

The State – between Crisis and Reform

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***Abstract.** By the end of the 20th century, the world had become increasingly interconnected. On one hand, the globalization level of the market economy had amplified, which called for understanding the interactions between the local and global action levels, as well as the effects of world interdependencies over the states' force and capacity. On the other hand, we are facing an increased fragmentation of the world economy in effect to the development of regional economic blocks. In other words, the world economy is dominated by two contradicting tendencies: the accentuation of interdependencies and the acceleration of the fragmentation process, in result of the economic integration process.*

The political and economic processes of globalization have called for the need of re-evaluating and re-defining the state's role in the national and world economy, of the traditional vision over its capacity of acting as a general manager in the economy and as autonomous actor in the highly instable international system.

Key words: globalization; nation-state; managerial state; post-suzerain state; legitimacy.

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JEL Codes: H11, H41.
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Innovation and flexibility

The profound transformation in the state's role is due to the ideology orientations that occurred at the end of last century and is emphasized by the direct analysis of the relations with the market and globalization.

A significant role was played by the modification of the realistic paradigm having asserted that states represented primordial players in the international system and that the study of international relations mainly referred to the relations between states.

The collapse of Keynesianism, at least in its capacity as governmental policy, has called for a new orientation, concretized in a project that supported the diminishment in the state's role, cutting down public expenses and increasing the services' efficiency. The ideological reorientation of the 80s significantly contributed to the limitation of the state's governing capacity and was grounded on the neo-liberal triumvirate of commerce privatization and drastic reduction of governmental expenses (Klein, 2007, p. 355). The counter-revolution of the School of Chicago was manifested by Milton Friedman's opposition to the "welfare state" and "big government".

The occurrence of the welfare state's crisis imposed a change in the philosophy regarding social programs. The austerity imperatives characterizing economic management have determined not only the tendency of reducing the state's role, but also the re-evaluation of its direct and coercive role.

There are also significant the reforms performed in many Western countries in the field of public sector, with particular implications over the de-centralization of the public authority's transfer and increased fragmentation of the politic system. The central government's functions were de-centralized upon lower levels, and in certain areas political authority has been slightly transferred towards trans-national organizations. Increased fragmentation of the political system has lead to the manifestation of the plurality of players and organizations involved in achieving common objectives, as well as to the attenuation of the differences between "public" and "private".

Given the globalization, major economic governing institutions have increased their power and influence, while the state's control was significantly reduced. Considering the de-territorializing of the economic activity, the tendency has occurred for the actors involved in international coordinated debates to proliferate. New and important forces, as well as non-governmental organizations or international instances are progressively manifesting themselves. Besides public governing authorities, new "private" instances and associations occur. Along with the players' multiplication, the world society is registering a dualist composition: on one hand, the world of states, formed of recognized players, with a regulated activity, and on the other hand, a "multi-centers" world, consisting of international players that are autonomous from the states.

Along with the increase in the number and influence of the new actors and governing partners, the focal center of the world politics has shifted from the states' public agents towards private entities. The transfer of some important decisions from the public to the private area has contributed to increasing the influence of "non-public" players, and a part of the markets regulation is ensured by non-state entities. Under such circumstances, the number and complexity of economic governing bodies is increasing, which induces new characteristics to the market regulation process. In the same time, new and important forces are manifested, such as non-state, para-state, public, private and associative players, new categories of law giving, executing and evaluating players.

Economic de-regulation and liberalization have had a profound impact over the state's role and impact in many countries. The state-nation traditional model is becoming inadequate; it manifests its limits in achieving reforms and is registering multiple transformations in view of the interdependencies and competition, as well as of the dissemination of the new theories regarding policies design and public management. The major change in the organization of political power is regarded as a shift from "government" to "governance". The creation of new types of authority comes along with the introduction of new governing models based on market and "networks". The transformation of the public sector has imposed "less government" and "more governance".

The success of the New Right at the end of the 70s was decisive for the process of re-thinking the state's economic role, as well as in orienting policies towards anti-state and in favor of the free market. The introduction of public management principles in the private sector has been characterized as managerialism. The anti-state nature of the new ideology (rolling back the state) also reflects the opposition against the welfare state, the crisis of which lays at the intersection between economics and politics. The Keynesian welfare state (KWS) is distinguished from the Schumpeterian workfare state (SWS), characterized by the stimulation of innovation, flexibility and economic competitiveness, as well as by the subordination of social policies to economic objectives. Market forms are being promoted, and the welfare agenda is subordinated to the capital's interests.

The reconstruction of the state was achieved at the intersection of the New Right with managerialism. A new spirit is reflected by the re-inventing of government, characterized by flexibility and contrasting to the negative image having characterizing the previous state bureaucracy. Thus, the transformations specific to that period have determined the shift towards a "managerial state". Welfare and the state have been placed in a new relation, which does not call for an institutionally integrated form (Clarke, Neman, 1977, p. 140). A strong component of the state's restructuring is the tentative of transforming decisions into non-political ones, by the dispersion of power towards

managerial control organizations, equally in the public and private area. “Managerial policies” are suggested, which although they directly refer to the institutions’ efficiency, they also comprise the managerializing of the policy itself.

The redefining of the macro-economic management principles has favored the introduction in the theoretic circuit of the “K-Mart State” and monetarist state concepts, the essential role of which consists in ensuring a favorable commercial environment. Given the new rules, the states’ power of administering their own economies is diminishing.

The accentuated tendency towards globalization has changed the nature of the competition and has weakened the states’ suzerainty. A new type of state is suggested, with particular institutional forms. Called the post-national or post-suzerain state, it is defined by two features: a weak national economy, because the country’s welfare is of external nature, as it is determined by the export and performance of the commercial blocks; a significant reduction in the state’s ability of getting involved in the management of the internal economy (Boyer, Drache, 1997, p. 51)

One of the consequences of globalization is the beginning of the end of the “national” aspect. Although for world economy and finances some consider the national economy concept to be an outdated one (Paquin, 2005, p. 62), or a “statistic fiction”, the “national” aspect continues to remain relevant.

Indeed, the increasing economy globalization is eroding one of the nation-

state’s fundamentals, the national market. This does not mean that its role and power are facing absolute decline, or that its attributions have been taken over by trans-national, as it is sometimes asserted.

Besides the general rhetoric claiming “less state and more market”, national capitalism is no longer the only concrete form of social organization. The history of capitalism is no longer defined and limited by national borders, and its shift from the era of nations to the era of mankind welfare has become increasingly obvious (Boyer, Drache, 1997, p. 68).

The new post-war wave of globalization has had a particular impact over national policies. In view of many observers, globalization seems to define a new stage in the world economy and it represents the end of the nation-state as manager of national economic policies. Given the internationalization of the state’s policies, the analyses are becoming interesting regarding the possibility for markets to govern the modern society, as well as the opinions supporting the need for institutional innovations and of new governing objectives and tools.

On a theoretical level, nations have to choose between market and supra-national state. Multiple options support both options. The markets’ dominant position can be due to the fact that no supra-national authority has the power of enforcing discipline on trans-national markets, which will gradually erode the legitimacy of the nation-state. The presence and complexity of economic and financial instability forms also emphasizes the limits of the governing outside the

state's intervention. Although the post-war state's efficacy is contested, its intervention is not automatically doomed to failure.

On the contrary, the market is only viable in the context of considerable social and political order. If the actual triumph of the market represents a problem, economy globalization does not represent the promotion of the market's logic, but the result of the interaction between markets and states. On a global level, economic and politics are interconnected, and globalization needs to be directed in a geopolitical context, and not only as an economically ruled process. The market tends to expand over national borders, while states contribute to territorial fragmentation. Although their origins as modern social institutions date back in approximately the same period, they are based on different logics: market is grounded on an economic logic, aiming profit and efficacy, while the state is grounded on power and legitimacy. They are interactive, sometimes they collaborate, other times they are conflicting, but they are always influencing each other. The attempt of counter-posing them and of substituting to each other could lead to perverse results for the society (Nayar, 2005, p. 16). Neither the solutions of the market or those of the state have proven optimal. Many of the analyses dealing with the state's relation with the market are focused rather on ideological than on scientific aspects. A pertinent research grounded on the current realities has to let aside stereotype based models and to eliminate clichés and preconceptions. Thus, for the liberals the solution to the state's

failures is "more market", while the adepts of the intervention for fight against market failure suggest "more state". A zero sum perception seems to prevail, in which more state means more market and vice-versa. However, considering the increased complexity of the society, the networks have stumped the distinction between state and market, public and private. Also, achieving real stability of the economy in close connection with increasing such calls for re-balancing the state and the market, as opposed to the tendency of diminishing the state's role in the economy (Serra, Stiglitz, 2008, p.12).

State reconfiguration

The different assessment and interpretation of the tendencies arising from the modifications in the nature, the content and area of politics and economics have made it possible for various prospectus and estimations to be made, some dark, and some optimist regarding the reactions and marriages in the state's maneuver, as well as its ability of coping with major breakups.

The critical analysis of the dominant theories aiming to analyze the state's rapports with the economy in view of globalization and integration should be based on the need of reassessing and redefining the state's role as general manager of the economy and of its permanent adapting to the new market constrains.

The state's regulating forces evolve strongly connected to the political fundamentals of the economy, with the forms

of political authority, the need of political authority and legitimacy and are closely following the managerializing and removing the politics from the state's structures, as well as the evolutions on a geopolitical and geo-economical level. Also, the states' aptitudes and reaction time are closely correlated to the crisis of thinking and practically acting and with the institutional and political disequilibrium.

In the Anglo-Saxon literature, political debate is government focuses, although the state represents a more comprising reality than the governing forms. The central theme of the 20th century history was the very increasing of the government's contribution in the development of economic activities. The expansion of the government's functions and of the economic policy objectives reflects the attitude of the political authority towards economic problems.

The state authority's persuasive power and the change in the perception over the state's specific role in the economic life define the characteristics of a peaceful revolution in the relations of the state with the society, in which the economic role of the government has been of essential significance.

Numerous controversies and debate themes have existed over the concepts used in order to explain the state's actions and its action means, to establish the government's optimal sizes, the allocation of duties to the government and private sector, the use of public budget and the ensuring of macro-economical equilibrium, the limits of public duties and so on.

The size and complexity of the state's activity, as well as the sizes of its consequences arise from the state's double role, that of political subject creator of political and social processes and that of economic player.

The evolutions characteristic to the political and economic authority and power are the consequence of a double impact. On one hand, we assist to deliberate renunciation under the impulse of the action of economic and doctrine related factors and conditions from the state, in exercising some of its attributions and competencies, considering the expansion of the deregulation, privatization and liberalization measures' expanding. On the other hand, the tendency of diminishing the state's authority and power comes along with consistent responses to more and more obvious external phenomena.

Thus, the rethinking of the perception over the state should be made in line with the existence of this contradictory tendency, manifested by the reduction of the public powers' role and of an increased need for authority and legitimacy. Their consequences over the state's force and authority should be regarded in view of an inedited situation, emphasizing new manifestation forms of the relations between politics and economics on an international level.

The accentuation of the international economic integration occurs due to the continuous fragmentation on a political level into independent states. Due to such circumstances, a certain discrepancy occurs

between the national economy area and the national territorial limits, which make the state borders cease to coincide with the expansion of the political authority exercised over the economy.

The manifestation of the gap between the state's power and its territory has suggested the idea of abandoning the conception regarding the nation-state, present especially in the French tradition (Michalet, 2002, p. 175).

The economic and political processes of globalization and integration have affected the state's authority and aptitude of supporting economic and social regulation.

The assessment of the power perspectives and of the states' margins of maneuver is achieved in less and less trenchant terms. Most opinions converge towards an undeniable regression of the economic, political and juridical power of the state, concretized in the diminishment of the capacity of designing and implementing economic policies and the relative and progressive decline of its economic functions (Auby, 2003, p. 95). Actually, the hostility towards political authority has accentuated along with the state's development.

Taking the economic power from the state and its gradually losing its authority generates profound implications over its intervention capacity and force for managing political and economic equilibriums.

The transfer of some decisions from the public to the private sphere, the increase in the capital and markets' authority, the partial transfer of functions from the central state to the local authorities, the emergency and

expansion in the role of the globalization specific players, the competition from other un-state powers and so on are considered as essential causes for the permanent deterioration of the state's capacity as effective manager of the economy and of its possibility of managing world interdependencies.

Considering these evolutions, the idea is supported of diminishing down to disappearing of the states' role in certain areas. However, real difficulties call for such tendencies to be evaluated. The above asserted thesis does not lack ambiguities. Thus, it is not entirely clear if the claimed decline of the state is a irreversible secular tendency or if this thesis rather serves as an ideological procedure for supporting certain interests. In other words, it is essential to answer to the question if the states' decline is the result of structural logic of the economic system (Brailean, 2005, p. 93).

There are increasingly present opinions considering that only a powerful state can interfere in the economic and social life, such truth being also supported by the fact that anti-state rhetoric maintains a reduced resonance considering contemporary realities.

The adepts of reconsidering, and in the same time of a active presence of the state are inspired by the very thesis supported by the liberal economy and by the national and international economy realities. Nonetheless, there are essential the evaluations regarding the pertinence of the nation-state traditional concept and of its future.

There is particularly renowned the idea of a potential increase in the state's authority and control capacity, after a long period of de-regulations and liberalization measures. Moreover, it is not excluded the possibility of giving up the thesis of the market's fundamentalists and the return to the directing state (Martin, Schumann, 1999, p. 355).

The concern for the states' construction reduces the echo of the call for limiting or reducing the role of the public power and authority.

The dominant theme of the reconstruction and reform policy considering the neo-liberalism dominance was the reduction of the state's intervention in business. The theoretical understanding over such need was accompanied by inadequate practical actions, which have contributed to the very compromising of defining processes in the economic liberalization. Conceptual errors have concretized in measures for reducing the state's role on all levels, without dissociating the various dimensions of stability and understanding their role in the economic development.

In order to avoid such confusions, a distinction has been suggested between the size of the state's activity, referring to the functions undertaken by the government and the strength of the state's power or the state's possibility of planning and designing public policies (Fukuyama, 2004, p. 14). Often, the referrals to the state's force refer to both its sizes and its power or capacity. Nonetheless, the achievement of the economic reform processes calls for a nuanced approach of the state's role, concretized in its withdrawing from certain areas and invigorating its position in others.

Therefore, the agenda of states construction is considered as important as the reduction of their share. Based on the distinction between the state's size and capacity, it becomes possible for the state's intervention levels existent in different countries to be established. From a development standpoint, it is considered as optimal combination the one between the limited amplitude of the state's functions with a strong institutional efficiency.

Admitting the priority of force over the state's amplitude is of important consequences over the transition process, as well as over the economic efficiency. The tendency of shifting the governing functions and of progressive escaping of the state and nation-state autonomy, concretized in the term the "dusk" of suzerainty, calls for the need of having strong and efficient states.

An important factor in increasing the need for authority is the excessive power of the financial markets, considered as an essential dimension in the economic globalization.

The considerable amplitude of financial circulation national and international wide, as well as the essential role of the financial industry has led to the enhancement of the economy's financing tendencies and to the disconnection between the real and the financial economy, while the chaotic development in the field of finances and the difficulty of delivering rigorous control in this area represent potential sources of shock.

The limits of financial markets and the correction of their excesses call for the institution of an adequate framework and

prudential rules, as well as for adequate macro-economic adjustments. Therefore, the increased role of the financial industry needs a careful and increased involvement from the public power for the purpose of diminishing risks and uncertainties.

Thus, the market triumph and the expansion of capital do not automatically generate the state's withdrawing. On the contrary, the ascendant evolution of the economy, protected from convulsions and infrequencies needs adequate rules and institutions that impose specific features to the national capitalism.

Although the adepts of laissez-faire accuse public intervention of being immobile and inefficacy, the affluence and massive presence of capitals is achieved considering the existence of a strong state and of regulations that could favor their expansion.

Consequently, the need for authority and for increased regulation should lead to firm actions for permanent renovation and adapting of the institutions integrating the capitalism's development and "more politics regarding the markets".

Conclusions

Controversial opinions exist regarding the impact of increased interdependencies and globalization over the state's autonomy, force and capacity. The common place of many studies and analyses is represented by the admission of its being undermined from the inside and from the outside. A significant theme is represented by the crisis and implosion of the national state, by the decline and erosion of the suzerainty. Other

globalization theoreticians admit the exacerbation of the effects over the state's internal and external prerogatives. The role of the state in the 21st century is undeniably changing. Significant modifications are made in the mechanisms and tools by which the current state manages society. There are aimed not only the state's internal organizational forms, but also its relations with the economy.

The state is transformed by globalization, but it will continue to play an important role in the regulation of economic and social processes. Globalization does not mean the end of the state, yet it calls for the reconstruction and re-thinking of the intervention modalities and capacity to act. The arguments in favor of the state's transformation should not be confounded with those regarding its decline. In the same time, globalization is only one of the regress factors and it does not imply only a list of constraints, but also of opportunities.

Although the state continues to have an important margin of maneuver, it is confronting the most profound legitimacy crisis in its history.

Far from being viewed as an accident of the history, national state will continue to represent the only alternative as a source of public power for the economic governing. Throughout this century, not only the state will survive, but it will also continue to play an important part. This does not exclude the persistency of a number of unknown variables regarding the dimension and limits of its involvement, the form and conditions in which suzerainty will be reinstated and so on.

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