas. Similarly, the WTO's dispute resolution mechanism depends on state compliance rather than supranational enforcement. The European Union (EU), though often described as a post-national entity, remains dominated by its most powerful member states—Germany, France, and the United Kingdom (pre-Brexit). The Eurozone crisis (2009–2013) exposed how economic sovereignty was exercised unevenly within the EU, with Germany dictating austerity policies for debtor nations such as Greece and Spain.

Thus, globalization has produced new forms of cooperation among states, but not the dissolution of sovereignty. The power of international institutions reflects, rather than transcends, the balance of power among their constituent states.

### **Globalization and Uneven Development**

Kofi Annan's critique of globalization as an unequal process remains valid up to 2015. Despite rapid technological advancement and economic growth in emerging markets such as China and India, inequality within and between nations widened. According to the World Bank (2015), more than 700 million people still lived in extreme poverty, and global wealth was concentrated in a small number of industrialized economies.

The benefits of globalization accrue primarily to those states capable of integrating into global production and finance systems. Developing nations often find themselves in subordinate positions, dependent on export-oriented economies and vulnerable to fluctuations in global demand. Structural adjustment policies imposed by the IMF during the 1980s and 1990s further weakened social welfare systems in the Global South, reinforcing dependency on the global market.

Thus, globalization has functioned less as a process of global inclusion and more as an extension of capitalist imperialism. The global economic order remains one of unequal exchange, mediated and enforced by state power.

### **Conclusion**

Globalization, as it developed through 2015, did not represent the decline of the nation-state but its strategic transformation. Nation-states have remained indispensable to the functioning of global capitalism, international security, and institutional governance. Far from being replaced by transnational corporations or international organizations, states continue to regulate, enforce, and legitimize the global order.

Powerful states—particularly the United States and members of the European Union—have maintained control over global economic institutions, military alliances, and technological systems. Their capacity to intervene in markets, control migration, and wage wars underscores the central role of the state in globalization.

Therefore, globalization should not be seen as a force beyond state control, but as a process driven

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and managed by the most powerful states to extend their influence worldwide. Until the benefits of globalization are equitably distributed, it will remain a system of interdependence governed by the political and economic interests of dominant nation-states.

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