

**GLOBALIZATION AND REGIME TYPE:  
A COMPARATIVE STUDY OF CHINA AND INDIA**

**Dissertation submitted to the Jawaharlal Nehru University  
in partial fulfillment of the requirements  
for the award of the Degree of**

**MASTER OF PHILOSOPHY**

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**2005**



Date: 12.07.2005

**CERTIFICATE**

Certified that the dissertation entitled "Globalization and Regime Type: A Comparative Study of China and India" submitted by me in partial fulfillment of the requirements for the award of the degree of **MASTER OF PHILOSOPHY** has not been previously submitted for any other degree of this or of any other university and is my own work.

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We recommend that this dissertation be place before the examiners for evaluation.

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**Dedicated to**

**Bappa**

## **Acknowledgment**

First of all, I am grateful to my supervisor who read the whole dissertation very sincerely and carefully. I express thanks to him for providing valuable suggestions and help in terms of research materials. I greatly respect Prof. C.S.R. Murthy for his generosity and simplicity. I express my gratitude to all faculty members and staff of my centre.

I express a special thanks Anshul "Bhaiyya" whose advice and suggestions paved the way for me. I am pleased about the affection and support of my friends Anugrah "Pappu" and Rakesh. I was not fortunate to have classmates but happily found a group of supportive seniors Narendra, Inderjeet, Sandeep, Partho and Vivek. Their companionship and friendly behavior provided an environment to learn new things. I present my thanks and best wishes to Narendra whose door was never closed for me and I hope that it will be open for ever. I also express my high regard to Archana Ji and Sangeet Sarita.

I appreciate the cooperation of my friend D. S. Makkalanban who really helps me in the time of need. I also thank Ashtosh Santesh Durgesh, Ayush, Amit, Om Praksh, Roshan, Ashok Rajeev and Vaibhav.

I am thankful to Librarian Mr. Malik Sir whose working culture teaches us, ages do not matter if interest is in work. I thank the library staff of JNU, IDSA, Trimurti, the Library of Law and Governance and the EXIM Bank. I also thanks Sanjay Photostat, SIS, Mr. Birendra Dabral who has done the whole work on credit.

My family deserves full credit for supporting me completely in all respects. Above all, I am only a soldier. My commander is my father "Bappa" who is my inspiration and ideal.

Shiv Poojan Pd. Pathak

## **Introduction**

Globalization has become a dominant force in international politics since the end of the Cold war. Ideological rivalries have taken a back seat. Democracy as a political form and the market economy as an economic system have become dominant norms for governance in the new world order. Globalization manifests itself in different political, cultural and economic realms. In an era of globalization, political, economic and social activities have become increasingly worldwide in scope. There has been an intensification of levels of interaction and interconnectedness within and between states and societies. National economies are integrating with the world economy. Multilevel governance exists at national, regional and global levels.

States are the political units around which relations have been conducted since the Treaty of Westphalia in 1648. The state is a political association that exercises sovereign jurisdiction within defined territorial borders. States are the primary political institutions, which distribute and regulate the goods, services and values in any 'political community'. In an era of globalization, states are faced with new kinds of challenges. The process of globalization has posed challenges to the conventional understanding of sovereignty and the notion of an unparalleled supremacy of state power. The changing relation between globalization and the functioning of a state's sovereignty has evoked considerable academic interest.

The power of the state is increasingly diffuse and dispersed. The state's capacity to monitor, order and coerce society is weakened internally and the autonomy and sovereignty is compromised externally. New social movements provide opportunities for the emergence of global civil society and mechanisms for global governance. The development in information and communication technology is promoting a 'global civil society', which generates a cosmopolitan consciousness at the global level. Citizens have multiple and overlapping allegiances in a global society. Globalization disseminates generic values like human rights, democracy, human security and global justice. By virtue of these values, it forces states to enshrine such concepts in their activities. Globalization is constructing new forms of social and political multilateral institutions. These include International Governmental Organizations like the World Trade Organization, (WTO) International Non-Governmental Organizations and Multi-National Companies. These diverse actors are important and conduct and establish transnational relations.

The process of globalization is multi-dimensional. Globalization affects all individuals, societies and states directly or indirectly but my interest is only in its impact over the functioning of a political regime and the capacity of regimes to respond to globalization. However, there is no uniformity in the political system of states. Different states organize themselves on different grounds. Broadly, these can be classified as democratic and non- democratic states. The aim of this proposed study is to analyse the impact of globalization on two divergent regimes-types- authoritarian and democratic states. I examine the possibility that globalization impacts differently on divergent regimes. My assumption is that the impact of globalization on the state differs depending

upon the regime type. I seek to examine this proposition through empirical accounts of an authoritarian state, namely, China and a liberal democratic state, namely, India.

The consequence of globalization touches all arenas of a regime namely political, cultural and the sociological arenas as a composite whole. I will however concentrate primarily on the political aspects of globalization, which is related to the political systems of these two different regimes -China and India. The political aspect of globalization relates to the sovereignty of the state and its governing capacity. This research covers the period since 1991. I have also tried to address issues such as the character of globalization, the difference between liberal and authoritarian regimes and the impact of globalization on contending regime types in China and India.

My assumption is that the impact of globalization on the regime differs depending upon regime type. This is not a rare claim. It can however be justified through definite and valid arguments. I justify my claim with the help of empirical evidence relating to China and India.

China is an authoritarian state ruled by the communist ideology. The communist ideology determines the structure and process of the political system and the ideology of the market economy guide its economic system. Globalization affects the Chinese society, culture and its political system. It poses a challenge to state capacity. India as a 'liberal democratic state' started its process of economic reforms since 1991.

The prime rationale to select the case studies of China and India is that they represent divergent regime-types. They share a lot of similarities and differences from each other. They are developing countries. Their economies are semi- industrialized; semi- agrarian and their societies are semi-feudal. They are in a transitional period. They



had initially chosen the path of economic development through the command economy. Now they are moving towards a market economy. China and India have joined the club of the W.T.O. and become an integral part of the world economy. Other reasons to invoke our interest in these two cases are both economies are the world's fastest growing economies and currently occupy the third (China) and fourth (India) place in the world economy. Their populations share more than one-third population of the world.

But there are basic differences between their political and social systems. The Chinese political system is not congruent with its economic system. There may be a contradiction in an open economy and a closed political set-up. In the case of India, the political system corresponds with its economic system. India is a liberal society with an open economy. These similarities and differences make them highly relevant case studies in globalized world.

### **Chapter One:**

In the first chapter I have conceptually defined globalization, regime types- authoritarian and democratic states and enumerated their basic characteristics. I study China and India in the light of these characteristics.

### **Chapter Two:**

Chapter two is theoretical in nature. It provides an understanding of the relation between globalization and the state and examines the assertions of the globalists, the skeptics and the transformanalists. I seek to link globalization with divergent regime types, namely,

authoritarian and democratic states. The chapter attempts to answer the question as to why divergent regimes potentially generate different responses to globalization.

### **Chapter Three**

This chapter is a case study of China. It examines the impact of globalization upon authoritarian states on the basis of this case study. The first part deals with the method of Chinese political and economic reforms and the transformation of the Chinese society due to the impact of globalization. The second part of the chapter addresses two apprehensions: Is China likely to move towards democracy? Secondly, is the decline of the Chinese authoritarian system inevitable? These questions have been answered to some extent but one fundamental query remains unresolved: how will China resolve the contradiction of both: capitalism, that is the expansion of inequality and communism that is the absence of liberty. The final section mentions the challenges posed by the globalization to a political regime and its strategy of survivability.

### **Chapter Four:**

I enquire in the fourth chapter what kind of relations exists between globalization and democracy and what is the influence of globalization on Indian democracy? This chapter covers the circumstances—international and domestic— that propelled India towards economic reforms and examines what India is gaining by the processes of globalization. This chapter shows why Indian democracy is vulnerable and how competent it is to overcome the ill-consequences generated by globalization. It also gives an account of the benefits flowing from globalization to a democratic state.

## **Chapter Five:**

This chapter is a comparative analysis of the impact of globalization on Chinese and Indian regimes and its implications. Through the case study, I have found that globalization has differential impact over different regimes. Authoritarian regimes in the short term better consolidate the opportunities made available by globalization. Liberal democratic states lag behind in securing the benefits of globalization and face more challenges than authoritarian regimes. However, the differences in the nature of regimes play their role to a certain extent. After all, globalization is an independent force and moves according to its own logic which can be only regulated and moulded in accordance with the need of regimes but cannot be completely obstructed.

## **Chapter-1**

### **Globalization, Authoritarian and Democratic Regimes:**

#### **A Conceptual Analysis**

Social and political concepts tend to be indeterminate, open ended and flexible. Definitions are often contested and consensus is not easy to achieve. This creates ambiguity and vagueness in usages. To define globalization is difficult because it is widely and sometimes loosely invoked. Scholars of different disciplines tend to use it differently. It is a very broad concept that has been equated with all dimensions of human activity. This explains at least partially why the meaning of globalization becomes complicated.

Globalization is made of two words. The word 'global' is an adjective and expresses the meaning worldwide or embracing the whole, a group of items. The second word is 'ization'. The term 'ization' implies "change". Hence, the etymological meaning of globalization may be defined as changes or transformations, on a worldwide scale. In other words, the term globalization conveys a one world sense of transformation at a global scale. Globalization has a number of dimensions- political, cultural, economic and sociological. Scholars when they define globalization also attribute its meaning to its sectoral dimensions. Globalization is an abstract concept as well as a practical reality. The meaning of globalization differs on these grounds.

Jagdish Bhagwati defines globalization in economic terms. According to him, “Economic globalization constitutes integration of national economies into the international economy through trade, direct investment (by corporations and multinationals) short term capital flows, international flows of workers and humanity generally and flows of technology”.<sup>1</sup> Samuel Brittan refers to globalization as “a world in which, after allowing for exchange rate and default risk, there is a single international rate of interest”.<sup>2</sup>

The problem with these definitions is that they are uni-dimensional. It is true that globalization is primarily economic in nature but other aspects are also very crucial. Globalization involves not only economic transformations but also socio-political transformations and changes. Politically, systems of governance are moving from single, unified state-bounded administration towards multi-layered governance systems. Social relations are finding new spaces through various means and multiple linkages. The patterns of social interaction are moulding themselves in the emerging structures of global society and polity.

Frederic Jameson extended the meaning and scope of globalization. Taking into account the cultural aspects of it, he writes, “Globalization is a communicational concept, which alternatively masks and transmits cultural and economic meanings”.<sup>3</sup> Ronald Robertson argues that we may best consider contemporary globalization in its most general sense as “a form of institutionalization of the two fold process involving the

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<sup>1</sup> Jagdish Bhagwati, *In Defence of Globalization*, New York: Oxford Press, 2004, p. 3.

<sup>2</sup> Cited by Phillip G. Cerny, “Globalization and other Stories: the search for international relations”, *International Journal*, vol. 51, no. 4, autumn 1996, p. 617.

<sup>3</sup> Frederic Jameson, ‘Notes on “Globalization as a Philosophical Issues” in Frederic Jameson and Masao Miyoshi, ed., *The Cultures of Globalization*, Durham and London: Duke University Press, 1998, p. 55.

universalization of particularism and the particularization of universalism”.<sup>4</sup> Robertson believes that globalization generates several kinds of transformative processes. According to Robertson, globalization moves with contrasting forces like universalisation and particularism of culture.

No event or phenomena has an equal access and impact upon individuals or societies. Uneven impacts and asymmetric affects create a notion of winners and losers in the process of globalization. Martin Khor defines globalization from the losers side, which explains the reality of globalization in the context of ‘Third World’. He says, “Globalization is what we in the Third World have for several centuries called colonialization”.<sup>5</sup>

The definitions, which are mentioned above, view globalization as a single or core-driving force in economic terms. In their view globalization is mono-causal. The literature on globalization reveals broader and abstract definitions. Martin Albrow refers to “globalization as all those processes by which the peoples of the world are incorporated into a single world society, global society”<sup>6</sup>. Anthony Giddens has taken a similar stance and writes, “Globalization is the intensification of world wide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa”<sup>7</sup>.

If we analyse all these definitions, we find there is an amalgamation of multidimensional aspects of globalization. It covers a wide range of meanings from economic to cultural. Bhagwati and Britain focused over economic change; Frederic and

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<sup>4</sup> Ronald Robertson, *Globalization: Social Theory and Global Culture*, London: Sage, 1992, p. 102.

<sup>5</sup> Quoted by John Baylis and Steve Smith, ed., in *The Globalization of World Politics: An Introduction to International Relations*, New York: Oxford University Press, 2001, p. 15.

<sup>6</sup> John Baylis and Steve Smith, ed., in *The Globalization of World Politics*, p. 15.

<sup>7</sup> John Baylis and Steve Smith, ed., in *The Globalization of World Politics*, 15.

Robertson express their view in sociological terms. Khor emphasizes the loser sensibility of globalization, while Giddens perceives it as ‘an intensification of social relations’. Albrow covers abstractly all the views and further extends the scope. This shows how difficult it is to define globalization precisely. But definitions of globalization given by David Held and Anthony McGrew, David Goldblatt and Jonathan Perraton are in my view the most appropriate, as they are comprehensive.

According to them, a satisfactory definition of globalization must cover each of these elements, namely, extensity (stretching), intensity, velocity, and impact. They refer to these four elements as spatio-temporal dimensions of globalization. Accordingly, globalization can be thought as “a process (or set of processes) which embodies a transformation in the spatial organization of social relations and interactions—assessed in terms of their extensity, intensity, velocity and impact—generating transcontinental or interregional flows and networks of activity, interaction and the exercise of power”<sup>8</sup>.

Jens Bartelson conceptualizes globalization from a different perspective. He tries to locate the place where globalization transacts its activities. Globalization may take place at the national, regional or global level. On the basis of the level of analysis, he identifies globalization as “a process of transference, transformation and transcendence”<sup>9</sup>.

Globalization as a transference signifies a process of change that originates at the level of the unit: the state. In other words globalization is an intensified transference or exchange of things between pre-constituted units, be they politics, economics or culture. Globalization as a transformation occurs at the systemic level and it affects this system as

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<sup>8</sup> David Held and Anthony McGrew, *The Global Transformation Reader: An Introduction to the Globalization Debate*, Cambridge: Polity Press, 2000, p. 5.

<sup>9</sup> Jens Bartelson, “Three Concepts of Globalization”, *International Sociology*, vol. 15, no. 2, 2000, pp. 180-96.

much as it affects the identity of the units. In Bartelson's view globalization takes place over and above the units as a result of the interaction between systemic variables across different dimensions and sectors of that system.

Globalization as a transcendence implies the transcendence of those distinctions that together condition unit, system and identity dimension. This concept presumes that world as a whole serves as a point of reference and the global is an object of inquiry. When Bartelson conceptualized globalization in terms of transcendence, he says it brings change not only to the identity of units and systems but also conditions its existence of an object of inquiry and the field where it is situated.

Allan Cochrane and Kathy identified the following features of globalization, which supports these definitions. They framed this in four ways. According to them, "the stretching of social relations, intensification of flows, increasing interpenetration and global infrastructure are significant features of globalization".<sup>10</sup>

1- Stretched social relations- It is argued that cultural, economic and political processes in society are increasingly stretched across the nation-state boundaries so that events and decisions-taking place on one side of world have a significant impact on the other.

2- The stretching of social relations seems to be associated with an intensification of flows and networks of interaction and interconnectedness that transcend nations-states. One aspect of this is to be found in the density of communication and interactions.

3- The increasing extent and intensity of global interaction is changing the geography of the relationship between the local and the global. As social relations stretches there is increasing interpenetration of economic and social- practices, bringing apparently distant cultures and society face to face with each other at local level as well as on the global stage.

4- Interconnectedness that crosses nation-states boundaries operates outside the systems of regulation and beyond the control of individual nation. They are global not only in their operations but in their institutional infrastructure. Informational and communications technologies provide the infrastructure of interaction that supports the global governance and markets.<sup>11</sup>

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<sup>10</sup> David Held, ed., *A Globalising World: Culture, Economics, Politics*, London: Routledge, 2000, p. 15.

<sup>11</sup> David Held, ed., *A Globalising World: Culture, Economics, Politics*, p.15.



We can spell out following features of globalization in our own language.

- It is multidimensional process. It manifests in all human activities, whether in the realms of politics, culture or economics. It is an international socio-political, economic and cultural permeation.
- It is process of change. Globalization is changing the territorial identity of political community and the concept of citizenship. Globalization is transforming social and political relations.
- The informational and communicational technology drives the process of globalization. Lower costs of communications and transportations help in flows of trade, the travel of people and the spread of information. However, development in information and communication technology and the process of globalization is co-incidental. None of them are cause and consequences of each other. Both are independent phenomena and a parallel development in the contemporary phase of history. Both however, facilitate and promote each other.
- The process of globalization is not new to human history. However, the development in information and communication technology has intensified the pace of globalization. The contemporary phase of globalization witnesses merely an intensification of flows of goods and ideas. But Joseph Nye Jr. holds the view that “the oldest form of globalization is environmental”.<sup>12</sup> He gave an example of the first smallpox epidemic recorded in Egypt in 1350 B.C. It reached China in 49 A.D. The spread of peoples, cultures, images and

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<sup>12</sup> Joseph Nye Jr., *Understanding International Conflicts: An Introduction to Theory and History*, New York: Longman, 2003, p.188.

ideas is example of social globalization. The spread of four great religions of the world– Buddhism, Judaism Christianity and Islam is an example of pre-modern globalization.

- It is process involving flows –flows of ideas, commodities, capital and services. Globalization has made the boundaries of the state more porous and fuzzy. Transaction of goods and movement of people across the nation–state are less easily regulated.
- The pattern of interaction among the peoples has taken a different trajectory. In the contemporary phase of globalization, people are establishing direct contract from one country to other. Globalization provides multiple channels to connect people across boundaries. Globalization anticipates a global society with civic consciousness. It promotes notions of a global economy and market, global polity and society, and global culture.
- Globalization is related to modernity. Critical theorists view globalization as a consequence of modernity. According to them, the spread of new ideas, technology and values promote modernity. Modernity provides the temporal base for globalization.
- It has an uneven impact upon global and national societies. It is beneficial for some and detrimental to others. People do not equally share the fruits and outcomes of globalization. Modern society is a knowledge-based society. It provides opportunities to some people who have access to knowledge; simultaneously it minimizes the opportunity for a bulk of society who is deprived. This creates a situation of winners and losers.

- Globalization is not a linear movement and is not a single force. Its movement is dialectical and it moves with multiple-forces. It involves localization, integration and fragmentation, homogenization and differentiation. All these developments are operating under the rubric of globalization.

### **The Marxist Understanding of Globalization**

For Marxist theorists, globalization legitimizes the capitalistic mode of production and consumption. It is nothing new but the latest phase of international capitalism. Karl Marx in 19<sup>th</sup> century had discerned the imperial character of capitalism. Capitalist economic systems demand a single integrated world market for their transactions. Globalization is a manifestation of those characteristics. Marxist theoreticians still explain globalization through center-periphery models or world systems theory.

Immanuel Wallerstein advocated his theory of a “world economy system”<sup>13</sup> premised on a division of the world into core and periphery with further sub-division of semi-peripheries. Core states are developed countries. They industrialized first and acquired a decisive advantage over the rest of the world. The peripheral states are underdeveloped countries. The peripheral states are those that cater to the needs of core. They are deliberately constrained by core states from developing higher industrial skills. Core states are exploiting the raw materials and natural resources of peripheral states and are therefore the real beneficiaries of globalization. The semi- periphery is the middle category of states that can move in either direction, and may include one-time core states

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<sup>13</sup> See, Immanuel Wallerstein, *The Modern World System*, New York: Academic Press, 1989. *The Politics of World Economy*, Cambridge: Cambridge University Press, 1984.

that have lost their status now. Globalization compels the peripheries to open their economy in the name of free trade.

### **The Liberal View on Globalization**

Liberal scholars in the discipline of international politics endorse globalization. In their assessment, globalization is defining the current phase of relations and politics of the nation-state and international relations and politics has become global politics and relations. The world has become more interdependent than earlier periods. However, globalization and interdependence are not similar phenomena. Interdependence shows only reciprocity in relations between two states. This reciprocal relations or interdependence may be uni-dimensional such as military to military or economic to economic.

But globalization is far more wide and comprehensive as a phenomenon. Robert Keohane and Joseph Nye explain this difference. Globalization is the process by which globalism becomes increasingly 'thick'. Keohane and Nye Jr. define globalism as "a state of the world involving networks of interdependence at multinational distances".<sup>14</sup> In the existing phase of globalization, the linkages occur through flows of capital, goods, information and ideas and people as well as environmentally and biologically relevant substances. They explain interdependence as a situation characterized by reciprocal effects among countries or among actors in different countries. Hence, globalism is a type of interdependence, but with two special characteristics. First, "globalism refers to networks of connections (multiple relationships), not single linkages. Second, for a

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<sup>14</sup> Robert Keohane and Joseph Jr. Nye, "Globalization: What's New? What 's Not (And So What?)". *Foreign Policy*, no. 118, spring 2000, p. 105.

- network of relationships to be considered global, it must include multi-continental distances..... Globalization refers to the ‘shrinkage of distance on a large scale’.<sup>15</sup>

### **Authoritarian Regimes**

The Encyclopedia of Britannica defines authoritarianism as “a political system that concentrates power in the hands of a leader or small elite that is not constitutionally responsible, the body of the people.”<sup>16</sup> In the view of Juan J. Linz, authoritarian states are “political systems with limited, not responsible, political pluralism, without elaborate and guiding ideology, but with distinctive mentalities, without extensive nor intensive political mobilization, except at some points in their development, and in which a leader or occasionally a small group exercises power within formally ill-defined limits, but actually quite predictable ones”.<sup>17</sup>

### **Features of an Authoritarian Regime:**

- Authoritarianism is a practice of government from above in which authority is exercised regardless of popular consent. “Authoritarian regimes therefore emphasize the claims of authority over those of individual liberty”.<sup>18</sup>
- The key features of authoritarian government are that it denies the masses any effective control over their rulers. Generally, the governing elite are self-appointed or elected through non-competitive methods of election. The citizen

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<sup>15</sup> Keohane and Nye, “Globalization: What’s New? What ‘s Not (And So What?)”, p. 106.

<sup>16</sup> Encyclopedia Britannica, Chicago: Helen Henigway Bertam, 1984, p. 668.

<sup>17</sup> Juan J. Linz, *Totalitarian and Authoritarian Regimes*, London: Lynne Rienner , 2000, p. 159.

<sup>18</sup> Andrew Heywood, *Politics*, New York: Palgrave, 2002, p. 38

has little role in the election of their representatives. They are not responsible to the people. They have been denied free choice in electing their representatives.

- The organizational structures of authoritarian regimes are hierarchal in nature. Power is concentrated in the hands of a leader who is on the top of the hierarchy. It vests supreme power in the hands of one individual or one party.
- Authority, which is exercised by a leader or a group of rulers, may or may not be legitimate. The governing style is rough and ready with rules standing above rather than controlled by the law. The power may be arbitrary and not based on any generalized principles of law.
- Authoritarian regimes do not permit the creation of separate groups, organizations, and political parties. All organizations or parties operate under the purview of government policies and programmes. Governments either keep the people out of decision-making altogether or just allow figurative opposition. Authoritarian regimes are generally intolerant of political opposition and leave little breathing space for political activities.
- They do not pay attention to individual rights. Individual freedom is very weak in an authoritarian state. Citizens are denied civil and political rights. There may be specified constitutional provisions but the reality may be different.
- The government possesses monopoly over the spread of information. It is a single source of information in its defined territory.

“All authoritarian government attempts to manage the flow of news and political information to the public. They seek to, one side, to fill the mass media with a steady stream of pro-government messages and on the other, to stifle independent criticism and analysis. By these

means, an authoritarian government attempts to shape the political attitudes of their citizens".<sup>19</sup>

- Another essential element is that it exercises stern and forceful control over its population, with no particular preference for public opinion. It is very much tied with the idea of command and obedience, of inflexible rule.

Barba Geddes and John Zaller argue that the acceptance of government policies and its exposure depends upon three factors in authoritarian regimes. They referred to it as the 'resistance factor'.<sup>20</sup> First, the military captured power during a period of economic chaos and political unrest. Second, the greater attention to policies, the greater one's capacity for critical scrutiny of ideas relating to it, political awareness is the best indicator of such capacity for critical scrutiny. Third, general levels of political awareness would be a major determinant of both exposure and acceptance, but that other factors, especially personal values, would also play a role. Personal values in this context may predispose people for or against authoritarianism

### **Democratic Regime**

Democracy literally means "power of the people". Democracy is one of the most acceptable forms of political and social organization which modern communities have adopted. It reflects a basic consensus on modern social and political institutions. The roots of democracy go to the practices of the City-State in Greek civilization. Modern forms of democracy have passed through different phases of history such as Renaissance,

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<sup>19</sup> Barba Geddes, and John Zaller, "Sources of Popular Support for Authoritarian Regimes", *American Journal of Political Science*, vol. 33, no. 2, 1989, pp.319-347.

<sup>20</sup> Barba Geddes, and John Zaller, "Sources of Popular Support for Authoritarian Regimes", pp. 334-35.

the Reformation and the Enlightenment. As consequences of these developments, it was realized that the ruling elite must be held accountable to the governed through some kind of political mechanism.

Larry Diamond defines a democratic liberal state as “a political system that allows political organizations to compete freely with each other; ensures political participation of all members of a society in their effort to choose leaders and policies; and provides a structure for the maintenance of extensive civil liberties”.<sup>21</sup> Samuel P. Huntington defines democracy in the context of the twentieth century political system as ‘democratic’ to the extent that “its most powerful collective decision makers are selected through fair, honest and periodic elections in which candidates freely compete for votes and in which virtually all the adult population is eligible to vote”.<sup>22</sup>

There are numerous of definitions of democracy. Several approaches exist to describe and explain democracy and its related concept. The word democracy may be ascribed the following meanings.<sup>23</sup>

- a system of rule by the poor and disadvantaged,
- a form of government in which the people rule themselves directly and continuously, without the need for professional politicians or public officials,
- a society based on equal opportunity and individual merit, rather than hierarchy and privilege,
- a system of welfare and redistribution aimed at narrowing social inequalities,

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<sup>21</sup> See, Larry Diamond et.al, ed. *Democracy in Developing Countries*, Vol. 1, Boulder, Co: Lynne Rienner, 1989.

<sup>22</sup> Cited by Tatu Vanhanen, *Prospects of Democracy*, London and New York: Routledge, 1997, p. 30.

<sup>23</sup> Heywood, *Politics*, p. 68.



- a system of rule that secures the rights and interests of minorities by placing checks upon the power of the majority,
- a means of filling public officials through a competitive struggle for the popular vote,
- a system of government that serves the interests of the people regardless of their participation in political life.

We can claim that democratic politics believes in arguments. It is a political arrangement for the articulation, expression and mediation of difference. Democratic governments enjoy real legitimacy in modern political life. Its rules, laws, politics and decisions appear justified. It is a form of life in which citizens are engaged in self-government and self-regulation. The present manifestation of democratic government generally is representative democracy, which highlights decision-making by the elected representatives of the people. Representative government is limited government. Power and authority is exercised within specified areas. Capitalism is linked to the liberal democratic state.

Democracy moves with multiple factors. Its survivability depends on several factors. Democratization is a political process which is connected with different causal factors such as historical legacy, prevailing social structures and conditions, economic development, external factors, political culture and the nature of political leadership. Democracy may depend on the fusion of democratic ideas and values. The diffusion of democratic ideas may affect the chances to establish and maintain democratic institutions in a particular country.

S. M. Lipset posits a positive relationship between economic development and democracy. Stable democracy is reflected in measures of national wealth, communication, industrialization, education and urbanization. Lipset supports the argument that the democratic state and the market economy present the mechanism under which liberty can be sustained and inequalities can be minimized. Larry Diamond has expressed the relationship of political culture to democracy. Democracy requires a distinctive set of political values and orientations from its citizens such as moderation, tolerance, civility, knowledge, and participation, but he does not claim that the emergence of democracy would presuppose the existence of these value orientations. According to him, the relationship between political culture and democracy is reciprocal.

Robert Dahl enumerated institutions, which are prerequisites for what he calls 'full democracy'. According to him, the following institutions are necessary for the practice of democratic government-elected officials, free, fair and frequent elections, free media, and alternative sources of information, associational autonomy and inclusive citizenship. Dahl also identifies the conditions for successful democracy. They can be usefully divided into two general categories. "First are 'essential' conditions that include civilian control of the military and police, democratic political culture, and the absence of intervention by foreign powers. The second are 'favorable' conditions that include the market economy, cultural homogeneity, rule of law and peace."<sup>24</sup>

Alan Wood has identified features of democracy in the Asian context. According to him, the characteristics of democracy are the following. "Elections to office are open to participation by all citizens. Each vote is of equal value. Voters have real and free

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<sup>24</sup> Robert Dahl, *On Democracy*, New Haven: Yale University Press, 1998, pp.145-65.



choices. Citizens have open access to information. The principle of rule of law is the norm of governance.”<sup>25</sup>

## **China as an Authoritarian Regime**

### **Institutions**

The feature of the Chinese authoritarianism can be best explained by its institutions which prevail in China. The Chinese political system has a closed structure and set of institutions. It is regimented through the communist ideology. The political power is concentrated in the Standing Committee. The Standing Committee is at the apex of power. It is a nucleus of National People’s Congress, which plays a major role in decision-making. The chairman of the Standing Committee of the National People’s Congress acts as a head of state. China’s central executive body is the State Council, whose members are selected by the Standing Committee or by the National People’s Congress (National Legislative body).

The People’s Republic China is a typical communist regime in which party controls the formal and informal levels of power. “A free, competitive multiparty system is unrealistic since no other political force in China is strong enough to replace the Chinese Communist Party”.<sup>26</sup> The structure of the state mirrors the party. Despite officially being elected by and responsible to lower levels, in fact all top state leaders are subject to party control and supervision. The communist party has *de facto* monopoly on political power, and there are hardly any non-governmental organizations. There is

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<sup>25</sup> Alan T. Wood, *Asian Democracy in World History*, London: Routledge, 2004, p. 75.

<sup>26</sup> Robert E. Gavner, “Joining the World Community” in Robert E. Gavner, ed., *Understanding Contemporary China*, London: Lynne Rinner Publisher, 2003, 91-95.

absence of competing political parties. The current electoral system is not fair or competitive.

The PRC officially allows many main organizations to co-exist for women, artists and peasants. However, all of these organizations are firmly under the control of the CCP. The military is subject to party discipline and control through the party military affairs commission and the general political department that has representatives at all levels of the Army, Navy and Air Force down to the basic unit. Alan T. Wood summarized the Chinese political system in these words.

Top national officials are typically not elected, and if they are it is by elections that offer only one viable candidate. Elections therefore are not free, fair and frequent. There is no freedom of expression in any of the media to criticize government officials. Alternatives of information are repressed whenever possible. The government is even suspicious of the Internet, and routinely tries to exert control over computerized access to information outside governmental control. This is very little freedom for people to associate in political groups of any kind outside the direct control of the communist party.<sup>27</sup>

The Chinese political system finds support from its social and cultural system. Closed societies are antithetical to democracy. Robert Gavner studies the Chinese social and cultural system. "Chinese traditions offer little support for democracy. With it focus an obeying family and community leaders the Chinese have suppressed individual expression. It has never allowed independent interest groups to form. Competing political parties clash with Chinese traditions of harmony and unquestioning obedience to authority. China rejects foreign influences even as they adapt to world technology trade and popular culture".<sup>28</sup> John Rapp describes the conditions of contemporary Chinese politics and government. He writes contemporary "Chinese politics are both a

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<sup>27</sup> Alan T. Wood, *Asian Democracy in World History*, pp. 74-80.

<sup>28</sup> Robert E. Gavner, "Joining the World Community", pp. 96-97.

continuation of traditional Chinese political culture and a reflection of modern communist political systems.”<sup>29</sup>

We can say that People’s Republic of China is an authoritarian state. China does not provide rights to its citizens similar to that of liberal states. She leaves little social and political space for her citizens. The participation of general citizens in the political process is strictly restricted. A special group of elites or junta exercises the authority of the state. The government is still the primary source of information. Power does not flow from the barrel of gun but through the Communist Party of China.

### **Democratic Regime in India**

Indian democracy shares most features of a liberal democracy. Political sovereignty is vested ultimately in the people of India. The supremacy of the will of people is upheld through the Constitution. It has a representative government duly elected by people. Free, regular and periodic elections are held on the basis of universal adult franchise. This ensures accountability and responsibility of government to peoples. The principle of rule of law guarantees limited and constitutional government. Decentralization of power through 73rd and 74<sup>th</sup> amendments of the constitution provides the opportunities to people for effective participation in the decision- making processes. That is why C. P. Bhambri is of the view that “during the last fifty years, democratic elections held on the basis of universal adult franchise have played a ‘revolutionary’ role in bringing a qualitative change in social relations among Indians. Indian democracy was launched

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<sup>29</sup> John A. Rapp, “Chinese Politics and Government” in ed., Robert Andre Lafleur, ed., *China: A Global Studies Handbook*, California: ABC- CLIO Inc., 2003, p. 120.

from “above” and as the journey continued democracy has penetrated in the remote villages of India”.<sup>30</sup>

A multi-party system is operating in our system. Political offices are open to all. Political opposition is as important as the ruling government. Electoral systems equally permit all organizations and groups to participate in political offices. Independent and impartial judiciary is strengthening the foundation of Indian democracy. According to Diamond, India is moving towards a ‘consolidated democracy’. He characterized the consolidation of democracy as evident when “all significant political parties, elites and organisations, as well as an overwhelming majority of the public are firmly committed to the democratic constitutional system and regularly comply with its rules and constraints”<sup>31</sup>

Any system of government operates in a particular location. India is a practicing democracy but ideal conditions do not prevail. The political culture of Indian society does not really provide a suitable atmosphere for the functioning of democracy. It is divided on sectarian lines and based on a rigid structure. Conventional society provides little space on social mobility. It is argued that Indian democracy is an implant with no root in our society. It suffers several lacunae like casteism, communalism and regionalism. Apart from these hurdles, the Indian system is moving towards political maturity.

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<sup>30</sup> C.P. Bhambri, “South Asian State System”, *World Focus*, no. 250-51-52, 2000, p.13.

<sup>31</sup> Larry Diamond, “The Global State of Democracy”, *Current History*, vol. 99, no. 638, December 2000, pp . 414- 415.

## Chapter-2

### Globalization and Regime Type: Theoretical Concerns

“The impact of globalization is mediated significantly by a state’s position in global political, military and economic hierarchies; its domestic economic and political structures; the institutional pattern of domestic politics; and specific government as well as societal strategies for contesting, managing, or ameliorating globalizing imperatives. The ongoing transformation of the Westphalian regime of sovereignty and autonomy has differential consequences for different states.”<sup>1</sup>

The impact of globalization on the state essentially differs in consequences with regimes type differences. This happens due to several factors such as the nature of political regimes, its location in the global economy and its capacity to handle situations arising due to global influences. It is also dependent on the phases of globalization. The contemporary phase of globalization is the most rapid and intensive. It influences generally all states of the global polities directly or indirectly.

We have already discussed the features of the contemporary phase of globalization in first chapter. There is however a need to summarize some features, before focusing on the relation between globalization and the state and its variations contingent upon the nature of regime type, namely, authoritarian and democratic

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<sup>1</sup> Joel Krieger, ed., *The Oxford Companion to Politics of the World*, New York: Oxford University Press, 2001, p. 327.

regimes, in the context of this study. Globalization entails the mobility of capital and goods, flows of ideas, values as well as movements of people. Capital now moves with startling speed around the world. Globalization provides the opportunities for transactions of trade and capital at the mass level.

Globalization is also related to the dissemination of knowledge. Technological advances in computers and telecommunications are paving the way for a new information based economy and society. The new information and communication technology is promoting a 'global civil society', which generates a cosmopolitan consciousness at the global level. Citizens have multiple and overlapping allegiances in a global society. Globalization spreads generic values like human rights, democracy, human security and global justice. By virtue of these values, it forces states to enshrine such concepts in their activities. These developments as a consequence of globalization pose challenges to the sovereignty and sole supremacy of state power. The state's capabilities to monitor, order and coerce society are weakened and the autonomy and sovereignty is compromised.

States are the political units around which relations have been conducted since the Treaty of Westphalia in 1648. The state is a political association that exercises sovereign jurisdiction within defined territorial borders. Max Weber defines the state as "a human community that claims the monopoly of the legitimate use of physical force within a given territory".<sup>2</sup> In Weber's understanding the four most persistent types of state activities are "the maintenance of internal order, military defense or aggression, the maintenance of communication infrastructures

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<sup>2</sup> Quoted by Andrew Haywood, *Political Theory*, London: MacMillan, 1999, p. 76.



and economic redistribution”.<sup>3</sup> States are the primary political institutions, which distribute and regulate the goods, services and values in any ‘political community’.

We have seen that the essence of globalization is the expansion and blurring of the boundaries of states. The essential condition of the state is territoriality. Globalization challenges traditional notions of sovereignty. Globalization demands free flow of goods, capital, and people. The state boundaries check these flows. It is states that regulate the conditions and directions of the transaction of trade and movement of people. But globalization brings to bear an independent logic that undermines the authority of the state in this regard.

David Held and Anthony McGrew provide a framework to understand the relationship between globalization and the state. According to them, these relationships can be broadly classified into three clusters of responses, namely, the hyperglobalist, the skeptical and the transformationalist approach.<sup>4</sup>

### **The Hyperglobalist Thesis**

Scholars in this group include Hendrick Sprut, Kenichi Ohama, Bob Jossep and Susan Strange. Hendrick Spruyt observes that the state has lost its monopoly as a ‘prime actor’ of international politics. There are multiple actors on the international stage competing with states. Kenichi Ohama claims that the traditional essence of states has been eliminated. The flows of capitals, goods and movements of people are beyond the control of states in a global economy. The world has become freer from boundary constraints. He declares the end of nation-state due to emergence of

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<sup>3</sup> Haywood, *Political Theory*, pp. 76- 78.

<sup>4</sup> David Held and McGrew, David Goldblat and Jonathan Perraton, *Global Transformations*, Stanford and California: Stanford University Press, 1999.

'regional economies'. Bob Jossep holds the view that the state has lost its autonomy. Similar arguments are found in the works of Susan Strange.

The globalists<sup>5</sup> say that globalization is a new phase in human history in which traditional form of the state has become irrelevant. They observe that the state has lost its domination as a prime actor of international politics. There are multiple actors on the international stage competing with states. The books that have made this claim include those with such dramatic titles as 'The Retreat of the State', 'The End of Sovereignty' and the 'End of Geography'. According to them, national economies have a marginal role to play. They have been denationalized through the organization of transnational networks of the production, trade and finance. They have argued in this context that the impersonal forces (supply and demand) of world markets are stronger than the state. The declining authorities of states are reflected in an increasing diffusion of authority in the world economy.

The rise of the global economy, the emergence of institutions of global governance, and the diffusion of the state's authority are seen as evidence of new world order. In this new world order, the role of the state has been diminished. The globalists speak about the global market, global norms, global civil society, global finance and global governance. In their assessment, globalization creates transnational class alliance, which promotes global civilization. The hyperglobalists

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<sup>5</sup> See for details, Susan Strange, *The Retreat of the State*, Cambridge: Cambridge University Press, 1996. Bob Jossep, *State Theory: Putting the Capitalist State in its Place*, Cambridge: Polity Press, 1990. Hendrick Sprut, *The Sovereign State and its Competitors*, Princeton: University Press, 1994. Kenichi Ohama, *The Borderless World*, New York: HarperCollins, 1990, *The End of the Nation State*, New York: The Free Press, 1995. J.A. Camilleri, and Jim Falk, *The End of Sovereignty*, Aldershot: Edward Elgar, 1992.

see globalization as an inevitable development that cannot be resisted or checked by traditional political institutions such as states.

### **The Skeptical Thesis**

The collective theme of this school<sup>6</sup> is that globalization does not have a decisive impact over the political sovereignty of states. Paul Hirst, Grahame Thompson, Robert Gilpin, Stephen D. Krasner, Gordon Smith and Linda Weiss represent this strand of thought. The skeptics argue that globalization is a myth. The significance of globalization as a new phase has been exaggerated. The recent phase of globalization is not historically unique. Human history has had long record of the movement of people and trade. National polity and economies are working. It is the national government that regulates the forces of internationalization. The state is a proactive and primary architect of the new world order. The skeptics believe that most economic and social activity is regional, rather than global, and still there exists a significant role for states. It resembles a new phase of an old imperialism. The transactions of the global economy are highly concentrated in a Triad economy comprising the European Union, USA and Japan. Globalization is not doing well universally. It is only widening the gap between the global North and South. This form of globalization only maintains structural inequality.

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<sup>6</sup>See for details, Linda Weiss, *The Myth of the Powerless State*, Cambridge: Polity Press, 1998. P. Hirst, and G. Thompson, *Globalization In Question*, Cambridge: Polity Press, 1999. Robert Gilpin, *Global Political Economy*, New Delhi: Orient Longman, 2003. Gordon Smith, *Altered States: Globalization Sovereignty and Governance*, Ottawa: International Development Research Center, 2000. George Sorenson, *The Transformation of the State: Beyond the Myth of Retreat*, New York: Palgrave Macmillan, 2004.

Paul Hirst and Grahame Thompson argue that there are certain limits of the global economy. There can be no doubt that the collective effects of changing economic conditions have made it complex for national economic governance. But it does not diminish the capacity of states to act autonomously in their societies. Technologies are currently changing too rapidly for the state. However, the state retains regulation capacities over these new technologies as well. "While national governments may no longer be sovereign economic regulators in the traditional sense, they remain political communities with extensive power to influence and sustain economic actors within their territories..... The political role of government is central in the new forms of economic management".<sup>7</sup> They deny the claims of the globalists that globalization has barred distinctive national strategies of macroeconomic management and social welfare. The skeptics have also rejected the view of globalists that national economic activity no longer corresponds to the territory of the state and has become global and transnational.

Hirst has revealed that the picture of an unmanageable global economy based on supranational companies is a false one. "Evidence indicates firms are still overwhelmingly multinational, not transnational that is they have a major home base in one of the Triad countries and subsidiaries and affiliates outside. They are not footloose capital but are rooted in a major market in one of the most prosperous regions of globalization"<sup>8</sup>. Multinational firms still have a strong interest in the

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<sup>7</sup> Paul Hirst and Grahame Thompson, "National Economic Governance" in Christopher Pierson and Francis G. Castles, ed., *The Welfare State: A Reader*, Cambridge: Polity Press, 2000, pp.262-69.

<sup>8</sup> Paul Hirst, "The Global Economy: Myth and Realities", *International Affairs*, vol. 73, no. 3, 1999, pp. 411-12.

prosperity of their home base. It is also they can be subject to regulation within their core territory.

Hirst and Thompson give priority to national economy but Kenneth Waltz treats the challenges of globalization in political terms. He holds the view that even in an era of globalization; political issues will dominate world politics. He negates the globalist understandings that the world is ruled by markets alone. He writes, "The main difference between international politics now and earlier is not found in the increased interdependence of states but in their growing inequality. With the end of bipolarity, the distribution of capabilities across states has become extremely lopsided. Rather than elevating economic forces and depressing political ones, the inequalities of international politics enhance the political role of one country. Politics, as usual prevails over economics."<sup>9</sup>

Peter F. Drucker expresses his view on the demise of the state. He says the demise of the nation states has been widely predicted from the focus on globalization of the world economy. But there is no other arrangement capable of political integration and successful membership in the world's political community. The states will survive in the era marked by the globalization of economy and the information revolution that supports it. However, they will be greatly changed states especially in domestic fiscal and monetary policies, foreign economic policies and control of international business. Today, in Drucker's assessment the global economy is the ultimate arbiter of monetary and fiscal policies. Fundamental economic decisions are prepared in and by the global economy rather than the state

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<sup>9</sup> Kenneth N. Waltz, "Globalization and Governance", in Robert J. Art and Robert Jervis, ed., *International Politics*, New York: Longman, 2003, p. 363.

because the nature of transaction has been altered. "International movements of capital rather than international movements of goods have become the engine of the world economy".<sup>10</sup>

Another modification, he noted that while trade in goods has indeed grown faster since Second World War, in the contemporary world economy trade in services has been growing very fast. Knowledge has replaced land, labour and capital as the chief economic resources. Drucker, in spite of all these transformation, accepts the primary role of states. He observes, "The transnational company is not totally beyond the control of national governments. It must adapt to them..... Whenever nation-state politics have collided with economic rationality, political passions and states have won."<sup>11</sup>

### **The Transformationalist Thesis**

The transformationalists are convinced that the processes of globalization are the central driving force behind the speedy social, political and economic changes. This is reshaping modern societies and the world order. They accept contemporary processes of globalization are unique in human history. Governments and societies across the world have to adjust with new world order in which there is amalgamation of international and domestic issues. In their view, contemporary globalization is recasting or re-engaging the power, functions and authority of national government. Processes of economic globalization are reorganizing national

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<sup>10</sup> Peter F. Drucker, "The Global Economy and the Nation-State", *Foreign Affairs*, September 1997, p.166.

<sup>11</sup> Drucker, "The Global Economy and the Nation-State", p. 171.

economies. They accept that the state still retains an officially bolstered claim to effective supremacy that takes place within their own territories. Though, it no longer has supreme power.

The emerging privatized institutional framework for governing the global economy has possibly major implications for the exclusive authority of the modern nation states over its territory. Stock markets worldwide have become globally integrated. The global financial system has reached levels of complexity that require the existence of a cross border network of financial centre to service the operation of global capital.

Saskia Sassen argues that globalization is transforming the state not replacing it. States today confront a “new geography of power”<sup>12</sup>. The changed condition is often explained in terms of a decrease in regulatory capacities resulting from some of the basic policies associated with economic globalization such as deregulation of a broad range of markets economic sectors and national borders, and privatization of public sectors. But this new geography of power entails a new transformative process of the state than the notion of a simple loss of power suggests. “We are seeing a repositioning of the state in a broader field of power and reconfiguring of the work of states.”<sup>13</sup>

This broader field of power is partly constituted through the formation of a new private institutional order related to the global economy. It is partly from the emergence of the new roles of international networks of non-governmental organization and the international human rights regime.

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<sup>12</sup>Saskia Sassen, “Globalization and State”, in Hamkesworth, M. and Kogan, M., ed., *Encyclopedia of Government and Politics*, London: Routledge Press, 2004, p.1089.

<sup>13</sup> Sassen, “Globalization and State” , p.1089.

Sassen argues globalization, to a great extent is partially embedded in national territory. It has been enclosed in an elaborate set of national laws and administrative capacities. The embeddedness of the global requires at least a partial lifting of these national encasements and hence signals a necessary participation by the state. Regulatory functions have shifted more and more towards a set of emerging cross-border regulatory networks. "I argue that economic globalization is in fact a politico-economic system partly located inside the nation-state thereby having the effect of partly denationalizing specific, often highly specialized components state work." <sup>14</sup>

Sassen accepts that globalization also reflects a triad – the USA, European Union and Japan. "In terms of sovereignty and globalization this means that an interpretation of the impact of globalization as creating a space economy that extends beyond the regulatory capacity of a single state, is only half the story, the other half is that these central functions are disproportionately concentrated in the national territories of the highly developed countries".<sup>15</sup> They are setting the rules of game. It is obvious that decision-making power have lopsided towards a particular states, which produce new principles and rules. They create and impose a set of restraints on all participating states of Anglo- American sets of law and rule. The states of the global North are better prepared to resist these pressure and shifts in authority. This kind of production of legalities is increasingly feeding the power for private authority and a supra-national system. Legality of national rules around

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<sup>14</sup> Sassen, *Globalization and State*, p. 1091 .

<sup>15</sup> Sassen, *Globalization and State*, p. 1097 .



new forms of economic activity is less effective. Such kinds of powers are contesting the traditional law making power of the state.

In such a kind of atmosphere, states are bound to restructure themselves in terms of global capital. Nevertheless states are not going to overhaul and complete transformations. These modifications are partial and incipient but 'strategic'. Sassen thinks that globalization has also created the conditions whereby national states actually gain relative power as a result of their participation in the development of the global economy.

Another scholar reflects on theme, Jan Aart Scholte holds comparable views regarding the causal interplay of states and globalization. He accepts that global companies are creating a world beyond states and nationalities. But he does not accept that this results in a decline of states' sovereignty. According to him, "interstate relations persist at the core of governance arrangements in the contemporary globalizing world. Yet there is also notable change in character of the states: its capacities; its constituencies; its policies making processes, its policy contents and so on."<sup>16</sup>

Discussions of globalization naturally engage questions of borders, the territorial demarcation of state jurisdictions, and connected problem of governance, economy, identities and community. Scholte takes globalization to denote increased movements between countries of goods, investments people, money, messages and ideas. He looks at special areas of globalization. He says in the area of organization, the late 20<sup>th</sup> century has witnessed a proliferation and expansion of

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<sup>16</sup> Jna Aart Scholte , "Global Capitalism and the State", *International Affairs*, vol. 72, no.3, 1997, pp.423-52.

business enterprises, civic associations and regulatory agencies that work as trans-border operations.

Like other transformationalists, he also does not deny the existence of states. All states have been affected by and are responding to trans-border capitalism. Individual states have of course, faced globalization with different levels and kinds of resources but they still operate with in milieu of a national economy. "Every market requires a framework of rules and states have been created much of the regulatory environment in which trans-border capitals has thrived"<sup>17</sup>

### **Globalization and Authoritarian Regime**

If we remind ourselves of the features of authoritarian regimes and then relate this to globalization, we can say that the processes of globalization have little scope for infiltration in authoritarian regimes. As we know that in authoritarian regimes, authority is exercised from the 'above', it may not be legitimate and the mass of people do not have any effective control over their rulers. The governing elite is self-appointed or elected through non-competitive methods of election. Organizational structures are hierarchal in nature. It vests supreme power in the hands of one individual or one party. It does not permit the creation of separate groups, organizations, and political parties. Authoritarian regimes are generally intolerant of political opposition and leave little space for political activities. They do not pay attention to individual rights. The government possesses monopoly over the spread of information. Authoritarian governments attempt to shape the political attitudes of their citizens. It exercises stern and forceful control over its population,

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<sup>17</sup> Scholte, "Global Capitalism and the State", pp. 423-52.

with no particular preference for public opinion. It is very much tied to the idea of command and obedience.

The features of globalization are in tension with these regimes. Globalization is about flows- ideas, values, trade and people. The authoritarian regime naturally comes into conflict with globalization. Authoritarianism restricts the dissemination of information, spreading of cultures, movement of people and transaction of trade and business. Globalization supports the values of civil society at the national and the global place. It is civil society, which provides space for proliferation of human rights and the respect of human dignity. Authoritarian regimes try to regiment such kind of developments in their national settings.

The international and external set-up affects national behavior of all states. Internally, authoritarian regimes are more efficient and effective in terms of taking decisions. With the beneficial hand of their regime, they can easily implement its decision. But in an era of globalization they are bound to take any decision within certain norms and standards. Authoritarian states are facing major pressure on their functioning due to the process of globalization. They are losing their legitimacy that is an inherent principle of governance. Protectionist forces are surfacing over there in name of good governance, freedom and democracy. Globalization gives vent to these forces.

## Globalization and Democracy

After examining relevant literature, two questions emerged in my understanding as important. First, does globalization promote democratic regimes? Second, are the processes of globalization, democratic itself?

International organizations such as WTO, IMF and World Bank control and regulate the global economy. The IMF and World Bank have exercised even greater influence over governments' monetary and fiscal policies when these agencies design and monitor a structural adjustment programme. Their structure and composition do not represent people. These institutions are dominated by the USA, European Union and Japan. Other agencies, which are major pillars of globalization known as transnational and multinational companies do not have democratic values. They have faith in over production with high incentive of profits, not in the rights and values of citizens. They generally lack democratic character. Samir Amin opposes globalization because it is promoting homogenization and challenges the diversity of societies that is against the democratic norms. He says, "the basic democratic principle implying genuine respect for diversity, whether national, ethnic, religious, culture or ideological, must be fully respected".<sup>18</sup>

The second concern that is related to globalization in the context of democratic regimes is the main focus of this chapter. Liberal theorists claim that 'globalization promotes democracy'. The end of the Cold War and disintegration of Soviet Union has been celebrated as the "end of history".<sup>19</sup> This event declared the

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<sup>18</sup> Samir Amin, "For a Progressive and Democratic New World Order" in Francis Adams and Satya Dev Gupta, ed., *Globalization and the Dilemmas of States in the South*, New York: St. Martin's Press, 1999, p.27.

<sup>19</sup> Francis Fukuyama, "The End of History", *The National Interest*, summer 1989, pp. 3-18.

triumph of the ideas of 'market economy' and 'liberal democracy'. This thesis gained wide spread attention in the early 1990s advocated by Francis Fukuyama. He argued that "the demise of communist regimes heralded a worldwide triumph of liberal democracy over all rival forms of governance".<sup>20</sup> Another theme propounded by Samuel P. Huntington is a 'third democratic wave'. In his view, authoritarian regimes are transforming themselves in democratic regimes. He gave the example of eastern European Countries and some Latin American and African countries.

Robbie Robertson clearly establishes the link between globalization and democratization. He claims, "Democratization is not a western gift; it is a dynamic of globalization..... Democratization is a by-product of globalization; like industrialization, it is its child."<sup>21</sup> He views globalization not only transformative of the governance of societies but also as having vastly altered the landscapes in which all individuals exist.

The economist Jagdish Bhagwati agrees with these ideas. He believes that globalization is playing an important role in the promotion of democracy. He writes, "Globalization promotes democracy both directly and indirectly. The direct link comes from the fact that rural farmers are now able to bypass the dominant classes and castes by taking their produce directly to the market thanks to modern information technology, thereby loosening the control of these hegemonic groups. In turn, this can start them on the way to becoming more independent actors, with democratic aspirations, in the political arena".<sup>22</sup>

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<sup>20</sup> Fukuyama, "The End of History", pp. 3-18.

<sup>21</sup> Robbie Robertson, *The Three Waves of Globalization: A history of a developing global consciousness*, London and New York: Nova Scotia, 2003 p.204.

<sup>22</sup> Jagdish Bhagwati, *In Defence of Globalization*, New Delhi: Oxford University Press, 2004, p.93.

This idea is a parallel theme of capitalist liberal philosophy. The doctrine propounds that the market economy creates wealth which generates the middle class in society. The middle class is a backbone of national societies. This class demands further political and civil rights. They need more and more freedom for their trade and businesses. The best possible arrangement of these demands of rights is arranged by a democratic framework of government. In a modern globalized world, the majority of states are pursuing democratic set up of government. They come into contact with global financial institutions at times of negotiation. These kinds of atmosphere make them more transparent and accountable. This explains why Larry Diamond argues that democracy has been globalized. He observes that “globalization of democracy is indeed, the most historic and profound global changes of the past several decades”.<sup>23</sup>

We can consider the relation of globalization and democracy in the following terms. Globalization can result in profound political changes. Factors such as the expansion of international commerce and easy access to new ideas through the media and technology have led to demands for change such as the introduction of democratic institutions and practices.

In contrast to this, Fareed Zakaria argues that democracies do not always live up to the western ideal. Zakaria is concerned about the proliferation of “illiberal democracies”.<sup>24</sup> He says that changes in different parts of the world, such as elections in sub-Sahara Africa or the demise of communism in Eastern Europe, have not always resulted in liberal constitutional system. To his mind, democracy is not only a procedural issue as advocated by Huntington. Huntington emphasizes

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<sup>23</sup> Larry Diamond, “The Global State of Democracy”, *Current History*, December 2000, p. 418.

<sup>24</sup> Fareed Zakaria, “The Rise of Illiberal Democracy”, *Foreign Affairs*, November-december 1997, pp. 22-43.

procedural features such as “elections, open, free, and fair, are the essence of democracy, the inescapable *sine qua non*. Governments produced by elections may be inefficient, corrupt, shortsighted, irresponsible, dominated by special interests, and incapable of adopting policies demanded by the public good. These qualities make such governments undesirable but they do not make them undemocratic”.<sup>25</sup>

Zakaria expresses the view that democracy is more than its structural and institutional components. It must be considered in terms of its intrinsic assemblage of liberal values. Another related argument is that claim of “triumph of democratic liberal ideas and free market economy”<sup>26</sup> is not certain.

Apart from this, the scholars like David Held and McGrew conceive of the establishment of democracy at a global level. In their account, globalization provides opportunity for a global polity and civil society. David Held and Anthony McGrew come forward with this noble idea. They see that globalization is transforming the natural states boundaries. They articulate the position that

“Nowadays, goods capital, people, knowledge, images and communications, as well as crime, culture, pollutants, drugs, fashions and beliefs readily flow across territorial boundaries. Transnational networks, social movements, and relationships are extensive in virtually all areas of human activity. The existence of global systems of trade, finance, and production binds together the prosperity and fate of households, communities and nation across the world. Territorial boundaries are therefore arguably increasingly insignificant in so far as social activity and relations no longer stop- it they ever did – at the water’s edge”<sup>27</sup>.

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<sup>25</sup> Quoted by Fareed Zakaria, “The Rise of Illiberal Democracy” in Patrick O’ Meara, Howard D. Mehlinger, and Matthew Krain, ed., *Globalization and the Challenges of a New Century: A Reader*, Bloomington: Indiana University Press, 2000, pp.181-94.

<sup>26</sup> Peter L. Berger, “The Uncertain Triumph of Democratic Capitalism”, *Journal of Democracy*, vol. 3, no.3, July 1992, pp 7-16.

<sup>27</sup> David Held and Anthony McGrew, “Globalization and the Liberal Democratic State” in Yoshikazu Sakamoto, ed., *Global Transformation: Challenge to the State System*, Tokyo: The United Nations University Press, 1994, p. 58.

These developments are a result of the contemporary phase of globalization. It binds people closer.

McGrew advocates 'transnational democracy'. He means by this democracy beyond the border. He claims globalization promotes transnational democracy. He draws attention to the modalities of how it will find space at a global plane. "The development of democracy we have to see in other related developments: an intensification of globalization, the third wave of global democratization and the rise of transnational social movements. These interrelated have encouraged reflection upon the conditions and possibilities for effective democracy".<sup>28</sup>

He holds the view that the concept of 'transnational democracy' is related to ideas of international liberalism, deliberative democracy, radical democratic pluralism and cosmopolitan democracy.

Held pushes himself a-step further and advocates 'cosmopolitan democracy'.<sup>29</sup> He says globalization in this context implies at least two distinct phenomena. First, it suggests that political, economic and social activity is becoming worldwide in scope. Second, it suggests that there has been an intensification of levels of interaction and interconnectedness within and between states and societies, which make up international society.

He explains how the social and political relations are changing in new world order. Held argues in that context the meaning and place of democracy has to be rethought in relation to a series of overlapping local, regional, and global structures

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<sup>28</sup> Anthony McGrew, "Transnational Democracy", in April Carter and Geoffrey Stokes, ed., *Democratic Theory Today: Challenges for the 21<sup>st</sup> Century*, Cambridge: Polity Press, 2002, pp. 269-93.

<sup>29</sup> David Held, "Globalization and Democracy", *Alternatives*, vol. 16, no 2, 1991, 201-208.



and processes. Democracy at the national level can move towards the global requirement. He further argues that processes of economic, political, legal and military interconnectedness are changing the nature of sovereign states. Global interconnectedness creates chains of interlocking political decisions and outcomes among states and their citizens, which alter the nature and dynamics of national political systems themselves. Democracy has to come to terms with both of these developments and their implications for national and international power centers. David Held lastly supports the idea of a cosmopolitan democracy.

### **How does globalization affect democratic regimes?**

Democracy is the political face of liberal ideology. Liberal ideology expresses its faith in the rationality and free will of the individual. It accepts man as a rational being and grants him a right to freedom and liberty. Freedom of man is necessary for running the free-market and the free-economy. It provides better social, political and economic space for the spread the of new-liberal economy, which is one of the basic integral parts of globalization. The democratic set-up of government is the most suitable and acceptable system for propagating and expanding the ideas that come through globalization. We should bear in mind that globalization does not only affect positively as a benefit. It has some negative aspects also. It has fractured the identity. It has given the chances for proliferation of ethnic conflict and civil war in many countries. It is because democracy provides social and political spaces to oppose the established frameworks of governments.

Globalization, in terms of a conventional Marxist understanding is an advanced phase of the Capitalism. It is true that no explanation of globalization and the state is adequate without discussion about capitalism but globalization cannot be reduced to a question of capitalism alone. It is much broader than capitalism.

## Chapter-3

### Globalization and Regime Type: The Chinese Experience

China is an authoritarian state ruled by the communist ideology. The communist ideology determines the structure and processes of the political system while the ideology of the market economy guides its economic system. Globalization affects the Chinese society, culture and its polity.

Authoritarian regimes have a long history. There have existed throughout human history and have manifested at different times and in different forms. They have organized themselves in the form of military rule or in the form of one-party rule of oligarchies or elites ruling. The Chinese political system differs from other authoritarian regimes because it has adopted the Communist model of political and economic organization after its revolution. Chinese authoritarian politics shares the deep-seated mark of an elite's domination of society through state control. Marxism is the official ideology of the communist state. It provides legitimacy to a one-party hegemonic rule. "In China's one-party authoritarian politics, the CCP has controlled sovereign power and played a dominant role in governance. The dominant role placed by the party, its control over the institutions and processes of governance, a charismatic leader, and its legitimacy without popular inclusive and competitive elections are the core characteristics of Chinese model of authoritarian politics."<sup>1</sup>

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<sup>1</sup> Zhao Chenggen, "Rational Authoritarianism and Chinese Economic Reform", in P. W. Preston and Jurgen Haacke ed., *Contemporary China*, London and New York: Routledge, 2003, p. 175.

The development of political institutions of a society has some causal links with the level of knowledge of society. The nature and characteristic of political and social institutions is determined by the people's vigilance. Modern industrialized societies in large proportion are ruled by a democratic consensus. Modern governing system is based on the principles of rationality, specialization, technical competence and accountability that constitute the bedrock of good governance. Contemporary societies are very complex societies. Authoritarianism is thus incompatible with modern society. Traditionally, organized authoritarian models surely cannot provide good governance. The reason for this is that the political institutions in a modern pluralist society have to satisfy contradictory needs. Hence, the political institutions have to form a complex equilibrium system comprising different institutional arrangements to execute various functions.

The purpose of this chapter is to know what kind of impact globalization has had over the Chinese state and how it is responding to globalization. This chapter concurrently deals with two questions which are generally raised with regard to Chinese authoritarianism. The first proposition asks, is China moving towards a liberal model of democracy? Second, is the decline of authoritarianism an inevitable development as witnessed in other Eastern European communist regimes?

It has been accepted that political and social institutions are embedded in specific political and social culture of that society. The relationship between political culture and authoritarian regimes is different in comparison to democratic political systems. It has been generalized that Chinese society supports authoritarianism. Lucian Pye said, "In the case of imperial China, citizens only connected to the state in a hierarchical relationship,

different from the reciprocal relationship of people and their government in Western democracies.”<sup>2</sup>

### **The Debate between the New Left and the New Right**

China is contending with two kinds of opposite forces influenced by a new liberal economic policy and a new left ideology. The new left opposes the process of globalization. They observe it as a new form of imperialism headed by the Western countries. They regard the post-Mao market oriented economic reforms as a process of Westernization. New liberals have a moderate approach towards globalization and democratic values. They argue that liberal values associated with market economy such as freedom and property of rights are universal rather than belonging to any particular state. They favour individual freedom resulting from market oriented economic reforms. In their view, capitalistic development can't be regarded, as a process of Westernization. Human dignity and freedom are the vital goals of all civilized community.

### **Globalizing China**

China started to globalize and integrate with the world economy and political institutions since 1978. However, my case study covers the period since 1991 because it has been intensified and got the high-speed in the 'rule of the third generation'. The rationale of this ideological shift can be searched in two related developments. Internally, the rein of Chinese government had gone into new leadership. Externally, this period in international politics is known as detente episode of the cold war.

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<sup>2</sup> cited by Tianjian Shi, "Cultural Values and Democracy in the People Republic of China", *The China Quarterly*, no. 162. June 2000, p. 541.

The process of globalization has been defined by Jagdish Bhagwati as the process of integration of the national economy with the world economy. China has taken an initiative towards economic reforms and opened its economy for integrating into the international economy. Now, it became an integral part of the world economic system. Globalization is not entirely new for China. China was already a part of ancient civilizations and globalization. The trade of opium was known to the world. Hans Van De Ven holds the view that “China itself was one center in the multi-polar world of archaic and proto-globalization long before commentators in the Western world assigned claims of origin to themselves”.<sup>3</sup>

Authoritarian regimes are often known by leader period. A particular statesman sets all rules and regulations to run the machinery of government. China has been no exception. Since the 1990s, it has been ruled by a ‘third’ and ‘fourth generation’ of leadership. The fourth generation of leadership, both President and Prime Minister, are not associated with the party cadre. They are technocrats.

It is true that the leadership had few options to delay or avoid globalization of its economy. The international political and economic system forced China to move with the demand of globalization. “By the end of the 1990s both the might of ordinary Chinese citizens and the country elite had accepted the view that globalization represented an inevitable stage in China’s modernization as well as an opportunity to catch up with the developed countries.”<sup>4</sup> It is not merely external conditions that are created by globalization that forced China to accept an open-door policy. The change in the attitude

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<sup>3</sup> Hans Van De Ven, “The Onrush of Modern Globalization in China”, in A. G. Hopkins, ed., *Globalization in World History*, London: Pamilico, 2002, p. 175.

<sup>4</sup> Yunxiang Yan, “Managed Globalization: State Power and Culture Transitions in China” in Peter L. Berger and Samuel P. Huntington, ed., *Many Globalizations: Culture Diversity in the Contemporary World*, New York: Oxford University Press, 2002. p. 20

of leadership is also responsible for the adoption of globalization. President Jiang Zemin has noted that globalization is “the objective trend for global economic development and nobody can shun it .... A developing nation like China should be both daring and good at engaging in the intentional cooperation and competition under such economic globalization.”<sup>5</sup>

Two things are very important in case of Chinese’s process of globalization. ‘Timing’ and ‘sequencing’<sup>6</sup> are more important for evaluating China’s method and strategy about economic and political reforms. China never believed in the ‘shock therapy’ method of economic and political reforms. She took a lesson from the history of the former Soviet Union and Eastern European countries. The first phase of China’s economic reform started with agriculture reform followed by industry, banks and financial areas. The political reforms began with grass root level democracy. This reform as sectoral comes first in the economic sphere and later in the political sphere.

### **Trends of Reform**

It is widely renowned that the hegemony of the Marxist ideology and the planned economic services are the two pillars that uphold the power base and the legitimacy of the Chinese Communist Party. “Conventional wisdom tells that the transformation from the communist system involves two interrelated and interdependent process -the transitions from a command economy to a market economy and transitions from

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<sup>5</sup> Tony Saich, “Globalization, Governance and the Authoritarian State: China”, in Joseph S. Nye Jr. and John D. Donahue, ed., *Governance in Globalizing World*, Washington D. C.: Brookings Institutes Press, 2000, pp.208- 223.

<sup>6</sup> Mary E. Gallagher, “Reform and Openness”: Why China’s Economic Reform have Delayed Democracy, *World Politics*, vol. 54, no.2, April 2002, p. 309.

communist party dictatorship to democracy”<sup>7</sup> China shares two basic points of departure with all other communist countries. It is a deviation of ideology from communist to social market economy and secondly, in terms of structure the ideology was the basis for decisions about who gets what.

### **Impact on Political Institutions**

#### Political Reform and Grassroots Democracy

Reforms began with the ‘bottom approach’. It started at the village level. It began as a process involving the “decollectivization of collectivized”<sup>8</sup> agriculture land and allowed private land holdings. This was the first step towards market economy. Election for community leadership had taken root at the lowest level of political institutions. The non-cadre citizens are allowed to participate in an election process. “Class Struggle is no longer employed in dealing with political and social conflicts, nor is those who stand against party members automatically denounces as enemies of the people”.<sup>9</sup>

### **Communist Party in China**

The notion of old ruling style guided by democratic-centralism has been challenged by a new political culture. An all-pervading and penetrative view of the CCP is no longer acceptable to Chinese society. Other organizations of the state are in concert with the CCP. They are performing the most important role that was on one occasion allied with the party. The economic reforms launched by the CCP have led to a loose control of party

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<sup>7</sup> Zheng Yongnian, *Will China Become Democratic? : Elite, Class and Regime Transition*, Singapore: Eastern University Press, 2004, p. 353.

<sup>8</sup> Henry S. Rowen, “The Short March: “China’s Road to Democracy”, in Owen Harries, ed., *China in the National Interest*, New Brunswick and London: Transaction Publishers, 2003. p. 128.

<sup>9</sup> Henry S. Rowen, “The Short March: “China’s Road to Democracy”, P. 129.



over the economy and society. Capitalistic reform measures have challenged the severity and hierarchy of the CCP and have induced it to cleanse itself. Despite the party's attempts to control the process of change, there has been a significant redistribution of power from the center to the provinces. Party organs are loosening their control over other civil organizations. The state dominated collective sector of the economy has moved towards private sectors. CCP has changed its strategy to broaden its base in society. "One notable feature of the reform programmes sponsored by the Chinese Communist Party has been the expansion of social organization".<sup>10</sup>

### **Economic Reforms**

Globalization has enveloped in its ambit all states of the globe. China is no exemption. In fact, the most populous country in the world has globalized speedily over the past two decades. China's rapid globalization has been driven by capitalistic economic development. Chinese globalization is not happening in isolation. It is related with developments in the global economy. Globalization has brought about major changes in every aspect of the economic and social life in China.

China adopted the policy to develop a Special Economic Zone (SEZ) and development zones. These spread up all over China's coast by the early 1990s. This initiative has introduced new stabilizing economic reforms. The setting up of special economic zone and the opening of dozens of coastal regions to foreign business immediately led to an influx of foreign capital. "China's economy grew at 10.5% during

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<sup>10</sup> Tony Saich, "Negotiating the State: The Development of Social Organizations in China", *The China Quarterly*, no. 161, March 2002, p. 125.

1991-1999.”<sup>11</sup> High growth was associated with an increase in the degree of economic commercialization. China has been one of the most favoured countries as a major trading country in the world. Foreign brands manufactured in China began to have a real presence in the Chinese domestic market place. The CCP leadership declares that reform of state-owned enterprises would be at the top of the political agenda for the new administration.

Due to privatization in economic sphere, China was bound to reform its properties laws. China was losing revenues. So taxation becomes inevitable. She has legalized the citizen’s right of private property<sup>12</sup> because taxation and enforcement of property rights share many common resources. Both are involved in determining the revenue of the state.<sup>13</sup>

### **Restructuring of Chinese Society**

The concept of civil society is associated with the idea that material prosperity and political independence provides the conditions for the formation of independent interests in political community. This independent interest can be realized through new civic institutions. This led to the development of new social organizations. These institutions work as a checkmate to the state as a sole actor. In Chinese society, the tactical withdrawal of party from the managing economy and society has created a room which filled up by new groups. Initial accounts of civil society in contemporary China tended to focus on the areas of conflict between society and the state. Earlier, all type of

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<sup>11</sup> Yongnian Zheng, *Globalization and State Transformation in China*, Cambridge: Cambridge University Press, 2004, p.3.

<sup>12</sup> Hindu, New Delhi, March 14, 2004, p. 14.

<sup>13</sup> Jimmy Teng, “Endogenous authoritarian property rights”, *Journal of Public Economics*, no. 77, 2003, p. 81.

non-conformity or anti regime behavior was cited as evidence of anti-national activities. Now, government has adopted a more liberal approach towards civil organizations.

Reforms have transformed the urban and rural society. “The economic changes have redefined the social structure and are changing the distribution of power between state and society, have altered the principles which society is organized and the ways in which it interacts with the state apparatus”.<sup>14</sup> Globalization influences the Chinese society. Chinese society has become more complex in terms of both structure and attitudes. It has become more fluid and dynamic than at any time since the early 1950s. There is greater social and geographical mobility and horizontal interaction. Social integration has developed. “There has been a significant redistribution of economic power away from the state and its ancillary agencies and towards groups.”<sup>15</sup>

One notable feature of the reform programmes sponsored by the Chinese Communist Party has been the expansion of social organization. “In October 1993, *China Daily* estimated that there were some 1500 autonomous organizations operating at the national level and 180000 locally. By the end of 1996, official statistics from the ministry of Civil Affairs showed that 186666 social organizations were registered nationwide, of which 1845 were national level organizations”.<sup>16</sup>

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<sup>14</sup> Tony Saich, *Governance and Politics In China*, New York: Palgrave, 2002, p. 204.

<sup>15</sup> Tony Saich, *Governance and Politics In China*, p. 204.

<sup>16</sup> Tony Saich, “Negotiating the State”, p. 125.

## **Flows of Information**

One of the most dominant aspects of globalization is its capacity to disseminate information throughout the world. Now, information cannot be confined to the boundaries of the state. Chinese societies are reflecting identical progress that are related other societies in surroundings of globalization. China's globalization is driven not only by foreign investment and trade but also by the rapid development of an information society. Her media is leading towards liberal values and opposing the regimentation. These developments are cumulative effects of markets forces, external influences and progress in technology. "Chinese intelligentsias are joining hands with the global knowledge community with more active and critical attitudes. These factors have produced a remarkable increase in the freedom of information".<sup>17</sup>

There is wide spread information and mechanism of communications. "By 2000 China had become the world's second biggest telecom markets in term of network capacity and number of subscribers... China's telecom growth has also been driven by the expansion of mobile telephony. In late 2000, China, with more mobile phone users than Japan, becomes the world's second biggest mobile phone market after the Untied States"<sup>18</sup> The Internet has become the medium to communicate globally. Citizens are finding new mechanisms to communicate and express their own political views without much concern for the government.

The spread of information concerns authoritarian regimes. Information is a force for liberal political changes in an authoritarian state. There are positive linkages between the rise of the information society and social movements. It has been accepted that

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<sup>17</sup> Henry S. Rowen, *The Short March: "China's Road to Democracy"*, p. 132.

<sup>18</sup> Yongnian Zheng, *Globalization and State Transformation in China*, p. 7.

information society is favorable towards the formation of the public sphere. Others emphasize the impact of the international society on popular democratic political participation. The Chinese government decision to seek foreign investment in order to acquire advanced technology and expertise reinforced these domestic changes. Goods of entertainment like televisions, radios, cassette players and VCRs proliferated widely in Chinese society. These link them with other parts of the globe.

### **Bases of Legitimacy**

Political legitimacy in authoritarian regimes is based on charisma and revolutionary credentials of the individual leader or the specific committed ideology of the state. When a third generation of Chinese leadership came into power, it searched new bases of political legitimacy. The new leadership had initiated radical economic reforms. People are no longer committed to the communist ideology given the promise of wealth and prosperity. The official ideology is not helpful as a guide to action of government. The Chinese leadership felt the need to adjust the political system in accordance with the changing social and economic requirement. The reform policies especially in economic sphere are prepared not under the guidance of ideology but on the basis of social demands.

Actually, Chinese authoritarian governance is on the verge of becoming non-ideological. "In today's China, the legitimacy of the one party state has shifted from classical Marxism to government performance".<sup>19</sup> Tony Saich observes that "the legitimacy of the current regime is tied to its capacity to deliver the economic goods, and

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<sup>19</sup> Zhao Chenggen, "Rational Authoritarianism and Chinese Economic Reform", p. 183.

the currently political structure is conducive to sustained high growth too far into the future”.<sup>20</sup>

### **Rule of Law**

China is accepting the principle of the rule of law. In authoritarian regimes there is little space for the rule of law. Modern communist China has not given the application of adhered principles of governance but under third generation, government is becoming responsive. There is a rising demand for the rule of law. People expect that freedom of information will expand further and the rule of law will become over stronger. Values consistent with Western ideals of equality, justice and legality- as well as with ancient Chinese ideals are being expressed at all levels of society. The rule of law is finding their way into legislation. After joining the world economy, it became an obligation for China to reform its legal system. China realized a developed legal system to govern a market economy.

### **Emergence of New Social Movements**

Globalization has provided opportunities in China for individual rights and new-social movements. Yunxiang Yan says there are three kinds of “secular movements”,<sup>21</sup> namely, consumer protection, environmental protection and feminism. These movements are related to globalization in various ways. Yunxiang describes China’s environmental movement has been nurtured by and, to an extent, even directed by a variety of global

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<sup>20</sup> Tony Saich, “The Search For Civil Society and Democracy in China”, p. 264.

<sup>21</sup> Yunxiang Yan, “ Managed Globalization: State Power and Culture Transitions in China” in Peter L Berger and Samuel P. Huntington ed., *Many Globalizations: Culture Diversity in the Contemporary World*, New York: Oxford University Press, 2002, p 30.

forces ranging from private foundations to the United Nations Systems. “Furthermore, due to their heavy reliance on external support for both theory and funding, Chinese environmental organizations seem to be more independent from government control and thus bear some features of voluntary associations”.<sup>22</sup> ‘Friends of Nature’, for a stance, non-governmental organization, has large base across the country. The feminist movement is taking place in society. China organized United Nation ‘Women’s World Conference’ in 1995. In authoritarian states, women’s right is more restricted. In China the women are coming out from the home and are participating in benefits and outcomes of globalization. “An interesting development among the yuppie professionals is that women tend to perform better and are more satisfied with their current jobs than their male counterparts.”<sup>23</sup>

### **Bureaucratic Reform**

A full-fledged market economy requires a set of economic institutions compatible with market led economic activities. Throughout the reform period, the Chinese leadership devoted a great effort to building such institutions that support and also stimulate market enlargement. Bureaucratic restructuring in China essentially refers to efforts to rationalize the state to make it more competent. Bureaucratic restructuring has aimed to make available an institutional base for development of an increasingly market oriented reform economy.

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<sup>22</sup> Yunxiang Yan, “Managed Globalization”, p. 31.

<sup>23</sup> Yunxiang Yan, “Managed Globalization”, p. 23.

## **The Weakening of the Chinese State**

China has adopted the policy reforms and is increasing the wealth of nations. This is related with two developments. Change in the values of Chinese society and the requirements of the market institution. That leads towards wearing away of the capacity of the state. "When wealth and power are increasingly generated by private transactions that take place across the borders of state, it becomes harder to sustain the old image of states as the pre-eminent actors at the global level".<sup>24</sup> Higher income gives people more personal space, agents of the state have less control over citizen's lives.

Globalization has led to decline of state power over domestic social forces. Globalization has made it unfeasible for state power to completely control private economic activities. This power is especially vulnerable in an authoritarian state. There has been a progressive decline of the state control in the economic realm. The power of the state is shifting from the state agencies to enterprises. There is a decrease in the use of mandatory planning mechanisms and a concomitant increase in the use of market forces to guide distributions and production. The role of market has been gradually extended beyond goods and services to labour now increasingly seen as commodity and capital.

The weakening of the power of the nation-state can also be understood by looking at the impact of globalization on the domestic politics, especially state-society relations. The emergence of civil associations represents the remaking of civil society in China. They are in very initial stage but can impose a serious political challenge to the existing political order. "However, globalization has created an economic sector which is beyond the state control, and this sector related population is undoubtedly beyond the

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<sup>24</sup> Peter Evans, "The Eclipse of the State? Reflection and Stateness in an era of globalization", *World Politics*, vol. 50, no.1, October 1997, P. 65.



state-control. Moreover, globalization also created an international civil society that limits the state's activities".<sup>25</sup> Carsten Herrmann-Pillath advances similar arguments. He says that economic globalization and information and technological revolution have contributed directly to China's economic transformation. They have also been an important medium for a new form of associational activity to rise. "The rapid economic change of the People's Republic of China has undoubtedly given the society in that country more autonomy. Whilst this quite obviously does not apply to the possibility of political self-organization, it does affect the degree of autonomy of the economic actor in the narrower sense."<sup>26</sup>

States have no monopoly over information in an era of globalization. It leads to decentralization of decision-making. "Economic transformation and globalization have also resulted in decentralization with attendant significant political consequences. Decentralization means that the Chinese state has given powers back to society. New social organizations have emerged all over China and at various levels."<sup>27</sup>

### **External Constraints**

China has joined the membership of World Trade Organization. Chinese economy has opened to the world after membership of WTO. Its membership seems to presume not only a liberal trading order, but also an independent legal system. This constrains government in the interest of necessary transparency and accountability in a relatively pluralistic political order. She has increased her membership in different international

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<sup>25</sup> Yongnian Zheng, *Globalization and State Transformation in China*, p. 17.

<sup>26</sup> Carsten Herrmann-Pillath, "China: Market Economy and Authoritarian State: an Alternative to the Western model?", *Economics*, vol. 60, no.1 1999, p. 91.

<sup>27</sup> Yongnian Zheng, *Globalization and State Transformation in China*, p.8.

nation based community feeling is weakening and second, new kind of ethnic conflict have emerged. Chinese society is not homogeneous. There are emerging identity based conflicts.

We have discussed in the second chapter that globalization promotes democracy. Theories that seek to explain democratization look at change in the economic realms as a forerunner to significant political liberalization. Theories of globalization have posited that due to increased transnational flows of goods, money, ideas and people, national economic political systems will slowly converge towards the combination of a market and a liberal democratic political system. The post-cold war world witnesses two phenomena with regard to the Communist state. Post-communist states are either moving towards disintegration or democratic regimes.

“ During the third democratic wave from the 1970s to the 1990s, one party authoritarian regimes in many developing countries, products of the convulsive processes of social, economic, and political changes in the 20<sup>th</sup> century, could not live up to the democratic challenge inherent in the process of modernization. Eventually, almost all of the authoritarian regimes in Southern Europe, Latin America, South-East Asia and, America and Africa like the communist totalitarian regimes in the former Soviet Union and Eastern Europe, collapsed and started their transition towards becoming democracies.”<sup>30</sup>

Peter Nolan accepts that capitalistic forces of competition and profit seeking are necessary for the successful growth of the productive forces in a developing country. It is also necessary for producing many of the prerequisites of a free democratic society. However, he casts doubt about political democratization in reforming communist

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<sup>30</sup> Zhao Chenggen, “Rational Authoritarianism and Chinese Economic Reform”, p. 175.

countries. Nolan says that it is very difficult to take a “big leap”<sup>31</sup> in the system of political economy that means the system of political economy is an incorporated structure of politics, economics ideology and social relationship. Secondly, national unity may be tough to continue under democratic post-communists state.

“Modern theories posits causal link between economic growth and democracy... Economic development and greater integration with the outside world will lead to a more liberal and democratic China”.<sup>32</sup> Toney Saich writes China is moving towards a liberal state. “Some, like astrophysicist Fong Lizhe, argued that a growing and more affluent middle class means the gradual establishment of an economic and social structure independent of the party system”.<sup>33</sup> Henry S. Rowen also has optimistic view regarding the democratization of China. “Growing wealth is accompanied by increased education, and the formation of attitudes that enables democratic government to survive when they have a chance of power”.<sup>34</sup>

A change in institutional structures does not signal for democratization. Political processes are enduring as was the in case an earlier period. The state has greater role in the articulation in the regulation of the market. No change has been made in criminal laws. “Despite two decades of market oriented reforms, the Chinese market is still characterized by a dual-trade system, in which the state controls strategic market resources, owns most of the large enterprises firms, and can to a great extent determine the fate of private companies through the implementation of specific policies and

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<sup>31</sup> Peter Nolan, *Transforming China: Globalization, Transition and Development*, London: Anthem Press, 2004.

<sup>32</sup> Mary E. Gallagher, “Reform and Openness”, p. 309.

<sup>33</sup> Tony Saich, “The Search for Civil Society and Democracy in China”, *Current History*, vol. 93, no. 584, 1994, pp. 260-64.

<sup>34</sup> Henry S. Rowen, *The Short March : “China’s Road to Democracy”*, p. 135.

regulations.”<sup>35</sup> Western style management and business skill are, in practice, only secondary to success of many private enterprises although in public many attribute their success to modern management and technology.“ The criminal process is the least reformed of all, and it still serves functions established by totalitarian regimes. Pre trial detention often exceeds the statutory three months, and arbitrary arrest, detention, and torture continue”<sup>36</sup>; recent illustration is the arrest of Zhao Ziyang who has been under house arrest for more than 15 years after losing a power struggle in the aftermath of military crack down on the Tianamen Square pro-democracy protest.<sup>37</sup>

Economic and political reforms have raised the living standard for the vast majority of people. Although, China’s policy makers have not been so successful in devising policies to bridge the social transition. The system developed has broken down under the reforms with the financial collapse of many State-Owned Enterprises (SOE), the rise of the non-state actor, and the decollectivization of land in the country side. State rebuilding is not an uncontested enterprise. Even though China remains an authoritarian state, the leadership cannot rebuild the state at their will. Popular protest has been an integral part of state-market reform in China. “Economic reform is not without its unique set of challenges. The implementation of the reform and open door policy has been accompanied by central power over finance, resources and key areas of decision-making.”<sup>38</sup>

The process of economic reforms is a process of interest redistribution. It produces acrimonious conflict among different social group and regions. China’s reforms have also

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<sup>35</sup> Yunxiang Yan, “Managed Globalization”, p. 24.

<sup>36</sup> Henry S. Rowen, *The Short March: “China’s Road to Democracy”*, p. 131.

<sup>37</sup> *The Hindu*, New Delhi, 12 January 2005, P. 14.

<sup>38</sup> Yongnian Zheng, *Globalization and State Transformation in China*, p. 56.

created losers, in terms of both economic status and political power. Economic liberalization made an important contribution to the widening economic and social opportunities among Chinese regions, firms and workers. Many divisions of government have failed to cope with the speed of change. Income gap widen the social grievances. Growth has been uneven. Those who are able to participate in the process have gained benefits, those who have not become disadvantaged. There is an urban rural divide. The condition of employment is worsened. This has generated a social protest which rises from lower strata of society such as farmers and workers.

Globalization does not only bring out benefits to the country, it also generates some expected and unexpected social and political consequences. Economic transformation has weakened the ethics of state; peoples lost their confidence in the government. China's firms in both the state and the non-state sector are facing increasingly high pressure from the domestic industrial transformation and economic globalization. The deepening of economic reforms and improvement in economic efficiency move already caused massive lay off in state enterprises. Social groups and regions have benefited from globalization very unevenly. While the Chinese state has played an extremely important role in pursuing the process of economic transformation and globalization, it has also created grave problems.

When China is accepting the economic globalization, it paid less attention to cultural globalization. Globalization in China is mainly interpreted as the domination of American cultural products. While the import of globalization is the best seen in the economic sphere, there are also consequences for governance. China's approach is to

bring out western techniques and equipment while excluding new political and cultural values. The Chinese did not grasp the interrelated nature of Western societies. It failed to see that western technology could not be by far separated from the social and cultural prevailing conditions in which it was rooted. "China wishes to derive the macroeconomic benefits of globalization but is uncomfortable with the costs of social, political and cultural readjustment".<sup>39</sup>

Another proposition is that the political and economic developments in China would lead us to rethink the inevitability of the fall of authoritarianism. The third wave of democratization swept across the world and different kinds of authoritarian regimes collapsed and embarked on their respective transitions to becoming democracies. China's totalitarian communist state transformed itself into an authoritarian state while successfully embracing market oriented economic reforms. The Chinese authoritarian regime itself has also been well sustained and there is no evidence that it faces collapse. "China's national authoritarian state, which is different from both the totalitarian communist state and the authoritarian state in the developing world, in my view, provide a new model of authoritarianism."<sup>40</sup> Consequently, globalization is making the Chinese state more modern while maintaining its "Chineseness"<sup>41</sup>.

Globalization has exerted increasing pressure on the state. In order to cope with globalization and its consequences, the Chinese state has to accommodate market forces and accept the internationally negotiated set of rules and institutions. To respond to

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<sup>39</sup> Tony Saich, *Governance and Politics In China*, p. 272,

<sup>40</sup> Zhao Chenggen, "Rational Authoritarianism and Chinese Economic Reform", p. 176.

<sup>41</sup> Yongnian Zheng, *Globalization and State Transformation in China*, P. 32.

increasing pressure from globalization, the Chinese technocratic leadership does not have much choice but to import the form of the state from outside. The Chinese leadership is innovative. They developed the system of the logic of “adoption and the logic of innovation”.<sup>42</sup>

By this strategy, the Chinese leadership is trying to minimize political risks. It is also attempting to represent whole political community not only to members of communist party. “On the one hand, the leadership has to adjust the state system to the new conditions in order to tap additional resources and increase political legitimacy. On other hand, it has to present modernity as a neutral and universal category, which is adoptable to any culture. By doing so, the leadership expects that social and political resistance can be overcome and that their version of the modern state can be built.”<sup>43</sup>

Leadership intervention is necessary and inevitable. Gordan claims that market economy does not evolve spontaneously from a planned economy. China benefited from a charismatic leadership in her implementation of reform. Charismatic personality and authority have proved decisive factors in successful political and economic reforms. It is very important to have a powerful leadership to start and proceed with reform. Leadership is the most important preconditions for the success of China’s reforms. Reform is about the peaceful transformation of the socio-economic order. The existence of a strong state and the latter’s provision of stability is the precondition of such transformation. One of the great advantages of authoritarian rule is that with it goes the capability to maintain stability and order. The state has played an important role in leading China’s economic and social transformation.

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<sup>42</sup> Yongnian Zheng, *Globalization and State Transformation in China*, P. 38.

<sup>43</sup> Yongnian Zheng, *Globalization and State Transformation in China*, P. 38.

Despite all these drawbacks, substantial progress has been made. Chinese system has demonstrated its great flexibility. Leaderships do not change the whole structure suddenly. China adopted the accommodation and adjustment mechanism. Authoritarian states often exercise tight political control over domestic economic transactions. They are able to control their population and their economic transaction. For the promotion of the process of globalization, the Chinese leadership has to overcome strong social forces. The government is better able to manage the electronic and film media. "Social movements and religious movements in particular, is an area that is under the careful watch of the party state, because it has the potential of developing opposition forces."<sup>44</sup>

In China, the leadership has accorded the highest priority to stability and economic development, and it has ruthlessly cracked down on any social movements, especially organized ones that posed serious challenges to the regime. An illustration of this is the Tinnamen Square and Falun Gong religion. The state does not acknowledge the legitimacy of an opposition as a necessary part of political system. "Thus although the CCP does increasingly embrace basic capitalistic principles, this change is framed as being in the national interest and as essential for national economic survival in an increasing globalized economy."<sup>45</sup>

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<sup>44</sup> Yunxiang Yan, "Managed Globalization", p. 30

<sup>45</sup> Mary E. Gallagher, "Reform and Openness", p. 345.



## Chapter-4

### Globalization and Regime Type: The Indian Experience

India is a democratic liberal state. The Indian political system is based on the rule of law enshrined in the constitution. It ensures political participation of all members of its society through various institutions and agencies. Political posts are filled through electoral processes and administrative position by selection. Citizens enjoy civil liberties and inalienable rights.

The Indian democracy has taken roots in Indian society. Indian democracy has spread horizontally and vertically. Vertically, it has reached up to grass-root level through the Panchayati Raj Institutions. PRIs are closer to people. They legitimized Indian's democratic institution and deepened its roots. Horizontally, it has spread across society. "Indeed, democracy's biggest triumph is that it has proven to be an effective- perhaps the only- mechanism for holding India together."<sup>1</sup>

India is a post-colonial state. Its economy is in a developing phase. Self-reliance and growth with equity was the philosophy behind economic development. At its genesis, its development strategy was the planned economy. This accorded a greater role to the state in economic development. The role of the state during the planned economy period is best explained by Atul Kohli. According to him, "this state is omnipresent, but

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<sup>1</sup> Pratap Bhanu Mehta, *The Burden of Indian Democracy*, New Delhi: Penguin Books, 2003, pp. 1-8.

feeble; it is highly centralized and interventionist, and yet seems powerless".<sup>2</sup> India was constitutionally a centralized state. The state had to play an interventionist role in the economic affairs to ensure the proper redistribution of the fruit of development. Centralizing planning by experts and a protectionist economy to benefit the public sector became the hallmarks of its economic development.

India experiences globalization first hand through economic reforms. India has started to liberalize her economy during the last decade of the 20<sup>th</sup> century. The Indian state withdrew from its extended role which was assigned during the planned economy. The recent U-turn economic strategy of development in India has been seen as a consequence of a changed world economic system combined with the internal weakness of a national economy.

In recent years, the world witnessed a profound change in economic realities and policies. This period gave the momentum to support a transition to a global capitalist economic order. A new strategy of Indian economic development had been constructed at that moment. The economic reform initiated in India was the reflection of reality which had taken place in the new world order and economy. However, it was not only international compulsions, but also domestic economic and political conditions that compelled Indian statesmen to adopt liberalized economic principles. The attitude of the leader was also responsible in a change of strategic with regard to economic growth.

In 1990s, Indian domestic politics witnessed a shift from a one-dominant party system to multi-party system. This had given the opportunity to induct leaders with a new approach and attitude. Dr. Man Mohan Singh, finance minister, under the leadership of

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<sup>2</sup> Atul Kohli, *Democracy and Discontent: Indian's growing crisis of governability*, New York: Cambridge University Press, 1990, p. 8.

the Prime Minister P.V. Narasimha Rao paved the way for this new liberal economy. Globalization is based on the premise that the march of the market is an inevitable reality. It is an irresistible force beyond the influence of domestic policy and countries should join the process and benefit from it instead of resisting it. Our political class accepted these premises.

### **Domestic Compulsions**

Amit Bhaduri and Deepak Nayyar accept that economic liberalization in India began on a dramatic note, with a sudden and fundamental change in the strategy of development. The change was dictated by the immediate economic compulsions of crisis management. They argue, “the government was driven by the immediate compulsions of an impending sense of crisis in the economy. The response was driven, even dictated, by crisis. It was not planned.”<sup>3</sup> M. P. Lama is in agreement with these ideas and observes that the economy has changed because it was not competent to cope with the challenge that was emerging from Indian society. “Failure of planned development and the crisis of the balance of payments”<sup>4</sup> are two reasons that forced the Indian economy to make paradigm shift.

This kind of argument to some extent is correct. Reform is driven by a ‘crisis-ridden’ economic system but this measure was taken by government for the stabilization of Indian economy. Evidence shows that it has been driven on the right path. After the adoption of the structural adjustment policy (SAP), the Indian economy has boomed.

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<sup>3</sup> Amit Bhaduri and Deepak Nayyar, *The Intelligent Person's Guide to Liberalization*, New Delhi: Penguin books, 1998, p. 53.

<sup>4</sup> M. P. Lama, “Stability and Instability in the Indian Economy” in D.D. Khana, L.L. Mehrotra and Gert W. Kueck ed., *Democracy Diversity Stability: 50 Years of Indian Perspective*, New Delhi: MacMillian, 1998,

Since reform has started, it witnessed the highest growth rate in terms of gross domestic product; some financial years it surpassed 8%. “The gross domestic product growth rate is in 2001-02 were 9.6%, and in 2002-03 was 8.5%, at current price”.<sup>5</sup> Now, India is the fourth largest economy of the world. It is one of the fastest growing economies in the world. The balance of payments has been stabilized. The foreign exchange reserves have crossed more than one billion dollar; “On February 4, 2005, it touches 128.91 billion US dollar”.<sup>6</sup> Globalization is known for information technology. India is one of the leading countries with regard to information and communication technology.

Structural adjustment policy encompasses all the issues which are related to the economic system. It includes the industrial sector, the trade regime, foreign investment, foreign technology, the public sector and the financial sector. It involves agriculture issues and labour laws. Industrial policy reform has removed barriers to entry for new firms and lifted the ban on growth in the size of existing firms. The decision related to foreign investment is no longer requirement of government approval. The policy of automatic approval has been adopted. There is only one procedural formality just to inform Reserve Bank of India- a regulatory bank of Indian economic system. Reform has also been made in trade policy. India has eliminated discretionary bureaucratic control mostly on import. It has reduced the protection available to domestic industry. Being a member of WTO, the quota system has been lifted. There has been no restriction on imports and exports of goods except in some strategic and hazardous areas.

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<sup>5</sup> Economy Survey, 2004-05, Ministry of Finance, Government of India, p. 2.

<sup>6</sup> Economy Survey, 2004-05, Ministry of Finance, Government of India, p. 5.

The process of economic reform increases the degree of openness of the economy to integrate with the global economy. These processes of economic integration are facilitated via guiding principle of liberalization, privatization and globalization. The principle of liberalization is a linked with new liberal economic policy which advocates the minimal role of the state in economic sphere. According to the requirements of the ideology of liberalization, the market should be left free; the state must pull out from the regulatory role of economic activities. The policy of privatization is interlinked with liberalization. Privatization means the hand over of public sector enterprises in private hands and deregulation of the economic distribution system. Liberalization and privatization are an integral part of globalization but globalization is much broader than the two. The first two processes are only related to economic activities of the state. Globalization involves all human activities in its ambit and affects national and international societies.

Globalization is related to flows of trade, capital and technology. It combines the punch of capital mobility, technological progress and heightened market competition. India has taken all measures which are required to meet the norms of international financial and economic institutions. Indian economy has more closely integrated in the world economy through cross border flows of trade, investment and finance. Movement of people and transportation of goods becomes easy for crossing the boundaries of the state. The policy regime for foreign investment and foreign technology has been liberalized up to moderate level. Public sector reform is handled with a policy of privatization and closure of sick public enterprises. In financial sector, the government has changed its monetary policy.

### **Is globalization strengthening democracy in India?**

I already discussed this proposition that globalization promotes democracy in those regimes which are ruled by authoritarian, military or one-party system in the second chapter. The question however, is what kind of impact globalization has had over those regimes which are already democratic. India is one of them. In my assessment, at one level, globalization is strengthening the Indian democratic system. But in some respects it weakens the democracy and restrains the state.

### **Social Movements**

The impact of globalization is strengthening the Indian democratic system can be seen in 'new social movements'. These social movements are trying to substantiate our democracy. Social movement comes through civil society. The progress in democracy and propagation of the civil movement through civil society are interlinked and complementary. Democracy provides an open atmosphere for the growth of civil movement. Openness, debate, discussion and parity participation are the core of civil society. These activities are up to the norms of democratic values. Recognition of autonomous institutions and organizations is a part of democratic culture. Democracy finds its roots in Indian society. The modern period social reforms were done through the generation of civil consciousness. The civil society in India existed even before the establishment of democratic government and arrival of globalization. But these political arrangements and the new open atmosphere has given an opportunity to organize the

people. Globalization provides a new window to interact with people globally which was absent earlier.

Jean Cohen defined civil society as “a sphere of social interaction distinct from the economy and state, characterized by voluntary association, civic publics, the media of communication, and sets of subjective legal rights”.<sup>7</sup> Cohen argues that civil society tries to ensure the responsibility and accountability of government officials. The civil society generates social trust and contributes to social coordination. It increases the efficacy and sensitivity of the government. It promotes autonomy of social institutions.

Mary Katzenstein with her colleagues holds the view that social movement has strengthened India's democracy. She categorizes social movement in two categories. The first group involves those social movements which have organized primarily on the basis of 'identity issues'<sup>8</sup> such as caste, language and religion. The second category involve those social group which are 'issues and interests-oriented'<sup>9</sup> groups consisting of women, environmentalist or economically oriented movements.

Mark Tully a journalist and writer, sees the impact of globalization in increasing the number of non-governmental organizations and in expansion of the electronic media. Tully writes in contemporary India, that the institution of civil society not only increased in quantity but also in quality. “Civil society is vibrant; India has become the non-governmental organization capital of the world. Television has grown from a drab purveyor of government propaganda to a multi-channel independent India”.<sup>10</sup>

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<sup>7</sup> Jean Cohen, “Trust, Voluntary Association and Workable Democracy”, in Mark E. Waren, ed., *Democracy and Trust*, Cambridge: Cambridge University Press, 1999, p. 213.

<sup>8</sup> Mary Katzenstien, Smitu Kothari and Uday Mehta, “Social Movements Politics in India: Institutions, Interests and Identities” in Atul Kohli, *Succeeding of Indian Democracy*, ed., pp. 242-269.

<sup>9</sup> Mary Katzenstien, Smitu Kothari and Uday Mehta, “Social Movements Politics in India, pp 242-269.

<sup>10</sup> Mark Tully, *India in Slow Motion*, New Delhi: Penguin Books Ltd, 2002, p. xiv.

It can be said in the context of globalization that non-state actors became effective in governance if not in government. Many of the civil society organizations in India are now global in nature. The information and communication system has given the chance to connect them and to make their presence felt globally. They are fighting for the cause of broader goals and targets like human rights, gender justice and environmental degradation.

Another arena where globalization has penetrated and is widely observed is the sphere of the media. One of the most important functions of democracy is to allow for the free and uninhibited flow of relevant information. Indian constitution ensures freedom of speech and expression to its citizens with reasonable restrictions. Such a guarantee is necessary for the free flow of the information. In that democratic atmosphere, Indian media has flourished in recent years especially the electronic media. India is renowned for its information technology skills. The developments in space technology make it easier.

Due to this development, the sources and flows of information has widely distributed and massively spread. Multi-channel television covers the issues live and even telecast the 'event'. The accessibility of people towards information has been greater than before. Information generates the consciousness among people about their rights which ultimately convert into specific demand.



## **How does globalization pose a challenge to Indian democracy?**

### **A Debate between the Market and the State**

Of relevance in this context is 'a debate between the market and the state'.<sup>11</sup> Economic liberalization covers many aspects of policy, but the central debate at stake is the relative role of the state and the market in the operation and management of the national economy. This debate is inherent in two broader ideologies which support different kinds of economic and political systems and degrees of the involvement of the state in economic related activities.

The market-based economy and democracy-based polity system are interrelated with the philosophy of liberalism. Liberalism advocates the 'minimal state'. The state-based economy is related to the philosophy of communism. Communism supports the concentration of economic system in the hand of the state. It was ideologically motivated. The Indian economic system was influenced by socialism which provide for a greater role to the state. State is seen as a saviour of the people. It adopted the nurturing and caring attitudes towards its citizens. The question is that if the state is retreating from that assigned duties, who will care for citizens? Do they have to live on the mercy of the market? The related point is whether the market will respect democratic values like equality.

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<sup>11</sup> . Robert Gilpin, *Global Political Economy*, New Delhi: Orient Longman, 2003, Joseph M. Greco and G. John Ikenberry, *State Power and World Markets*, London: W.W. Northern Company, 2003, Sameer Amin, *Obsolescent Capitalism*, London: Zed Book Ltd, 2003.

### **Whose hand will be strong if the market rules?**

Bhaduri and Nayyar anticipated the clash between the market and the state. They hold the view that a move towards a freer market mechanism will give the rich people more power to vote with their money in the market place. Political democracy works on the basis of one-person and one vote. Economic reform must learn to respect the democratic system.

From common perception we can say that government is elected by people but the market is not. State is in some ways responsible and accountable to the people. How can one make the market responsible when it is governed by the 'invisible hand' - the laws of supply and demand? Globalization is interlinked with to privatization and liberalization that talks about profits. Governments are about people. Globalization is mostly about spreading corporate power, for corporate profits.

It is visible that the Indian state is withdrawing from the extended role. "While the welfare state is being slowly eroded.... the retreat of the state from the economy is matched only by the advance to the market."<sup>12</sup> The question arises: what the political consequences of this will be? The state in India instead of occupying center stage in the social and economic arenas is seen to be retreating. The retreat of the state from social obligations may increase the conflicts from both ethnic and regional movements and class and caste arenas in the struggle for democratic rights.

Rajni Kothari observes tendencies that seeking restriction of the state and its withdrawal from constitutionally assigned role. That is leading to a situation in which there is a growing sense of disintegration of the polity. He notes two important trends in this regard. First, there is a marked rise of sub-nationalist consciousness overtaking the

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<sup>12</sup> Deepak Nayyar, ed., *Governing Globalization: Issues and Institution*, New Delhi: Oxford University Press, 2002, p. 4.

earlier kind of nationalism that included diverse regional and culture identities. Second, the national elite tend to turn away from the basic political challenges of nation-building and retreat to the economic challenge of development. The new generation of leaderships seems to be giving up on these two challenges- nation-building and development.

Democracy ensures peoples participation in decision-making. But in the process of economic liberalization a very small group had participated. They represent the elite of society. C. T. Kurien says, "They are captains of industry, the industrialist and top bureaucrats particularly in the economic ministries, finance, commerce and industry."<sup>13</sup> A larger section of society has been neglected in process of decision-making in the globalized economy.

The middle class of any society is the bedrock of the economic and political system. In the contemporary phase of globalization, the Indian state is in the grip of the middle class. In any society priority and needs differ among the economic and social classes, even the criteria of need varies. A middle class person wants a television and refrigerators and other consumer durables. According to Bhaduri and Nayyar, economic liberalization which means freer imports of foreign investment in consumer goods provides just that CocaCola and McDonalds became the symbols of this aspiration. Market produces goods for them who have the capacity to purchase. We can say that market creates wide economic gaps and generates inequality in society.

Bhabani Sengupta also sees the weak side of this liberalization and globalization policies. In his view, these state's policies and programmes are not designed as a response to political and cultural diversities and identities of the Indian state.

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<sup>13</sup> C. T. Kurien, *Global Capitalism and the Indian Economy*, New Delhi: Orient Longman Ltd., 1994, p 119.

But this “deregulation is deigned to bring to the center of the political economy, an affluent capitalist class fertilized in the hothouse of collaboration with multinationals, with its enthusiastic clientele more or less confined to the better off sections of the middle class to serve whose interests the Indian state was designed.”<sup>14</sup>

We know that globalization has an unequal reach and uneven benefit. There are some unintended consequences of globalization particularly in the economic sphere. Undoubtedly, globalization, particularly via the policies and demands of the IMF and other supranational agencies, has brought and is still bringing, an intensification of inequality among the people in countries. Marketization and privatization of social services cannot satisfy existing social needs in a sufficiently egalitarian manner.

Global flows may now be ubiquitous and to an extent multi-directional but they continue to be strongly asymmetrical and unequal. “Globalization may have created opportunities for a few countries and some people in the developing world, but a very large proportion of both countries and people remained untouched or even marginalized by the same process.”<sup>15</sup> This creates a problem for Indian state. The economic and political changes have led to several new and old problems such as poverty, inequality and deprivation. India is suffering from hunger, massive illiteracy, ill-health. Education, health and other social sectors have been badly neglected as a measure of austerity.

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<sup>14</sup> Bhabani Sengupta, “Challenges to Indian Democracy from Social and Economic Diversities”, in D.D. Khana, L.L. Mehrotra and Gert W. Kueck ed., *Democracy Diversity Stability: 50 Years of Indian Perspective*, New Delhi: MacMillian, 1998, p. 233.

<sup>15</sup> Deepak Nayyar, ed., *Governing Globalization*, p. 5.

## Nationalism and Globalization

Nationalism is a political passion which was based on the concept of the nation-state. Nationalism was a strong instrument in the hand of the state to mobilize the people. In the contemporary phase of globalization the boundary of states are declining and sense of belongingness are weakening. Migration and media are playing a major role in this regard. The concept of citizenship also at some level adopted new forms of universal citizenship. The electronic media are constructing a new identity. Arjun Appadurai explores the effects of migration and media in context of globalization. He writes that “the media offer new disciplines for the construction of imagined selves and imagined worlds..... (they) are resources for experiments with self-seeking in all sorts of societies for all sorts of purposes... moving images meet deterritorialized viewers. These create diasporic public spheres, phenomena that confound theories that depend on the continued salience of the nation state as the key arbiter of social change”.<sup>16</sup>

The migration of Indian people has generated a new vocabulary like ‘peoples of Indian origin’ and non-resident Indians. This is the influence of globalization over political identity of Indian society. It has two effects. First, it is weakening nationalism which has been a traditional source of strength and legitimacy for the state. Secondly, it is intensifying sub-nationalism. So it constrains states from effective functioning. Baldev Raj Nayar concedes that economic nationalism confronts economic globalization. Nationalism resists globalization. Nationalism creates some hurdles in the process of globalization. States may suffer from problems of legitimacy and security.

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<sup>16</sup> Anthony D. King, “Speaking from the Margins: “Postmodernism,” Transnationalism, and the Imagining of Contemporary Indian Urbanity” in Richard Grant and John Rennie Short, ed., *Globalization and Margins*, New York: Palgrave, 2002, p. 74.

Globalization has some positive impacts over Indian democratic regimes. It is enhancing flows of information and strengthening of civil society. It is a good sign for people. However, it has some negative impact as well. Globalization is increasing the marginalization of citizens at the decision-making level; it is generating inequality and promoting a sense of sub-nationalism based on ethnic and regional identities that already has substratum in Indian society.

Indian democracy ensures formal, legal though not socio-economic equality. In democracy people very easily realize a sense of their deprivation and position of disadvantage. Democracy, however, provides more space for resistance to the state. In contemporary India, democratic practice is witnessing a mass upsurge in political consciousness. All sections of society are asserting their identity to capture political power. They are increasingly concerned with whole issue of government and governability. People are concerned with maintenance of public order and security of the state.

Democratic mobilization has produced an intensive struggle for power. One line of argument suggests that excess political mobilization has produced such an enormous strain on Indian institutions, to the point that they have been rendered dysfunctional and have produced a crisis of governability. Atul Kohli argues, "India's democracy has encouraged unprincipled mobilization and over politicization, leading to ever-increasing demand on the state, seen as the controller of scarce national resources, both material and symbolic. The weakening of state institutions; unable to accommodate and manage these conflicting demands, has led to a crisis of governability".<sup>17</sup>

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<sup>17</sup> Atul Kohli, *Democracy and Discontent*, p. 20

Pratap Bhanu Mehta denies this assumption and said that it is misleading because the sources of the crisis of governability are many and most of them have nothing to do with excess mobilization. According to Mehta, the chief burden of Indian democracy is inequality. Inequalities deny an individual's recognition in society. Equality is necessary for moral standing. Indian society is already loaded with unequal distributions of resources and is divided into different categories. Mehta fears that globalization may enhance this gap among the groups within societies. "Inegalitarian societies will routinely humiliate its members"<sup>18</sup>

Rajni Kothari argues that the policies of liberal globalization are leading to a growing erosion of the authority and power of the Indian state. State is facing pressures and demands from within, emanating from one's own people. The foreign corporations and institutions like the World Bank (WB) and International Monetary Fund (IMF) are also constraining the state. In his view, the pressure and demand comes from within more dangerous than the pressures and demands coming from out. There is growing evidence for the marginalization of state in face of global challenges. "In reality, of course, the disempowerments of the state and its growing marginalization in the agendas of nations have also been taking place as a result of both the discontent and the alienation of the masses of people who had for long relied on the state for their own empowerment"<sup>19</sup>.

Kothari further argues that the Indian model of a nation-state is today in disarray. On the one hand the state is ceasing to be the central mechanism of the nation while on the other hand the nation has entered a process of acute fragmentation, multiple polarization and likely disintegration. "Both the retreat of the state and the erosion of the

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<sup>18</sup> Pratap Bhanu Mehta, *The Burden of Indian Democracy*, p.41

<sup>19</sup> Rajni Kothari, "Under Globalization: Will nation state hold," *Economic and Politically Weekly*, July1, 1995, p.1594.

nation are going hand in hand and are being hijacked by the global order, market and the other facing serious challenges from within, from the large number of peripheries as well as sideways from different regions and nationalities.”<sup>20</sup>

Kothari examines various types of erosion that the nation-state in India is facing today. First, there has been under way for quite some time, an erosion of legitimacy of the state in the eyes of people of India. The constituencies affected included those who have long been dependent on it for their well being. Media played a role in highlighting these grievances. Second, there has taken place, over the years, a gradual erosion of authority. The mounting challenges to central authority by a whole array of regional movements for both autonomy and separatism have rendered the state as an arena of growing conflicts and tensions. Third, there has taken place an erosion of the whole conception of a distinctive and overriding role of the Indian state both vis-a- vis other local forces and within the country ( industry, labour, religion, caste, linguistic and ethnic identities) and external interests (dominant centers of geopolitical and strategic power, international financial institutions, transnational structures of capital and commerce).

India is a multi-religious and multi-cultural society. India is a country of multiple diversities and gross disparities. The demographic composition is not homogeneous. There is enormous ethnic diversity. Bhabani Sengupta points out that ethnic diversity may be the cause for the decline of the state. He believes that “currently, India’s diversities are almost universally seen as ethnic factors. The challenges of ethnicities acquire aspects of ethnic political pressure upon the state.”<sup>21</sup> This apprehension is rooted

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<sup>20</sup> Rajni Kothari, “Under Globalization: Will nation state hold,” p. 1594.

<sup>21</sup> Bhabani Sengupta, “Challenges to Indian Democracy from Social and Economic Diversities”, p. 233.



in emerging trends of political mobilization. There are demands for the creation of new states based largely on ethno-political factors.

### **Resistance to Globalization**

Alongside such globalization there has emerged what may in theory appear to be its “anti-thesis”.<sup>22</sup> The rise of regional chauvinism and ultra-nationalism is based on religious fundamentalism, which too like globalization, seeks to suppress various pluralities. This is more along religious lines rather than an economic or technological one. It will also pitch the nation-state against one another and internally provoke a series of sub-nationalisms representing various suppressed or latent nationalities and ethnicities.

The anti-globalization attitude is becoming transitional. Robertson has the view that “globality has no mercy,” which means it is impossible to oppose globalization without being global at the same time. There are a lot of civil society’s organization that have global access to oppose the ill-consequences globalization. Robertson held the view that anti-global attitude is generally related to loss of indigenous identity and local culture. It has been accepted that globalization promotes ‘homogenization’ of culture. This homogenization invites resistance from the local community. “In addressing directly oppositional movements relating to globalization, it is necessary to emphasize that perhaps the most frequently expressed opposition is in support of so-called indigenous or national culture, identity, and tradition.”<sup>23</sup> The nature of Indian resistance conforms to this attitude. The misperception is that the process of globalization and the westernization are seen as same. As we are familiar that Indian society is full of such examples. The

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<sup>22</sup> Rajni Kothari, “Under Globalization: Will nation state hold, p. 1598.

<sup>23</sup> Ronald Robertson, “Opposition and Resistance To Globalization”, in Richard Grant, and John Rennie Short, ed., *Globalization and the Margins*, New York: Palgrave, 2002, p. 31.

culture conflict based on the ethnicity is nothing new to Indian state. But fear is that such conflicts may heighten.

Robertson says that the fear of homogenization of culture is misleading. The perceived threat to the purity of local cultures is not simply a matter of a global culture destroying local cultures. But economic, political and the media have played a crucial role in the crystallization of this perception. Globalization is a “difference-enhancing process”.<sup>24</sup> It is not homogenization but “difference within sameness”<sup>25</sup>.

The opposition to globalization in India is not only related to a cultural conflict but is most intensively contested in the form of environmental politics. Environmental movements are strong forces to compel the state from taking certain decisions. For example, a large dam such as Rihand, Bhakhra has been constructed without opposition, which was the cause of displacement of larger groups of society. But the dam project on river Narmda and Bhagirathi has been postponed several times. It is because of the mass level protest and wide-base resistance for construction of dam. Such movements have linkages from out side of Indian boundaries and find resources from there.

The new social movements may some time undermine democracy. Democracy gives boarder social and political space for organizing the people. People have realized that the state is not able to satisfy their multiple needs. They started to organize and put their demand in different ways. This has generated a number of social and political organizations. “These people have, of late, been of the view that the state is no longer available to them for this and that they will need to devise their own strategies and institutions, increasingly relying on civil society and their own community resources, to

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<sup>24</sup> Ronald Robertson, “Opposition and Resistance To Globalization”, p. 32.

<sup>25</sup> Ronald Robertson, “Opposition and Resistance To Globalization”, p. 37

deal with problems they face today and will be facing in the years to come.”<sup>26</sup> Politicized social group ethnic class, caste or regional they demand greater share of resources, autonomy and self-government. They invoke several demands which can overload the political system. In that scenario, political system can be moved towards decay.

### **The Advantage of Being a Democratic Regime**

How far is a democratic regime competent to cope with the challenge that emerges from the opposition towards globalization? What is the advantage of being a democratic regime? In forthcoming parts, I will seek to uncover the answer these questions which retain relevance in the study of regime type differences.

As a consequence of globalization, the Indian national economy is more opened and integrated with the world economy. Globalization has increased economic interdependence. In a liberalized economy, there is loosely space for the state to influence outcomes in the national economy. However, the market will not be let free. There must be some institution to regulate the economic activities in society. Baldev Raj Nayar confidently approves the role of the state even in this era. According to him, “the economic policy reforms since 1991 represent some relaxation of controls on the markets by the state, but the state has been the master actor in changing of the liberalization process. Embedded in societies, the state has been responsive to internal impulses from society, rather than to the advice of international financial institutions except as it fit with its own assessment.”<sup>27</sup> The state will continue to be pivotal to reform. Markets cannot

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<sup>26</sup> Rajni Kothari, “Under Globalization: Will nation state hold,” p.1594.

<sup>27</sup> Baldev Raj Nayar, *Globalization and Nationalism*, New Delhi: Sage, 2001, p. 264.

regulate them. They need an agency outside of them with legitimacy to set the rules of the game and to enforce compliance. That authority rests with the state.

A group of scholars have been of the view that Indian democracy is competent and will be able to manage the hurdles which will come in its way. Bhaduri and Nayyar support this argument due to the inherent quality of democratic regime. A democratic regime has flexible government and provides room for improvement. They compare this market economy with an earlier command economy. They have reason for this betterment of it. They write, "the fatal flaw of the command economic system was its lack of any inherent self-correcting mechanism. When economic or political decisions went wrong, pressure did not build up within the system to change policies. Indeed, the market economy embedded in a democratic political system has performed better in the longer run precisely because it has such a 'self-correcting mechanism.'"<sup>28</sup> According to them, there are some advantages of being a democratic state. "The importance of democratic institutions, with the prerequisites of transparency and accountability, are because they force 'self correction', another name for the ability to change when an iterative experiment goes wrong. Government may be forced to change policies, or the people may change governments".<sup>29</sup> However, we should have in mind that any system can work properly when they are efficient and transparent. The mechanisms of self-correction will work only in this condition.

Kurien also advances a similar argument in the context of democratic regimes. 'Democracies provide different windows through which people can express their views and register their protest. A genuinely decentralized and democratic polity has better

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<sup>8</sup> Amit Bhaduri and Deepak Nayyar, *The Intelligent Person's Guide to Liberalization*, p. 15

<sup>9</sup> Amit Bhaduri and Deepak Nayyar, *The Intelligent Person's Guide to Liberalization*, p. xii.

chance to clear the ill consequences of globalization.”<sup>30</sup> In my view undoubtedly Indian democracy has the benefit of gauging the grievances of the people and provides redressal mechanisms for their grievances. It has an institutional edifice to reach the people and assess their opinion. It is possible because it ensures a free flow of information. Fortunately, in India we have freedom of expression. Enjoying this right, the Indian media speaks freely with a critical attitude. Democracy creates social space where lower strata of society feel empowered because it allows participation.

The apprehension of the breakdown of the system because of the pressure made by globalization can be effectively resolved. The direction of economic reform can be moulded in the interest of common people who are the base of our society. But the quality of leadership is more important for handling any crisis. “Liberalization can be reshaped and reoriented by the Indian’s democratic process to serve the interest of her people”.<sup>31</sup> The Indian state is competing with multinational companies and other non-state actors. The State is minimizing its role in economic activities. However, all decisions whether it is related to economic reform or non- state actors are being made by the state alone and are political in nature. Kurien argues that “even in the stage of multinational capitalism, capital is not entirely beyond the regulation of the state. In fact multinational capital has to work under the regulation of the state”.<sup>32</sup>

But there is a need to be cautious about the functioning of Indian democracy. Challenges that are posed by globalization are not new but in differ in form with intensive threats. Atul Kohli suggests that democracy has to maintain the balance

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<sup>30</sup> C. T. Kurien, *Global Capitalism and the Indian Economy*, pp. 115- 116.

<sup>31</sup> Amit Bhaduri and Deepak Nayyar, *The Intelligent Person’s Guide to Liberalization*, p. 53.

<sup>32</sup> C. T. Kurien, *Global Capitalism and the Indian Economy*, p. 116.

between the upper stratas of society and the lower classes because “no electoral democracy can long survive without protecting the interest of the powerful and the long term exclusion of weaker group.”<sup>33</sup>

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<sup>33</sup> Atul Kohli, *Success of Indian Democracy*, Cambridge: Cambridge University Press, 2001, p. 2.

## Chapter- 5

### **Regime Type Differences: A Comparative Study of China and India**

All social and political institutions operate in a space, time and milieu. The aims and objectives of institutions transform with changes in the surrounding environment in which they operate. In an era of globalization, states are facing new challenges. Democracies as a political system and free market enterprises as an economic system have become dominant norms for the new world order.

In the light of these developments, I focus in this chapter on insights generated by my case studies. China and India are two divergent regime types. They share a lot of similarities and difference from each other in economic resources, structure and strategy. They are developing countries. Their economies are semi-industrialized, semi-agrarian and semi-feudal. They are in a transitional period. Their initial path of economic development was the command economy. Now, they have adopted a market economy. China and India have become an integral part of the world economy. But there are basic differences between their political and social systems. The Chinese political system does not correspond with its economic system. There may be a contradiction in an open economy and a closed political set-up. In the Indian instance, the political system is compatible with its economic system. India is a liberal society with an open economy

Globalization is posing challenges to both regimes. My sole concern is to examine how they are responding to globalization. The work attempts to explore the influences of globalization upon both democratic and authoritarian regimes. In this comparative chapter, I dwell on the specific question- does globalization have a similar impact upon all regimes or does its impact depends upon the nature of the regime involved. Second, is there any sharp contrast to manage the excesses of globalization or do both regimes similarly respond in terms of the quality of governance. While dealing with this question, I shall also attempt to arrive at a comparative assessment of the advantages of being a democratic or an authoritarian regime. Globalization made its entry in both regimes through the process of economic reforms. Domestically, it penetrated through liberalization and privatization programmes. I will focus primarily over the economic dimension and then visualize how other aspects- social cultural and political- have been implicated.

## **China**

There are two fundamental differences in the economic liberalization adopted by China and India. First, Chinese economic reforms began at least one decade earlier and there was no deep economic crisis like India. Second, Chinese economic reform has been managed by an authoritarian regime.

This does not mean that its process of globalization was unopposed. It was a tough decision in comparison with India. It entailed at least a partial ideological transformation. Ideologically, China has changed its strategy of development. Officially, it is a country committed to a market socialist ideology in the current context in place of an earlier



communist socialist model. Changes in state ideology are very difficult transitions. “China faced difficulty not at infrastructure level..... It was a very hard and tough decision for the leader to transform ideology which was the bedrock of the political system”.<sup>1</sup>

Whatever the problems of the past, China today is better utilizing the opportunities provided by globalization. Globalization expands the market. The products made in China have established their presence in the world market even in developed European countries. This is a good sign for China.

## **India**

To recapitulate, we had already discussed why India had chosen the current trajectory of economic reforms. India adopted a liberalized economy because five decades of development strategy through the command economy proved disappointing. It generated a very slow pace of growth. “From the first five year plan (1951-56) to sixth five year plan (1980-85), the maximum economic growth rate never crossed more than 5.4 %”.<sup>2</sup> To choose the pathway of economic reform was to respond to a crisis ridden economy. Jagdish Bhagwati remarked about India’s economic reforms that “the worst psychological state to be in is to have a superiority complex and an inferior status. This incongruity cried out to be fixed: reforms were increasingly seen to be the only answer.”<sup>3</sup>

As part of this comparative study we ill-afford to forget that the reforms initiated in India have been pursued more or less consistently through all the pressures of a federal

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<sup>1</sup> Ross Garnaut, “Economic Reform in India and China” in Ric Shand ed., *Economic Liberalization in South Asia*, New Delhi: Macmillan India Ltd. 1999, pp.321-338.

<sup>2</sup> India, 2005, published by Ministry of Information and Broadcasting, Government of India.

<sup>3</sup> Jagdish Bhagwati, *India in Transition: Freeing the Economy*, Oxford: Oxford University Press, 1993, p. 83.

and democratic constitution. The lesser urgency of the background conditions and the different political framework has contributed to a less radical and less decisive action on reforms in India.

### **A Comparative Study**

Comparison of China and India is very difficult and complicated work through a single variable- difference in regimes. China and India differ in terms of the pace and scope and interpretation of globalization. Both economies are in the transition phase. We can observe two types of transition. The first is the transformation of rural society to an urban society. It is nothing unique to these countries because it is endemic to all modernized states. The second transformation is of greater interest to us. This is the transformation from the command economy guided by the state control to a free economy regulated by independent market forces.

China has a greater impetus to growth than India. The Chinese economy is performing well in the world not merely in comparison to India. Ross Garnaut observes this difference very minutely. "China grew faster on an average than India, with massive swings of policy and performance with the vicissitudes of its centralized politics."<sup>4</sup> Garnaut traces the causes of this weak performance by the Indian economy to a corrupt bureaucracy. "India and China have both made heavy weather of reforming state enterprises to operate within market disciplines, and more generally to lighten regulatory intervention in resources allocation. Legendary bureaucratic delays in approvals for investment continue in India. This is a major factor why India lags well behind China."<sup>5</sup>

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<sup>4</sup> Ross Garnaut, "Economic Reform in India and China", p. 321-338.

<sup>5</sup> Ross Garnaut, "Economic Reform in India and China", p. 335.

This is only one reason for the non-performance of Indian system. There are other reasons why India lags behind China. I will treat this issue at the regime level.

### **Do differences in regimes matter?**

The realist theory of international politics argues that differences in regimes do not matter.<sup>6</sup> All states behave similarly and domestic politics has no impact over external forces. This may be true in terms of national security. But it matters in terms of the influence of globalization over the regime. A group of scholars argue that for the economic development of China, the credit cannot be attributed to its regime. China has natural resources in larger quantity and has achieved technological advancement. Amartya Sen held that in terms of economic development, China being an authoritarian state had no advantage. Democratic regimes also can do well.

He compared China and the Indian state of Kerala and studied how they both developed their economies. “At the time of economic reforms, when China had a life expectancy about 68 years, the Indian state of Kerala had a slightly lower life expectancy – around 67 years. By now, however, Kerala’s life expectancy of 75 years is considerably above China’s 70. .... While Kerala had roughly- at the same infant mortality rate as China- 37 per thousand - at the time of the Chinese reforms in 1979, Kerala’s present rate below 14 per thousand , is less than half of China’s 30 per thousand”.<sup>7</sup>

Samuel P. Huntington is concerned with stability and is indifferent to regime type differences. “The most important political distinction among countries concerns not their

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<sup>6</sup> Waltz, K., *Theory of International Politics*, Reading M.A: Addison Wesley, 1979.

<sup>7</sup> Amartya Sen, “Democracy and Secularism in India” in Kaushik Basu ed., *India’s Emerging Economy: Performance and Prospects in the 1990s and Beyond*, Cambridge: the MIT Press, 2004, pp. 36 -47.

form of government but their degree of government..... The problem was not to hold elections but to create organization".<sup>8</sup> Here it may be true that Chinese authoritarianism does not have any particular advantage over a democracy but this proposition may be true to only some extent. Huntington connected economic development to social growth. If we draw an overall picture, it can be said regimes matters in terms of reception to globalization.

My argument is that globalization is playing major role in China's economic development. The Chinese economy is based on a manufacturing industry with intensive labour. Globalization has added a new dimension in her economy through the development of the services sector. Chinese diasporas have contributed high amounts of foreign currency. China at regime level may have the privilege of leadership and the benefit of an organizational structure that ensures the maximum utilization of globalization.

To historically illustrate and compare, China and India entered the post-imperialist era sharing the world's greatest development problems and most of the world's poor people. Underdevelopment of both China and India is deeply rooted in the socio-economic inheritance emanating from their long-established order. The advantage of China is it was able to overcome the feudalism in society due to a revolutionary character. Indian national movement was vested in parliamentary democracy and civil liberties.

The population policy of the Chinese authoritarian regime is another important difference. China introduced the norm of one child. It became possible because they have

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<sup>8</sup> Cited in Robert Dahl, Ian Shapiro, and Jose Antonio Cheibub, ed., *The democracy Sourcebook*, Massachusetts: the MIT Press, 2003, p.112.

no oppositional forces at the political front. It neither faces opposition within nor outside the government on a large scale.

### **Contrasting an authoritarian and a democratic regime**

An authoritarian regime is widely understood to military types of authoritarianism. My focus is only on a communist authoritarian regime with particular reference to China.

1-Authoritarian regime is recognized for its capacity to take quick decisions. The process of decision-making in authoritarian regimes is fast and quick. The reason is that there is less scope for debate or discussion over issues. In democratic regimes, to reach a consensus is a very tough job for leaders who are in the government machinery. It delays decision making.

2- Authoritarian regimes provide stability to the government. It has a mechanism that supports its stability. Elections are not held in a competitive way and limited and selected groups are allowed to participate in elections. People do not expect much from their governments. Regimentation works in people's participation because little civic space for negotiation is left. Democratic regimes always do not provide a stable government. Stability in democratic regimes can be obtained only when some sort of institutional mechanism and social set-up support it. Absences of the right kind of political culture push towards instability. Another reason why democracy is vulnerable to instability is higher aspiration of the people with regard to the state. If the needs and aspirations of people are not satisfied by their regimes, it may lead towards political decay. An authoritarian regime does not suffer such hurdles. In other words, the chaos of democratic

politics seems obvious enough, and tensions and conflicts are more clearly visible than they would be under orderly authoritarian regimes.

3- The quality of leadership matters in an authoritarian regime. The leaders generally come through rigid process of indoctrination (especially ideology based states) and occupy a commanding position. The internal organizational structures facilitate the supremacy of leader. On the other hand, democracy has severely contested leadership. The higher posts whether it is in government or in party are open to all. No supreme leader will necessarily hold the post. There is however a need to be cautious. At moments, democracy also develops features of an authoritarian regime when strong and charismatic leadership takes charge.

4- One of the benefits of democratic regimes is that it has the mechanism of self correction. Self-correction implies that, the grievances of people can be redressed through proper channel prearranged by the system itself. If demands and aspirations of people go unnoticed, the citizen is still likely to find other forms for reassurance. An authoritarian regime does not provide any redressal mechanism and there is always a chance of revolt. In short, democratic regimes can minimize the possibility of rebellions but authoritarian regimes may easily fall pray to such disorder. Indian democracy has co-opted and convinced the opposition parties in government of the need for economic reform.

The influence of globalization is dependent upon regime type differences because democratic regimes provide an open and free entry of global forces while in authoritarian regimes this enters through heavier filtration processes. In authoritarian regimes, the penetrations of the forces of globalization are slow and have a gradual movement. It allows those subjects to enter which do not pose a problem for the regimes itself.

Globalization is changing the internal dynamics of the state. States are bound to change their national laws relating to their domestic economies. China and India are reformulating their property laws, taxation system, and trade and export-import policy. It is also forcing states to loosen control over information. The major change that has taken place in an era of globalization is the loss of monopoly over information by the state. What would be the consequences of these changes? This question is relevant particularly from a Marxist perspective.

Marxism assumes that the base determines the superstructure. In other words the economic system of the countries at a given juncture decides the content of politics, legality, and the nature of the social system. Two questions arise in this situation. First, is the Chinese political system moving towards democracy? Second, is disintegration of the Chinese authoritarianism inevitable in an era of globalization? I have already dealt with these questions in chapter three. These two apprehensions are well founded. This apprehension generates uneasiness in the Chinese political system. How far and how long will China be able to postpone or avoid the forces of globalization that invoke a free market and open economy that are compatible with a free political system and an open society? If we employ Daniel Bell's thesis of "convergence" in the Chinese context, this question can be strongly framed. Similar modes of production cannot make distribution systems different. China if it had adopted the capitalist mode of production, its distribution cannot remain eternally on a socialist pattern.

“China wishes to derive the macroeconomic benefits of globalization, but it’s uncomfortable with the costs of social, political and culture adjustment”.<sup>9</sup> Marxists claim that the ‘contradictions of capitalism’ can be won by the social revolution. How will China resolve the contradiction of capitalism and communism simultaneously? The Indian political and economic system is convergent with each other. This is another benefit of being a democratic state.

The political culture of China provides an important clue in this context. Political systems do not work independently whether it is democratic or authoritarian. It is the sub-system of the whole social system. The survival of the political system depends upon the political culture of that particular state. Chinese political culture supports authoritarianism. Chinese political culture is as not so vibrant as India. Here I find myself supportive of the view of Benjamin R. Barber who argues that “China is of course a very special case: huge, ancient, highly civilized, Communist, traditionally hostile to foreigners and their barbarian cultures, and, though historically decentralized with a strong village culture, never at any moment in its long history really democratic.”<sup>10</sup>

Drawing from the above question it is but natural to ask how China is ideologically complying with a plural world. The positive point of Chinese authoritarianism is its flexibility. It moulds itself according to the need of the times. This can be seen in the argument about Jinag Zamin. “Jiang Zamin liked to tell foreign reporters that it was colorful and heterogeneous world in terms of ideology and beliefs.

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<sup>9</sup> Tony Saich, “Globalization, Governance and the Authoritarian State: China”, in Joseph S. Nye Jr. and John D. Donahue ed., *Governance in Globalizing World*, Washington D. C.: Brookings Institutes Press, 2000, pp.208- 223.

<sup>10</sup> Benjamin R. Barber, *Jihad Vs. McWorld: Terrorism’s Challenge to Democracy*, New York: Ballantine Books, 2001, p. 190.



Mao Zedong liked to wax eloquent about letting a ‘hundred flowers bloom’.<sup>11</sup> This is intellectual base through which China can stay alive in an ideologically plural world.

The difference in the Chinese and Indian governing system also can be seen at the unitary and federal level. India has a federal set-up of government that is based on the principle of division of power. While China is a unitary government; it works on the principle of the fusion of power. Unitary governments tend to centralize the power of government. The power concentrates in the hands of a central level government. In China this can be withstood both at the administrative as well as the party level. The president is the head of the state and government; the head of party as a general secretary- the supreme post of party; and chief of the People’s Liberation Army. Indian political system operates on the basis of a division of power. State units have a constitutional status. Here China sees that globalization passes through a single channel. Resistance is easily overcome.

As we have seen in chapter four, democracy provides broader political space for expressing views of different groups and a larger social space for mobilization of citizens. Indian democracy consists in such checks and balances to resist the authority of the state, if its action is against the will of people. The absence of political and social space for non-state entities helps authoritarian regimes to overcome the forces of resistance. “The significance of social movements under conditions of authoritarianism is broadly captured in the thought that they serve as a venue for sustaining and ultimately expressing

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<sup>11</sup> Willy Wo Lap Lam, *The Era of Jiang Zamin*, Singapore: Printice Hall, 1999, pp. 265- 322.

popular civic sentiments and interests under circumstances where the prevailing authoritarian political climate does not allow for such forms of expression.”<sup>12</sup>

China has to search for a new concept of equality because equality from a Marxist perspective entails abolition of the state and classlessness. That differs from a globalization worldview. We have accepted that globalization is not value neutral and should not forget that globalization is also an ideological trend. It promotes liberal values and ideas. “While enjoying rapid economic growth, China is bothered by many social problems like employment pressures stemming mainly from the reform of state-owned enterprises, the polarization between the poor and the rich, low income level of farmers, corruption and even certain confusion in minds.”<sup>13</sup>

### **Differences in legal systems**

India has a well established legal system while China does not. For example in China no child labour law is codified. Children who read in state sponsored schools have to work. Products made by children are sold in markets. They have no pay offs in return. India is also suffering from lacunae of child labour but the state seeks to curb it. It is another reality that the Indian state has not shown competence to provide the basic facilities for all its children.

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<sup>12</sup> Mary Katzenstien, Smitu Kothari, and Uday Mehta, “Social movement politics in India: institutions, interests and identities” in Atul Kohli ed., *Success of Indian Democracy*, Cambridge: Cambridge University Press, 2001, p. 242.

<sup>13</sup> Li Li, “China’s Constitutional Amendments and Their Implication”, *China Report*, vol. 41, no. 1, 2004, p. 79.

## **Population**

Demographic dynamics of states affects the functioning of government. I am mentioning the role of population because it became at some level a retarding factor. Both countries are the most populous countries of the world. It is one dimension to study the influences of globalization. Both China and India are labour intensive economies. This changes the composition of other countries also. The population factor is important because both countries have such large numbers of people that no nation can guarantee adequate supply of food to these two countries. Available economic resources lag behind the present size and the growth rate of population in two countries. Demographic composition of society will influence the strategies of the state to counter the ill-consequences. Here we find that democracy has fared poorly while the authoritarian regime has done well. China has implemented the one-child norm but in case of India such radical policies becoming difficult.

To sum up, globalization has differential influence on both regimes. The influence differs because there is difference in the governing systems. We cannot measure degrees of impact on both regimes but in terms of a broader framework, an authoritarian regime like China is better able to channelize the benefits of globalization and minimize its ill-consequences in the short term. This is because of its features of stability, ability to make quick decisions and the absence of open resistance on the political front. A democratic regime, like India, copes with the challenges but in a democratic manner; drawn out over a longer period of time. However, a centralized mechanism of governing systems may

assist political regimes to benefit from globalization but strategically it is democracy which ensures long term political stability.

The claim that differences in regimes make differential impact on the state is valid only to a certain extent. Differences in regimes are only one factor to mould the impact of globalization on political society. Other factors like levels of economic development, political and social culture also have a greater impact. Above all, globalization is an independent force and operates according to its own internal logic.

### **Conclusion:**

The end of cold war has shifted the focal point of study in international politics from high politics- nuclear, military and state's survivability to low politics issues- like ethnic conflicts, economic disputes, cultural transformation and human security. Globalization is interesting from this perspective as well. In this context, I examined that the influence of globalization on political regime type. We have seen that China and India as authoritarian and democratic regimes respectively act divergently in response to the forces of globalization. The empirical evidence shows that an authoritarian regime manages globalization better relative to a democratic state. However, democratic regime ensures long terms political survivability.

The speed of globalization has been intensified. Its influence over the political regimes has generated a rich literature. There are three schools who theorize the impact of globalization upon the state. Their assumptions vary. The globalists propound that the state is no longer the sole actor of international politics. Other non-state actors like N.G.Os, M.N.Cs and international financial and economic institutions are performing major tasks in international arenas. The state has lost its supremacy. The skeptics argue that there is no decisive impact of globalization over the state's sovereignty. National economy and polity determines the pay off in the game of inter-states relations. The third school is known as transformanalists who affirm the role of the state but beside it, they accept the existence of non-state actors. In their view, states are not as powerful in an era

of globalization as was in an earlier period. However, the state is still a primary actor of international politics.

We assume that globalization influences the state, though all states are not similarly organized and their patterns of behavior differ. The question that arises is what would be impact of globalization over divergent political regimes. I have attempted to address this question by analysis two divergent regime types, China and India.

All aspects of globalization have trickled down in Chinese society. The Chinese economic system is moving towards a market economy, officially called the 'socialist market economy'. Right to private property has been given to people. The collective land is decollectivized. State-run-public enterprises are either leading towards closure or are handed over to the private enterprises.

Politically, China has adopted a moderate approach and permits political dissent. People have organized themselves outside CCP and non-governmental organizations are operating in China. The flows of information find proper roots through new communication technology. Government has lost a total monopoly over information. This development promotes civil society and new social movements in Chinese society.

Like Chinese society, globalization is transforming Indian society. The government is bound to withdraw its extended role and adjust with necessity to the world economy. It has changed its economic policy and emphasized fiscal reform. After 1991, its industrial policy, export-import policy and monetary policy took a u-turn. Information and communication technology and its self-reliance in space technology heightened the pace of globalization's influences.

These initiatives for transformation of political and economic arenas are being taken to utilize the maximum benefits made available by globalization. China is in better position comparatively to India in this context. The reason is the difference in political regimes. China is managing globalization relatively better because of nature of its regime such as its capacity to take quick decisions, political stability and its commitment towards a particular ideology. China has a centralized system of decision making which faces very minute resistance. There is democratic centralism. Debate and discussion is permitted to a very restricted degree and only within party meetings.

India being a democratic country faces challenges from political opposition and there is public disagreement over economic issues. Democracy makes possible opportunities to resist globalization. Civil society can be mobilized in Indian society easily. Opposition on the political front is very transparent. Political power is exercised at various levels. The government has to convince several groups of society through debate and discussion. Such a kind of political regime delays decision-making process. That is why, India lags behind the Chinese.

However, this transformation in the Chinese economic and political scenario as well as change in society generated some fissures between a particular kind of political regime and the forces of globalization. China as an authoritarian regime comes into conflicts with forces of globalization. China is reforming its economy but no crucial initiative has been taken in its political sphere. Our concerns are related to whether globalization will transform China into democratic state or whether China will follow the path of the post-communist countries.

The strategy of China to manage globalization addresses these concerns. Chinese political regime is efficient and competent to minimize the hurdles generated by these economic and political gaps. It is true at one level that China now builds “on real contradiction” because it has an open-economy and a closed society. Nevertheless, the Chinese have an ‘open- mind’ and that is their biggest triumph. Indian democracy does not face contradictions which are faced by China’s namely, an open economy and closed society. India has no inherent confrontation between its economy and polity. India has an open-economy with an open society.

Globalization provides not only benefits but also gives the opportunity for revolt. It increases the gap between the rich and the poor. Globalization has marginalized the larger section of society in both countries. This is the biggest challenge facing both regimes. The retreat of the state from the welfare programme delegitimized the government. The emergence of cosmopolitan and universal concepts of citizenship does not provide a conventional sense of nationalism. All these weaken the state authority.

China has a unitary form of government with an authoritarian system. India has a liberal federal structure with a democratic system. This structural difference furthermore influences the capacity of states to handle the forces of globalization. Federal system share out the power within union and its units but the unitary form of governmental arrangement tends to concentrate the power in the hand of union government. China is able to implement her policy and norms of one-child per family and control ethnic and religious conflict due to these centralized power mechanisms and rigid organization of the government machinery. In a democratic set up of government, rigid control is not possible because other institutional mechanisms that resist globalization.



Political opposition has an equal say within government if possible they cooperate or otherwise highlight the issues outside of the government and oppose the policies and programmes of government. The government cannot overlook them.

In the short term, Chinese centralized mechanism may have advantage but in the long run democracies have safe passage. Redress mechanisms for the grievances of citizen and self correcting mechanism ensures long term survivability of a democracy. This is the advantage a democracy has over an authoritarian regime.

To sum up, globalization has differential impact on both regime types. This claim is however, valid to only a certain extent. Difference in regimes is only one factor to mould the impact of globalization on political society. Other factors like levels of economic development, political and socio-cultural dimensions also have a greater impact. Above all, globalization is an independent force that operates according to its own internal logic.

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