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States and transnational actors: reasserting sovereignty?

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Drawing on examples from the re-regulation of capital movements, I will analyse how states are using new ways to reassert their sovereignty and discuss the theoretical implications for the relationship between states and transnational actors.

While transnational actors have become important subjects in the study of world politics, most research privileges them as autonomous. They are being examined in their efforts to create private rules and to influence state actors in order to reach their material or normative goals. Consequently, models of the interactions between transnational and state actors usually do not foresee the reverse: states influencing transnational actors to further their own interests (Hägel/ Peretz 2005). This relationship needs further investigation, because states have been very active in reasserting their sovereignty vis-à-vis transnational actors.

In this context, the regulation of international capital movements constitutes a fascinating policy area. In the wake of several waves of financial services liberalisation, early globalisation debates concentrated on the seemingly free movement of capital and how it reduced the authority and control of states. The past decade, however, witnessed states engaging in comprehensive re-regulation (Hägel 2005a). Various measures against money laundering, terrorist financing and corruption have created wide-ranging obligations for transnational actors, especially financial service providers, in how they do their business.

At the same time, these re-regulations often emerge in ways that defy traditional notions of sovereignty. International regimes are increasingly driven by the necessity, rather than the voluntary decision, to co-operate among states in order to achieve effective regulations. In Europe, states rely on supranational EU legislation. The United States of America expand their national jurisdiction by claiming and enforcing their laws extraterritorially. Weaker states – often, but not only in the Global South – are confronted with regulatory demands from the former actors. Thus, sovereignty is changing from being a universal concept to one that needs to be differentiated and qualified, e.g. as interdependent, supranational, imperial or partial sovereignty (Hägel 2005b).

References

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