

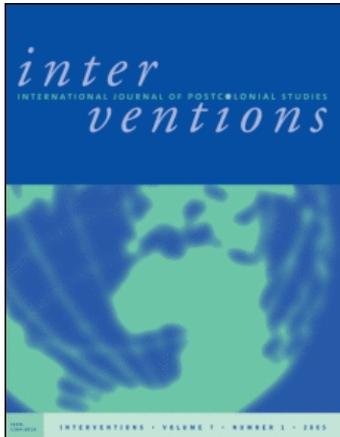
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Interventions

Publication details, including instructions for authors and subscription information:

<http://www.informaworld.com/smpp/title-content=t713702083>

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Online Publication Date: 01 June 2003

To cite this Article Sassen, Saskia(2003)'the state and globalization',Interventions,5:2,241 — 248

To link to this Article: DOI: 10.1080/1369801031000112978

URL: <http://dx.doi.org/10.1080/1369801031000112978>

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THE STATE AND GLOBALIZATION

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authority
citizenship
embeddedness
informal
politics
state

The article examines the ways in which the state actually participates in governing the global economy, notwithstanding the ascendance of deregulation and privatization, and notwithstanding the growing authority of non-state actors. The basis for this participation derives from the embeddedness of crucial components of the global economy in national territories. The question becomes one of understanding the specific type of authority/power this participation might entail for the state vis-à-vis global actors and processes. If the state indeed has such authority, or could in principle have it, can this be a bridge to a politics of the global for citizens – who are, after all, still largely confined to the national domain for the full exercise of their powers? If national state participation in setting up the legal and institutional infrastructure for globalization does indeed contain a set of channels for citizens to demand participation in global politics – including, importantly, the right to demand accountability from global actors – then the formal and informal capabilities of citizens to do so, as well as their disposition to do so, become crucial. This is the subject of the second half of the article.

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The effort in this paper is to recover the ways in which the state participates in governing the global economy in a context increasingly dominated by deregulation, privatization, and the growing authority of non-state actors.¹ A key organizing proposition, derived from my previous work on global cities

(Sassen 2001), is the embeddedness of much of globalization in national territory; that is to say, in a geographic terrain which has been encased in an elaborate set of national laws and administrative capacities that constitute the exclusive territoriality of the national state. The embeddedness of the global requires at least a partial lifting of these national encasements and hence signals a necessary participation by the state, even when it concerns the state's own withdrawal from regulating the economy.

The question becomes one of understanding the specific type of authority/power this participation might entail for the state, or, more precisely, the particular state institutions involved. Does the weight of private, often foreign, interests in this specific work of the state become constitutive of that authority and indeed produce a hybrid that is neither fully private nor fully public? My argument (Sassen 2003) is that we are seeing the incipient formation of a type of authority and a state practice that entail a partial denationalizing of what had been constructed historically as national, including the exclusive territorial authority of the state. This conceptualization introduces a twist in the analysis of private authority because it seeks to detect the presence of private agendas inside the state; that is, inside a domain represented as public. However, it differs from an older scholarly tradition on the captured state which focused on cooptation of states by private actors, because it emphasizes the privatization of norm-making capacities and the enactment of these norms in the public domain.

The purpose here, then, is to understand and specify a particular aspect of globalization and the state which is lost in what are typically rather dualized accounts of this relation; in such accounts, the spheres of influence of, respectively, the national and the global, or of state and non-state actors, are seen as distinct and mutually exclusive. While it may indeed be the case that most components of each of these are separate and mutually exclusive, there is a specific set of conditions or components that does not fit in this dual structure. Key within this set are some components of the work of ministries of finance, central banks, and the increasingly specialized technical regulatory agencies, such as those concerned with finance, telecommunications, and competition policy. In this regard, then, my position is not comfortably subsumed under the proposition that nothing has much changed in terms of state power, nor can it be subsumed under the proposition of the declining significance of the state.

An important methodological assumption here is that focusing on economic globalization can help us disentangle some of these issues precisely because in strengthening the legitimacy of claims by foreign investors and firms it adds to and renders visible the work of accommodating their rights and contracts in what remain basically national economies. However, these dynamics can also be present when privatization and deregulation concern native firms and investors, even though, in much of the world, privatization

and deregulation have been constituted through the entry of foreign investors and firms.

The embeddedness of the global requires at least a partial lifting of these national encasements and hence signals a necessary participation by the state, even when it concerns the state's own withdrawal from regulating the economy.² Does the weight of private, often foreign, interests in this specific work of the state become constitutive of a particular form of state authority that does not replace but works alongside older, well-established forms of state authority?³ My argument is that the mix of processes we describe as globalization is indeed producing, deep inside the national state, a very partial but significant form of authority, a hybrid that is neither fully private nor fully public, neither fully national nor fully global.⁴

As states have participated in the implementation of cross-border regimes, whether the global economic system or the international human rights regime, they have undergone at times significant transformations because this accommodation involves a negotiation. In the case of the global economy, this negotiation entails the development inside national states – through legislative acts, court rulings, executive orders, policy – of the mechanisms necessary for the reconstitution of certain components of national capital into 'global capital', and necessary to develop and ensure new types of rights/entitlements for foreign capital in what are still national territories, in principle under the exclusive authority of their states.

These particular transformations inside the state are partial and incipient but strategic. Such transformations can weaken or alter the organizational architecture for the implementation of international law in so far as the latter depends on the institutional apparatus of national states. Further, they have created the conditions whereby some parts of national states actually gain relative power as a result of that participation in the development of a global economy. As particular components of national states become the institutional home for the operation of some of the dynamics that are central to globalization they undergo change that is difficult to register or name. This is one instantiation of what I call a process of incipient denationalization – that is, denationalization of specific components of national states that function as such institutional homes.

This partial, often highly specialized or at least particularized, denationalization can also take place in domains other than that of economic globalization – notably in that of human rights where recent developments in the regime allow national courts to sue foreign firms and dictators or grant undocumented immigrants certain rights. Denationalization is, thus, multi-valent: it endogenizes global agendas of many different types of actors – not only corporate firms and financial markets, but also human rights regimes. Here I confine myself to economic globalization.

The question for research then becomes: what is actually 'national' in some

of the institutional components of states linked to the implementation and regulation of economic globalization? The hypothesis here would be that some components of national institutions, even though formally national, are not national in the sense in which we have constructed the meaning of that term over the last hundred years. One of the roles of the state *vis-à-vis* today's global economy has been to negotiate the intersection of national law and foreign actors – whether firms, markets or supranational organizations. This raises a question as to whether there are particular conditions that make execution of this role in the current phase distinctive and unlike what it may have been in earlier phases of the world economy.

There is in this dynamic an interesting dialectic. These types of state participation can contribute to strengthen the forces that can challenge or destabilize what have historically been constructed as state powers.⁵ In my reading this holds both for the US and for other countries. The US government as the hegemonic power of this period has led/forced other states to adopt these obligations towards global capital, and, in so doing, has contributed to the globalization of conditions that reduce particular forms of state authority in more and more countries around the world. One way in which this becomes evident is in the fact that, while the state continues to play a crucial, though no longer exclusive, role in the production of legality around new forms of economic activity, at least some of this production of legalities is increasingly feeding the power of new emerging structures, whether global markets for capital, WTO, or the international human rights regime.

A crucial part of the argument is the fact of the institutional and locational embeddedness of globalization. While this is not the place to discuss this embeddedness, let me specify why it matters. First, it provides the empirical specification underlying my assertion that the state is engaged, which in turn feeds the proposition about the denationalizing of particular state functions and capacities.

Second, it signals that the range of ways in which the state *could* be involved is conceivably far broader than it is today – when it is largely confined to furthering economic globalization. Conceivably, state involvement could address a whole series of global issues, including the democratic deficit in the multilateral system governing globalization.⁶ State participation creates an enabling environment not only for global corporate capital but also for those seeking to subject the latter to greater accountability and public scrutiny. But unlike what has happened with global corporate capital, the legal and administrative instruments and regimes that are necessary for citizens to participate in global governance through state institutions have not been developed. The trade-offs and the resources that can be mobilized in the case of citizens seeking to globalize their capacities for governing are quite different to those of global capital seeking to form regimes that enable and protect it.

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Citizenship, the foundational institution for membership in the modern state, is being partly destabilized through current developments associated with globalization. Some of the major transformations occurring today under the impact of globalization may give citizenship yet another set of features as it continues to respond to the conditions within which it is embedded. One possible materialization is that the nationalizing of the institution which took place over the last several centuries may today give way to a partial denationalizing.⁷ One might then hypothesize that this could produce institutional resonance with the processes of denationalization I discussed above. Such a possibility raises a number of questions for which it is too early to find answers. But conceivably this institutional resonance could position citizens, still largely nation-based, as participants in an emergent domain of global governance.

Though often talked about as a single concept and experienced as a unitary institution, citizenship actually describes a number of discrete but connected aspects in the relation between the individual and the polity. Current developments are bringing to light and accentuating the distinctiveness of these various aspects, from formal rights to practices and psychological dimensions. These developments also bring to the fore the tension between citizenship as a formal legal status and as a normative project or an aspiration.⁸ The formal equality that attaches to all citizens rarely embodies the need for substantive equality in social terms. Current conditions have led to a growing emphasis on rights and aspirations that go beyond the formal legal definition of rights and obligations. The growing prominence of an international human rights regime has produced areas of convergence even as it has underlined the differences between citizenship rights and human rights.

In so far as citizenship is a status which articulates legal rights and responsibilities, the mechanisms through which this articulation is shaped and implemented can be analytically distinguished from the status itself. In the medieval cities so admired by Max Weber, it was urban residents themselves who set up the structures through which to establish and thicken the conditions of citizenship.⁹ Today it is largely the national state. With globalization and the associated changes in the national state, as well as the ascendancy of human rights, these mechanisms may well begin to change once again. Further, the actual content and shape of the legal rights and obligations may also change.

These developments, some advanced and others incipient, signal the need to expand the analytic terrain within which to understand the question of citizenship and citizen rights and obligations in the current era. They do not signal the overhaul of the institution. In my reading we are dealing with very partial and particular developments, many at the edges of the institution and hence easily disregarded. Yet in my mapping of globalization today, these particular and partial transformations in state work (see above) and in

citizens' work need to be recognized. The extent to which these transformations will become institutionalized and formalized is likely to vary sharply. From my perspective, it matters to capture also those changes that are not likely to become formalized – at least not any time soon.

For my argument it is important to recognize how and whether specific transformations inside the national state have directly and indirectly altered particular features of the institution of citizenship. These transformations are not necessarily predicated on deterritorialization or on the location of the institution outside the national state, as are conceptions of post-national citizenship; hence they are usefully distinguished from current notions of post-national citizenship. I refer to these transformations as denationalized components – emergent and typically not yet formalized – in the institution of citizenship. By tracing what are, at this time, micro-transformations in the institution of citizenship on the inside of the national state (rather than outside, as in post-national conceptions), I make a parallel conceptual framing to that on state work discussed in the first half above. The question, then, is not simply one of the deterritorializing of citizenship but also one of tracing where we see continuities and changes in the formal bundle of rights at the heart of the institution and when the changes represent a movement towards post-national and/or denationalized features of citizenship. Further, we must ask where as yet informal citizenship practices might engender formalizations of new types of rights.

Notes

1 This chapter is part of the author's larger multi-year research project to be published as *Denationalization: Territory, Authority, and Rights in a Global Digital Age* (under contract with Princeton University Press).

2 On the one hand, there is an enormously elaborate body of law, developed in good measure over the last hundred years, which secures the exclusive territorial authority of national states to an extent not seen in earlier centuries (Krasner 1999; Kratochwil 1986; Ruggie 1993; Spruyt 1994). On the other hand, we see today a considerable institutionalizing, especially in the 1990s, of the 'rights' of non-national firms, the deregulation of cross-border transactions, and the growing influence/power of some of the supranational organizations (see, for example, Goldstein *et al.* 2001; Gruber 2000; *Indiana Journal of Global Legal Studies* 1998; Mittelman 2000). If securing these rights, options and powers entailed an even partial relinquishing of components of state authority as constructed over the last century, then we can posit that this sets up the conditions for a necessary

engagement by national states in the process of globalization (Sassen 1996, 2003).

3 Several scholars have focused on the nature of this engagement (see, for example, Cerny 2000; Dark 2002; Doremus *et al.* 1999; Kagarlitsky 1999; Panitch and Leys 1999; Scholte 1997; Strange 1996). One way of organizing the major issues is to ask whether the role of the state is simply one of reducing its authority (i.e., as suggested with terms such as deregulation and privatization, and generally 'less government'), or whether it also requires the production of new types of regulations, legislative items, court decisions – in brief, the production of a whole series of new 'legalities'. I use this term to distinguish this production from 'law' or 'jurisprudence' (see Sassen 1996: ch. 1).

4 Among the issues raised by this kind of analysis are the increased autonomy and influence of the types of processes and actors described in note 2 above, as well as of a variety of non-state actors. The literature on non-governmental organizations (NGOs), including transnational ones (TNGOs), and the associated forms

of activism, have also generated a series of interesting insights into the changed position of states in a context of multiple globalizations (see, for example, Keck and Sikkink 1998; O'Brien *et al.* 2000). For a critical account that partly rejects the notion that these non-state actors actually represent a politics that undermines existing forms of authority, including that of the state, see Drainville (1995). I would also include here a variety of emergent global networks that are fighting equally emergent global agents such as trafficking gangs (see Coalition to Abolish Slavery and Trafficking (annual); Global Survival Network 1997). For a general review of these types of organizations see Sassen (2000). Along these lines a new set of concrete instances has come about with the 11 September 2001 attack on the World Trade Center – i.e., the use by international organized terrorism of the global financial system and the international immigration regime (see, for a variety of analyses, Calhoun *et al.* 2002).

5 See, in this regard, Arrighi (1994), the debate in Davis (1999), and Scholte *et al.* (1998).

6 There are several types of analyses that address particular forms of this question. See, for example, Aman (1998) and Held *et al.* (1999) on how states could participate in global governance; Ferguson and Jones (2002) and Magnusson (2000) on how to rethink political space; Brysk (2002) on the citizenship gap in a global world and what states could do about this. For a very particular angle on these issues see Calhoun *et al.* (2002) where a variety of authors seek to understand in what ways the World Trade Center attacks on 11 September 2001 forced a rethinking of how globalization has repositioned the US state in the world and how to respond to the new types of organized international terrorism.

7 Among the excellent books on this subject see Isin (2000) and Turner's collection (1993), which brings together a variety of approaches to the question of the embeddedness of the institution.

8 There are multiple examples of this. Let me just cite some of those that engage the notion of global public goods or a global public commons. Thomas Pogge (1992) has identified a sort of global sense of solidarity and identification, which arises partly out of humanitarian convictions. Notions of the ultimate unity of human experience are part of a long tradition. Today there are also more practical considerations at work, as in global ecological interdependence, economic globalization, global media and commercial culture, all of which create structural interdependencies and senses of global responsibility (see Falk 1993; Held 1995; Hunter 1992).

9 Important to my analysis is actually the fact that these urban residents were pursuing a specific project – the right to protect their property from the abuses of

various powerful actors, i.e., local lords, the church, the king. Their project was not citizenship as we think of it now. But in their particular material and normative practices they produced foundational elements for what eventually became the modern institution of citizenship (see Sassen 2002). Here I find compelling the fact that current transnational practices may well be feeding the possibility of transnational notions/experiences/imaginaries of citizenship (see Ong 1996).

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