

Policy Domain or Public Domain at a Time of Globalization

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Introduction

Globalization', we are repeatedly told, challenges the governance capacities of the State and weakens sovereignty over decision making¹. Some conclude that globalization represents a natural progression towards a 'borderless world'², signaling the end of the modern international state system as we know it. The capacity for governance has been truncated, with finance just providing a leading example of a broader trend.³ In its place we are offered a view of a complex world of state and non-state actors who share governance functions and are bound by a series of social norms and institutional linkages that transcend national borders.⁴

For others, the concept is over-stated and its influences are exaggerated. Rather than a structural change in the nature of capitalism beyond the scope of any individual actors, it is a subterfuge to justify the abolition of the welfare state.⁵ States may choose to delegate authority rather than simply having it taken from them.

Central to these two perspectives is the contrasting response to questions concerning the effect of globalization on the emergence of alternative governance or authority structures, especially in the non-governmental and the corporate world, that compete with states. Yet state and non-state authority clearly exists in a more contingent, interactive and dynamic manner.

Governance has changed, becoming increasingly conditional in character – with varied resulting capacities for states to deal with newly emergent issues.

The idea of the public domain, in a sense, intrudes on this debate by implying that governance structures are shared through social networks. Invocation of the term begs some questions. Under what conditions and in which ways do states retain influence? Furthermore, how and under what conditions are state and non-state actors tied together? What are the dynamics and contingencies of governance structures under globalization? Most importantly, in this context, what 'happens' to the public domain as a mechanism of cohesion protecting civil society -- and linking state, society and economy -- here? Its protective capacities seem, in certain instances, to disappear. If so, how can we reconcile the apparent eclipse of the public domain in many countries in the midst of the 1998 financial crisis with the central role that it appears to occupy in the context of much of Drache's formative chapter? The answer lies in an exploration of the contours and limits of the public domain in the context of a critical factor; the influence of the policy domain.

Towards an Answer

In his discussion, Daniel Drache posits the notion that the public domain lies:

“in relationship to the rest of the social order” as “one of the centres of decision-making that allows society to organize itself, plan for consumption and support a mix between non-negotiable goods, mixed goods and negotiable goods”. From it emanates the set of processes essential to a stable social order and a cohesive

society. If the state, market and civil society remain the great institutional makers of modernity, the public domain is at the intersection between civil society (largely norm-based, decentralized and hierarchically flat), the market, (subject to the constraints and opportunities of the universal price mechanism, private property rights and corporate profit-taking) and the modern administrative state (dependent on its full-bodied bureaucracy, large-scale financial resources and vast legal powers). It is a large irregular space covering a range of activity and organizations that belong to the public as a whole, having flexible borders, expanding and contracting in size, driven most by need rather than by any fixed notion of rights.” (pp.????).

Comprised of a host of components including public goods, services, places, norms and networks, Drache thus identifies a concept that links state, society and market. To be useable, however, we need to ascertain how, and how effectively, it establishes such linkages.

This chapter seeks to contribute modestly to the debates generated in this volume and to the utility of the concept of the ‘public domain’ by offering one version of a contingent argument. Rather than expressing its application in such grand terms, it will be argued that the utility of the public domain is intrinsically related to the sphere of public policy where it is applied. This variable utility is a function of the character of the central actors and the degree of cohesion that they share. Some policy domains have fewer actors with more consistent agendas and less contentious issues or sources of conflict. More explicitly, it will be argued that the relevance of the public domain as a

tool in the context of globalization is distinguished by policy sector, in other words, the utility of the public domain is highly contingent. How far it penetrates and affects the relationship between state, society and economy is heavily influenced by the policy domain in which it operates because each domain offers differing degrees of potential social cohesion between state and non-state actors.

The theoretical genesis of this approach lies in Theodore Lowi's seminal *World Politics* article of 1964,⁶ Applying the concept that 'policy dictates politics', Lowi states, "*these areas of policy or government activity constitute real arenas of power. Each arena tends to develop its own characteristic political structure, political process, elite and group relations*" (Original Italics). Lowi wrote of national governments in the context of democratic, pluralist polities. This chapter is written in the context of a globalized polity but retains the same type of proposition. "What remains is to identify these arenas in this context, to formulate hypotheses about the attributes of each, and to test the scheme by how many empirical relationships it can anticipate and explain".⁷

The policy domain is important in determining the expansive influence of the public domain in the context of globalization. There are four central policy domains of globalization – redistribution, regulation, democratization (and modernization), and liberalization – and the respective central analytical problems and institutional actors in each area. Second, the contours of each policy domain suggest that there is a direct relationship between the form of policy domain and the influence of the public domain. In essence, the public domain plays its most central organizing role in the realm of redistributive policy and then is successively less prevalent in the domains of regulatory policy, democratization and is least influential in the realm of liberalization. This is

because the social cohesion characteristic of the concept of the public domain becomes increasingly attenuated as one successively moves through the policy domains.

Social networks become attenuated as power shifts away from a national context oriented around the state towards larger geographic units that may enlarge networks but which correspondingly entail less cohesive cultural and social linkages. Expanding the physical and cultural realm of governance weakens the legitimacy and thus, the authority of government endemic in the concept of the public domain. I contend that the specific character of a policy domain helps define the physical contours of such social networks. Therefore the policy domain essentially defines the nature of politics and thus the relevance of the public domain as an organizing instrument of interaction.

In the remainder of this chapter, the policy domains of globalization and the central actors involved in each domain will be delineated. I then offer a speculative linkage in which an argument about how the effectiveness of the public domain as an instrument of action respectively weakens across policy domains.

Public Policy and Public Domain

Globalization potentially represents a fundamental evolution relating to the governance structure linking market power and state authority in the global order. It offers the prospect of a shift from public to private regulation and from territorial to trans-

territorial forms of authority -- and thus, an epochal stage in the development of capitalism.

Criticism often focuses on an apparent paradox: If globalization is redefining the boundaries of state power in a way that makes its 'retreat' so apparent, why does the state play such a prominent role in discussions concerning the retrenchment of the welfare state?⁸ Sceptics, furthermore, suggest that the state retains an authoritative role, but one transformed in the context of bargaining within supranational organizational structures.⁹ What is generally contested is the relationship between public authorities, the market and representatives of civil society. In Drache's analysis it is the public domain that provides the 'conceptual glue' that links them together.

If the public sector is indeed retreating, then the study of globalization might concentrate primarily on the private or non-profit sectors rather than the public sector. But this is not the case in much scholarly or policy-oriented literature. The substantive realm of what we term 'globalization studies' may be best described as in intellectual disarray due to an inadequate differentiation of the relationship between states and supranational or inter-governmental actors, and various types of non-state actors.

Studying the relationship between public policy and public domain potentially offers a solution to this deficit. These policy domains emphasize the participation and role of differing actors. Whether we thus define globalization in historical, economic, cultural or sociological terms, we must initially offer a typology of public policy that captures the central components of globalization – and with that both the major actors and the relationship between them.¹⁰

Policy Domains in the Context of Globalization

In this section, we delineate the four major policy domains that operate in the context of globalization. The selection of these four domains is justified four fundamental questions that generally are addressed in the context of politics. These are:

- What are the rules?
- How are the rules made?
- What body makes authoritative decisions?
- What are the consequences of these decisions in terms of 'winners and losers'?

These four questions, in effect, correspond to four policy domains in modern polities, those of regulation, democratization/modernization, liberalization, and redistribution respectively. Globalization influences the answer to those four questions, often in dramatic fashion, as legitimacy and authority shifts from the national polity to alternative venues either down to the sub-national level, up to the supranational level, or out to civil society or the market. Furthermore, that certainly affects the influence of specific actors, the cohesiveness of social networks, and ultimately the capacity of the public domain to link state, society and economy within a national context.

The next step is to address these four questions in the context of globalization with greater specificity, although not in the order outlined above. The ordering has been changed to reflect the degree to which the social networks become increasing attenuated

and less cohesive -- and thus, the public domain less effective in sustaining the fabric of linkages between state, society and economy.

Who wins and losses? Redistribution.

If globalization represents an historical epoch marked by the end of 'embedded liberalism', it results in a new set of 'winners' and 'losers'. While economic pressures may build, political will and policy competence offers the opportunity for meaningful levels of policy autonomy over redistributive issues. Political and social development is not structurally determined. The agency of actors, albeit path-dependent, is important in bringing about change. The seeds of structural constraint of the kind emanating from processes of globalization have their roots in the actions of agents -- be they public or private, state, regional, international or individual.

For many who focus on the role of redistributive policy, globalization is not simply an unfettered economic phenomenon but also a politico-ideological one that acts as a rationalization for emerging trends in contemporary governance.¹¹ But the replacement of the Keynesian welfare state with the neo-liberal one in many countries is not the same thing as the end of the state itself. Rather, it is the end of a particular form of state familiar to the developed democracies.

Is the state weakening or just changing its role under globalization? To many the state no longer fulfils the Keynesian function of defending domestic welfare from exogenous pressures. Rather, it is a 'transmission belt' in which neo-liberal policy passes from the 'global to the national' policy domain.¹² They sees the state primarily as a

receptor rather than seeing the state as able to 'author' and 'encode' modern capitalism,¹³ and thus as an instrument of globalization.

But students of globalization who stress the 'terminal nature' of the state miss the historic and political constraints that drive states.¹⁴ Indeed, they still largely determine the issue of 'who gets what' within national borders. While international advocacy networks proliferate, the relevant social networks in the context of redistribution generally remain domestic in most countries. With the exception of a few states in the most extreme poverty, states budgets still largely account for most welfare expenditures, and states are still largely determinative of how those expenditures get distributed. Although we are genuflectively told that the total amount of resources that states have to allocate has dwindled, this is not necessarily true. While the Clinton Administration has shifted the welfare focus from national to sub-national authorities, total welfare expenditures have remained intact for much of the 1990s.¹⁵ Drache's cross-national figures on public service expenditures in his formative chapter are consistent with this contention, as are his more specific contentions about social transfers in OECD states (See chapter this volume).

Whether defined in broad terms as "assets that are held in common and cannot be bought or sold on the open market", those shared and used in common, or those vaguely discussed as beyond the workings of the market the public domain does center foremost upon welfarism. In this realm, a domestic platform is a necessary condition for the functioning of the public domain. A national context and social cohesion are complimentary conditions. A shift away from this context attenuates those cultural linkages that lie at the heart of the public domain. As geography enlarges beyond

national borders and the locus of authority changes (away from the state), so does the cohesive elements of the public domain weaken.

Welfare is where the linkage is most prevalent in the locus of public services and private philanthropy. Yet, unlike Drache, I would argue that not all parts of the public domain involve collective usage or equal access. Domestic interests do compete in a zero-sum game for limited resources. External factors may condition the size of the pie, but not how it gets divided. Still, the public domain is most evident in the context of redistribution because it is here that the social cohesion between state services, philanthropic foundations and organizations, and nonprofit organizations are at their strongest. While states may dominate the organization and delivery of such services, they generally share goals and an allocative burden with non-state actors rather than competing for resources.

The assertion that the changing locus of authority and enlarged geography undermines the cohesion of the public domain suggests that different policy domains reflect such variance. The following three policy domains discussed reflect weakening social cohesion as they entail a successively geographic enlargement and a change in the locus of authority to include an increasing number and type of actors beyond national borders.

What are the rules? Regulation.

Regulation remains a central policy domain in the context of globalization despite the apparent 'retreat of the state'. Huge increases in trade, investment and financial flows

have exposed and magnified the differences between national economies. Efforts to arbitrate differences across systems or to achieve convergence, however, have often shifted the focus of regulation in the context of globalization from the national to the supranational level of intergovernmental organizations (IGOs). Regional organizations, in particular, have become more important and proliferated because they provide shared rules of behavior and reflect the fact that the largest percentage growth has primarily been in intra-regional trade and foreign direct investment rather than across regions. The world is not so much globalizing as it is regionalizing, both in terms of IGOS and economic flows. In part, this tendency is a response to the need of states to address collective action problems beyond the capacity of governments, whether in the form of -- as examples -- environmental degradation or drug interdiction.

The central proposition of those who study regulatory policy is that the purpose of an economy and polity remains highly contested, even as liberal democratic forms apparently spread in influence. This approach finds voice in Samuel Huntington's polemic on comparative civilizations.¹⁶

Rather than abandoning economic processes to the instability of markets, regulation re-emphasizes the role of the state in stressing rules of conduct as a means to avoid conflict and to arbitrate fissures in contrasting forms of capitalism. It signals a shift towards cooperation rather than harmony, with states generally using organizations (even bilateral agreements) as a cipher for their own policy goals.¹⁷ This is reflected in one of three options--institutional competition (mutual recognition), 'harmonization' (in the sense of imposing standards), or managed trade--all involving recognition of the differences that are negotiated and eventually considered legitimate by all signatures to an agreement.¹⁸

Such approaches reassert the importance of inter-governmental negotiation in the functioning of markets across boundaries. But the challenge posed to globalization by the form of boundary (systemic, regional or local) differs markedly. The development of multilateralism, regionalism or even bilateralism implies some usurpation of unilateral state authority in recognizing that states must bargain – often with other states -- in addressing collective actions to problems. As they do so, the social networks at the heart of the public domain become increasingly attenuated as geographic reach expands and authority becomes diluted.

For many proponents of regulatory policy, capitalism requires a sustained international governance mechanism in which states continue to play a central role. While economic sovereignty may have eroded, states continue to negotiate and arbitrate the international rules of economic conduct and thus define the parameters of interaction.

Regionalism, perhaps unlike multilateralism, here represents a way of maneuvering separate forms of capitalism through the maze of global integration--evidence being the fundamentally different degree and form of institutionalization evident in NAFTA, the EU and APEC. It is a way of preserving differences while compromising with the global economy if not an act of resistance to globalization.¹⁹

Alternatively, regionalism may be considered as complementary to the spread of globalization, a stepping stone in the process of enlargement.²⁰ Proponents of such views contend that, at the governmental level, regionalism has resulted in states introducing policies to enhance competition, innovation and investment.²¹ Regionalization is thus a response to globalization. Accordingly, we should see a trend towards regionalization as an intermediate and mitigating stage in the dynamic relationship between states and the

globalizing economy. It is one where states pool sovereignty with other states for the purposes of achieving gains that can otherwise not be realized.

States, for sure, are not the only actors in the process of organizing and administering regulations. Lobbies representing both business and public interest groups often attempt to energetically engage in the adjudicative process. They certainly may engage states in the decision making process and thus create an image of collective governance. But their influence is reflective of the issue area to which they contribute. Social and environmental legislation may provide more opportunities for effective contributions than narrower economic regulation. Cohesive though policy may be, it is the interplay between states that is ultimately more significant. The relationship between states and representatives of the nonprofit and private sectors becomes diluted -- and with it the social fabric of the public domain.

What are the rules of governance? Modernization and Democracy.

Work in this realm, at its core, focuses on the hegemony of American values--either implicitly or explicitly, repackaging many of the notions articulated in the 'modernization' literature.²² It restates an expectation of convergence, via the assimilation of political institutions in form through the process of the acceptance of liberal democrat and capitalist values.

In the modernization literature, failure to converge towards liberal democracy as a normative prescription risks a moral failure. As David Apter comments, in describing the theme of the *Politics of Modernization*, "analysis begins with moral content ... political life ...

can only be understood in moral terms.” Thus the “difference between scientific work in the social sciences and the natural sciences ... [is] ... a difference in moral point of view ... beyond science lies moral intuition. ... [and] ... the overriding purpose of this book is to bring together some general methods and their moral implications”, the eventual objective being the formation of “representative government” (a concept of freedom and choice defined as morality) which Apter equates with liberal democracy.²³

Contemporary work in this field looks remarkably familiar. The common core is the assertion of a positive relationship between democracy and development as domestic political institutions in differing countries increasingly assimilate each other. In tandem, the values of liberalism and free market capitalism professed by the earlier modernization theories, bear a notable resemblance to this popular stream of contemporary ‘globalization theory’ which is replete with the teleological sentiments found in much of the earlier modernization literature. Fukuyama's arguments about the triumph of liberalism echo Daniel Bell's arguments of nearly four decades earlier that modernity in America signaled the end of ideology.²⁴

Here, those nationally based social networks are further attenuated by their expansion to include international non-governmental organizations (INGOs) that play an increasingly influential role as agenda-setters and monitors of the development of the electoral process. They tutor and sponsor domestic NGOs but in the process destabilize the public domain by creating an alternative political culture that clashes with a national one.

Although independent of American government tutelage, these NGOs often reflect comparable values to those found in the United States despite their occasional tendency to

pointedly accuse the United States of human rights abuses. Thus, while influential, the goals of NGOs often lie in contrast to that of their governmental counterparts because NGOs are seen as agents of foreign values and a challenge to national sovereignty. Here, the cohesion that is a foundation for the concept of the public domain begins to fray at the edges. Efforts at institution-building throughout the world have led to the creation of a vacuum in values as traditional ones have been eroded while new ones have not taken root, as the case of Russia so clearly illustrates.

What body makes authoritative decisions? Liberalization.

The substantive elements of this policy domain involves the liberalization and deregulation of markets, privatization of assets, dismantling or outsourcing of state functions (particularly welfare ones), diffusion of technology, cross-national distribution of manufacturing production, promotion of foreign direct investment (FDI), and the integration of capital markets. In its narrowest formulation, the term refers to a worldwide spread of sales, production facilities, and manufacturing processes. In combination these reconstitute the international division of labor. Here, geography, authority and functionality have become most diffuse as various external forces intrude on the domestic context. The result is the relative atomization of society and even the individual.

Liberalization's most extreme theoretical perspective posits the view that we are witnessing a decisive shift away from industrial capitalism to a post-industrial conception of economic relations. The economic phenomena identified earlier are important not just because they represent a unique *cluster* of activity but because they represent a new form

of activity, depicting a striking revolution among the techno-industrial elite that ultimately renders the globe a single market.²⁵ This is a comprehensive and complex vision: of globally integrated production; of specialized but interdependent labour markets; of the rapid privatization of state assets; and of the inextricable linkage of technology across conventional national borders.

We thus reconceptualize not only the importance of traditional factor endowments--land, labor and capital--in the context of new 'knowledge based industries', but we also reconceptualize a variety of social and economic relations. It is labeled 'the new economy',²⁶ and its assumptions are embedded in the program that became popularly known as the 'Washington Consensus' (as discussed extensively by Drache on ??).

The expansion of international economic activity relative to state-based activity offers enthusiastic proponents the prospect for efficiency gains through specialization. Arguing that a 'rising tide lifts all ships', they focus on distributive issues and discount negative redistributive consequences offset by overall welfare gains. Markets are the central authoritative mechanisms, as corporations develop strategies designed to transcend borders and institutionalize themselves locally.²⁷

Critics castigate the assertion of inevitability that lies behind the transference of authority to the market mechanism. They claim that states have been significant contributors through their own 'regulatory reforms' which some now fear have led to a growing ungovernability of global financial markets.

This approach decries the significance of states as actors, proclaiming the renewed importance of the market as an authoritative mechanism in the allocation of resources, it attaches increasing import to the role of both international financial institutions and

corporations (generally multinational or transnational) as institutional actors. To developmental economists, institutions may simply be rules. But, more persuasively, it is the substitution of the dominant actors, rather than simply a different conception of institutions that is occurring. Proponents of globalization (descriptively and normatively) talk of states in retreat as if they are living, coherent, organic beings. They certainly talk of corporations as organic and often as coherent hierarchies (like states). These non-state actors enjoy autonomy from states, as with that of the IMF. Thus, under liberalization, the conflict between the state and non-state actors that comprise the public domain is most evident in the arena of liberalization. As a consequence, the linkages inherent in the concept of the public domain eviscerate. The centrality of the market mechanism extends the interaction of networks to include transnational firms, international financial institutions, intergovernmental and non-governmental organizations (international and domestic), as well as traditional states. Authority is operated through a non-personalized, non-bureaucratized market structure diluting the mediating role of culture. The consequence is a world in which any national social fabric is subject to external forces that can (at an extreme) destroy the cohesion of the public domain, symbolized at the national level by the shattering effects of ethnic wars across the world in the 1990s.

Globalization, Policy and the Public Domain

In Drache's analysis, he describes the public domain as “increasingly autonomous and multi-dimensional, nurtured by the assets held in common that cannot normally be bought or sold or readily controlled by state authority” (Drache, p.21). The

public domain is supported by a foundation of “dense social networks”, invoking the recent debates on social capital generated by Robert Putnam’s work in comparative politics.²⁸ In Drache’s view, diverse local arrangements in the formulation of new rights and entitlements, along with the degree of public-mindedness of those in a position of responsibility will frame public policy decisions. Such efforts are designed to avoid the ‘tragedy of the commons’ kinds of problems (p.??).

Yet while such a view of the public domain as an “irregular space” belonging “to the public as a whole, having flexible borders, expanding and contracting in size, driven most by need rather than by any fixed notion of rights” (p.23) may have utility, it may also overlook a significant constraint. For the policy area may condition the relevance of the public domain in which it is applied because the degree of public cohesion may vary across policy domains. As previously suggested geography, diluting state authority and the capacity for functionality influence the density of those social networks. Therefore, to the contrary, these factors frame the cohesion of networks.

Despite the greater proximity of space posited by those advocates of globalization who focus on digital technological development, global or regional culture is at an elemental stage of development. Functionally, social cohesion provides the supportive foundation for dense social networks and these networks often remain organized around the state apparatus in the context of redistributive issues. Thus, where states play an expansive role and have collaborative institutional linkages into society, the social networks Drache describes will be more effective in mitigating the effects of market structures. NGOs, for example, generally operate in conjunction with states (or in response to states) in the area of social welfare. They often have an organic relationship

in generating social networks. The 'common good' may be organized and paid for by philanthropy, for example, but it is still generally state-sanctioned (e.g. through tax policy) and often involves some distribution of burdens in which nonprofits 'fill holes' left by the state. The rules of philanthropy are often set by the state as an act of commission and NGOs cognizant of the location of 'holes' in the provision of public service. Major industrialists looking for public approval endowed the extensive supply of public parks and endowed arts in Pittsburgh. But they were under the state's jurisdiction in the provision and location of such parks.

Such a process takes on a different slant in Europe where the tradition of philanthropy is far less developed. This combination of welfarism and the social norms emanating from civil society that undergird such programs is reflected in the concept of the 'social market economy' as applied in Germany. There it combines a corporatist institutional and ideological structure with an extensive and comprehensive state apparatus.²⁹ Corporations in Germany, often express concern about social obligations, unlike their British counterparts.³⁰ But, whether linked to charitable groups or corporations, functionally, the effect is the same as in the United States; the notion of public space and social organization extends through public, private and quasi-public organizations (like political foundations) to create a cohesion between state, market and civil society that defies the simple logic of market structures.³¹

Moving through the four areas of public policy, most states play a decreasingly influential role. While they still get to largely determine the distribution of the allocative pie (if not its size), their influence becomes increasingly attenuated when one turns to regulation, democratization and liberalization respectively.

While states play a regulatory role, much of it gets negotiated through supranational organizations with both other states and non-state actors. While states thus remain central to the process, individual states have an attenuated influence as a web of networks diffuses their power. And if the notion of the public domain emphasizes social networks, then the cultural norms that facilitate the effectiveness of the public domain weaken as the actors reflect national propensities. Mexicans, when negotiating with their U.S. counterparts for example, stress the importance of retaining sovereignty in their efforts at cooperation.³² To Americans this is not an issue. One doesn't have to self-consciously consider this issue when one is the dominant partner in a bilateral negotiation. States might therefore remain central but, functionally; they often abandon influence – in this case to other states if not the market.

Over a decade ago, both the regime and the epistemic community literatures attempted to argue that such networks carried explicit norms. Yet, the value of this broad research program was overstated once one moved beyond issues in which members of the scientific community placed a central role. In an admitted glib tone, weekend golf trips organized between bankers does not seem the stuff of shared norms, nor (more seriously) do regimes organized around a shared desire to reduce the transaction costs of information and enhance stability.³³ Shared values and networks emerge out of a shared culture and congruent occupation of space in generating a notion of the public domain, and not simply a cooperative functioning of interests.

Democratization, in practice, further extends this process as states come under increasing scrutiny from international organizations, other states and the active participation of NGOs in the spread in the 'norm of democracy'. While Anglo-American

capitalism would like to consider its export of the liberal variant of democracy to be both a success and universally well received, much of what we see contradicts such assessments.

Alternatives to the liberal variant abound. Once such alternative is the persistence of theocracies such as the Taliban.³⁴ A second is the resistance to liberalism evident in the debate on Asian values over the course of the last decade. And a third is reflected in the subsequent failure of the IMF to impose such systems as part of the conditionality for loans. The persistence of such alternative forms of regimes comes despite the heated accusations of crony capitalism made by American commentators who compare the rulers of such regimes to historical figures such as Hitler and Stalin.³⁵

Yet despite the limited acceptance of democracy as a norm, there are plentiful examples of NGOs and international organizations seeking to impose themselves on the domestic process of decision making – and thus injecting a discordant note within the political and cultural traditions of many countries. Mexico, for example, has been the location of a variety of attempts at intervention to support the cause of liberal democracy during the course of the last decade-and-a-half. NGOs, seeking to provide advice on democratic reform or acting as electoral observers, are often locally interpreted as a challenge to both the traditional political structure in Mexico and to Mexican sovereignty generally by the domestic elite.³⁶

Paradoxically, therefore, while democracy may be considered to be an element that provides glue to many of its proponents within the context of civil society, efforts to introduce it are often discordant to the acceptance or sustaining of a public domain.

Whether resistance is due to concerns about sovereignty or the failure of democratic reform is part of a general demise of the fabric of economy, polity and civil society (as in many of the cases of Post-Communist Europe),³⁷ attempts to institute a new set of democratic norms have, in effect, attenuated and weakened the power of the public domain.

It is no surprise that it is in the arena of liberalization that the utility of the public domain to link state, market and civil society faces its greatest challenge. The self-regulating market here becomes most evident.³⁸ Liberalization implies reduced constraints on market activity in the absence of stronger regulation. And in the current context of globalization it is generally assumed that these factors work in tandem; liberalization includes privatization, reduced barriers to trade and investment, and deregulation.³⁹ Whether through the exposure to direct market forces or the conditionality requirements of IMF programs, conceptions of shared values and assets come under intense pressure, in many countries, in the context of growing market pressures. Whether in the mild form of German debates about who should pay the bills for the retrenchment of their (beloved) welfare state or the upsurge in ethnic conflict in Indonesia, the process of liberalization serves to unhinge the relationship between state and civil society as market forces take on enhanced significance.

In the context of reduced state control and a limited number of IGOs who institute policies designed to enhance liberalization (as well as transparency), it is therefore not surprising to find that the social cohesion central to the public domain becomes increasingly frayed. Functionally, governance effectively shifts and geographically it becomes attenuated as both speculators and foreign officials have a greater influence

on the process of decision making – as Drache’s comments on the Washington Consensus makes clear.

The result is often civil (often in the form of ethnic) conflict at home as scapegoats are sought. Thus the social cohesion between both the international and the domestic, and among domestic actors, begins to break down

Conclusion

In this chapter, two notions have been conveyed. The first is the idea that social cohesion is central to the concept of the public domain. Dense social networks are both institutional and cultural in character. They involve elements of both trust and shared values. The failure to generate either thus frays, if not eviscerates, the character of the public domain.

The second notion is that the degree of social cohesion that exists varies by policy domain. Four major areas of policy predominate in the context of globalization. Each has its own characteristics and emphasizes different roles and degrees of influence for different actors. Each has a differing propensity to ‘stretch’ or to ‘tear’ the cultural or social networks that are intrinsic to the notion of the public domain as characterized by Drache.

Sharpening the concept and strengthening its utility, thus entails further delineation of the conditions under which it has value. Geography plays a major role, influencing the capacity for shared cultural values to influence policy. The area of policy

plays a further role, because of its linkage to the physical venue where the rules get made, interpreted and implemented.

While this chapter is speculative in tone and certainly inconclusive in terms of findings, it points to a way in which the application of the public domain can be developed. Other research currently runs an analogous (if not parallel) course, examining the linkages between globalization, the policy domain, and degrees of sovereignty. Perhaps the next stage of the argument laid out here is to examine comparatively -- in a more sophisticated theoretical framework and in greater empirical depth -- the forms of linkages that constitute the public domain across issue areas. Such an effort could evaluate the hypothesis that a systematic variance exists, allowing a better delineation of the contingent conditions under which the public domain most influences behavior.

Endnotes

¹ A paper of this nature does not provide the format for an extended discussion of the definition of globalization. Elsewhere, I have written extensively on this matter, focusing on the political, economic, historic and ideological components of any definition of globalization. For analyses of the meaning of globalization see Simon Reich, "What is Globalization? Four Possible Answers". Working paper, Helen Kellogg Institute for International Studies, University of Notre Dame, Fall 1998 and Richard Higgott and Simon Reich, "Globalization and Sites of Conflict: Towards Definition and Taxonomy", Working Paper Number 1, Centre for the Study of Globalization and Regionalization, Warwick University, June 1998.

² Kenichi Ohama, *The Borderless World*, New York, Fontana, 1990 and *The End of the Nation-State: The Rise of Regional Economies*, New York: The Free Press, 1995.

³ See, for example, Susan Strange, *Mad Money: When Markets Outgrow Governments* (Ann Arbor: University of Michigan Press, 1999).

⁴ For a debate on this issue see Jessica Matthews, 'Powershift', *Foreign Affairs*, Vol. 76, No. 1, pp.50-66 and Anne-Marie Slaughter, "The Real New World Order" *Foreign Affairs*, September/October 1997.

⁵ See, for example, Paul Hirst and Grahame Thompson, *Globalisation in Question* (Cambridge: Polity Press, 1995), p.6.

⁶ Theodore J. Lowi, (1964) 'American Business, Public Policy, Case Studies, and Political Theory', *World Politics*, Volume XVI No. 4, pp. 677-715. See especially pp.688-689.

⁷ Ibid. pp.689-690.

⁸ See, for example, Paul E. Petersen, *The Price of Federalism* (Washington DC: Brookings, 1995).

⁹ This could be construed as Luke's 'third face of power' if implicit influences determine choice in a manner consistent with the greater power's interests See Steven Lukes, *Power: A Radical View*(New York: Macmillan, 1974).

¹⁰ For a discussion of the various definitions of globalization see Higgott and Reich, op. Cit.

¹¹ Hirst and Thompson's *Globalization in Question*, op cit., exemplify contemporary literature in this genre.

¹² See Robert Cox, 'Global Perestroika', in Ralph Miliband and Leo Panitch (eds) *New World Order? The Socialist Register* (London: The Merlin Press, 1992) pp. 26-43. But see also Stephen Gill, (ed.) *Gramsci, Historical Materialism and International Relations*, (Cambridge: Cambridge University Press, 1993).

¹³ See Leo Panitch, 'Globalization and the State', in Ralph Miliband and Leo Panitch (eds.) *New World Order? The Socialist Register* (London: The Merlin Press, 1992) pp.60-93

¹⁴ For example in 1970, Susan Strange was justly critical of the determinist nature of much economic analysis. Susan Strange, 'International Economics and International Relations: A Case of Mutual Neglect' *International Affairs*, 46 (3) 304-315. In more recent work, she has forgotten her own admonition of 28 years earlier. As she now says 'markets win, governments lose'. See *The Retreat of the State*, op cit., p. 5

¹⁵ On the United States see Paul E. Petersen, *The Price of Federalism* (Washington DC: Brookings, 1995).

¹⁶ *The Clash of Civilizations and the Remaking of World Order* (New York: Simon and Schuster, 1996).

¹⁷ Robert Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984) p.12.

¹⁸ Miles Kahler 'Trade and Domestic Differences' in Berger and Dore, op. cit., especially p.300.

¹⁹ Hazel Johnson, *Dispelling the Myth of Globalization: A Case for Regionalization* (NY: Praeger, 1991).

²⁰ Robert Z. Lawrence, *Regionalism, Multilateralism and Deeper Integration*, Washington D.C: Brookings, 1996, p. 20. The OECD contends that regionalism and globalization are mutually reinforcing phenomenon. See *Regional Integration and the Multilateral Trading System: Synergy and Divergence* (Paris: OECD, 1995), p.14.

²¹ As such, one of the aims of regionalization is to enhance the overall credibility of members of a region vis-à-vis external actors, those that are important potential sources of FDI for example. This is the case in the regionalization of investment that affected the nature of manufacturing and trade patterns in East Asia (taken to mean both South and Northeast Asia) throughout the period prior to 1997. See Walter Hatch and Kuzo Yamamura, *Asia in Japan's Embrace: Building a Regional Production Alliance* (New York: Cambridge University Press, 1996).

²² For a discussion see Richard Higgott, *Political Development Theory* (London Routledge, 1986).

²³ Apter, *op. cit.*, pp. xiii-xiv. and p.3, 10-12. and pp.450-458 passim.

²⁴ See Fukuyama *op cit.*, and Daniel Bell, *The End of Ideology: On the Exhaustion of Political Ideas* (Glencoe, Ill: Free Press, 1960).

²⁵ Carnoy, Castells, and Cohen, *The New Global Economy, op cit.* p. 4-5 use the term in a generic sense to refer to investment, production, management, markets, labor, information, and technology now "organized across national borders." See also Manuel Castells, *The Informational City: Information Technology, Economic Restructuring and the Urban Regional Process* (Oxford: Basil Blackwell, 1991).

²⁶ For a full discussion see Stephen A. Herzenberg, John A. Alic and Howard Wial, *New Rules for a New Economy: Employment and Opportunity in Postindustrial America* (Ithaca, NY: Cornell University Press, 1998). See also Peter Drucker, "The Changed World Economy", *Foreign Affairs*, 1986, pp.768-91; Assembling the New Economy', *The Economist*, September 13, 1997, pp.71-73; Paul Krugman, 'How Fast Can the U.S. Economy Grow?' *Harvard Business Review*, July-August 1997, Vol. 75, No. 4, pp. 123-129; Kevin Stiroh, 'Is There a New Economy?', *Challenge*, July-August 1999, Vol.42, 4 pp.82-84; Steven Weber, 'The End of the Business Cycle?', *Foreign Affairs*, July/August 1997, Vol. 76, No. 4, pp.65-82.

²⁷ For a list of policy prescriptions see Drache, p.18.

²⁸ See Robert D. Putnam with Robert Leonardi and Raffaella Y. Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton, NJ: Princeton University Press, 1993).

²⁹ For a discussion see Patricia Davis and Simon Reich, “Norms, Ideology and Institutions: The (En)gendered Retrenchment of Modell Deutschland?” in Beverly Crawford (ed.), *The Postwar Transformation of Germany: Democracy, Prosperity Nationhood* (Ann Arbor: University of Michigan Press, 1999).

³⁰ For a discussion of the varied links between states and corporations in Germany, Japan and the United States see Paul N. Doremus, William W. Keller, Louis W. Pauly and Simon Reich, *The Myth of the Global Corporation* (Princeton: Princeton University Press, 1998).

³¹ A simple but powerful example drawn from Europe concerns the use of bicycles in Amsterdam. It is notable how well their usage has become integrated into the physical geography of the city; how a series of norms has grown up around their presence; how an efficient secondary market has developed to provide for the replacement of stolen bikes, and how all this yields public goods in terms of dealing with congestion, pollution

and improved health. Yet the geographic proximity of this system is geographically limited. I am indebted to Bettina Schmidbauer for pointing this rich example out to me.

³² For examples see, Jorge Chabat, 'Mexico's foreign policy in 1990: Electoral sovereignty and integration with the United States', *Journal of Interamerican Studies and World Affairs*, Winter 1991, v33 n4 p1 (26); Secretary of State Christopher Warren and Mexican Sec. of Foreign Relations Jose Angel Gurria, 'U.S.-Mexico relations: The beginning of a new partnership', US Department of State Dispatch, May 22, 1995 v6 n21 p422 (3).

³³ For a comprehensive example drawn from the regime literature see Stephen D. Krasner, *International Regimes* (Ithaca, NY: Cornell University Press, 1983). For a comparable example drawn from the epistemic community literature see the work of Peter Haas, notably *his Saving the Mediterranean: the Politics of International Environmental Cooperation* (New York: Columbia University Press, 1990). On the utility of information and stability to members of a regime see Keohane, *op. cit.*

³⁴ For a discussion of this point see Meredith Tax, 'World Culture War', *The Nation*, May 17, 1999 v268 i18 p24(1).

³⁵ See, for example, the comments of William Safire in 'Gravy Trains Don't Run on Time', *New York Times*, 19 January 1998, p. A15. For a critical discussion of Asian values see Martin Lee 'Testing Asian Values', *New York Times*, 18 January, 1998, p.17.

With specific reference to the cultural foundations of resistant Japanese attitudes towards American-style reforms see Murray Sayle, 'The Social Contradictions of Japanese Capitalism', *The Atlantic Monthly*, June, 1998.

³⁶ See Dean Peerman, 'Poll Watching in Chiapas', *The Christian Century*, Nov 16, 1994 v111 n33 p1081 (7); Carlos A. Heredia, 'NAFTA and Democratization in Mexico', *Journal of International Affairs*, Summer 1994 48 n1 p13-38.

³⁷ See Juan Linz and Alfred Stephan, *Problems of Democratic Transition and Consolidation: Southern Europe, South America and Post-communist Europe* ((Baltimore, MD: Johns Hopkins University Press, 1996).

³⁸ For a historic perspective on this issue see Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1944).

³⁹ For a discussion of this issue in the context of the reform of the British and Japanese financial system see Steven K. Vogel, *Freer Markets, More Rules: Regulatory Reform in Advanced Industrial Countries* (Ithaca, NY: Cornell University Press, 1996).